

BIOMARK DIAGNOSTICS INC.
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018 and 2017
(Stated in Canadian Dollars)



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Biomark Diagnostics Inc.

We have audited the accompanying consolidated financial statements of Biomark Diagnostics Inc. which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, and the consolidated statements of comprehensive loss, cash flows and changes in deficiency for the years then ended and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained based on our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Biomark Diagnostics Inc. as at March 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Biomark Diagnostics Inc. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
July 27, 2018

BIOMARK DIAGNOSTICS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2018 AND 2017
(Stated in Canadian Dollars)

	Note	2018	2017
		\$	\$
ASSETS			
Current			
Cash		36,632	17,489
Amounts receivable		13,270	22,083
Prepaid expenses		204	-
		<u>50,106</u>	<u>39,572</u>
EQUIPMENT		1,640	-
		<u>51,746</u>	<u>39,572</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities		160,410	368,099
Due to related parties	4	791,762	736,497
		<u>952,172</u>	<u>1,104,596</u>
SHAREHOLDERS' DEFICIENCY			
Share capital	5	4,086,774	3,249,024
Share subscriptions received	5	50,000	47,191
Contributed surplus		698,329	647,543
Deficit		(5,735,529)	(5,008,782)
		<u>(900,426)</u>	<u>(1,065,024)</u>
		<u>51,746</u>	<u>39,572</u>

Nature and Operations and Going Concern (Note 1)
Commitments (Note 9)
Subsequent Events (Note 10)

Approved by the Board on July 27, 2018

"Rashid Ahmed"
Rashid Ahmed, Director

"Dr. Bram Ramjiawan"
Dr. Bram Ramjiawan, Director

BIOMARK DIAGNOSTICS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Stated in Canadian Dollars)

	Note	2018	2017
		\$	\$
Expenses:			
Consulting fees	4	390,806	431,295
Filing and transfer agent fees		66,188	31,110
Office and miscellaneous		43,175	42,424
Professional fees		58,390	136,146
Research and other		58,200	51,954
Share-based compensation	5	88,145	9,924
Travel		21,843	18,153
		726,747	721,006
Other income		-	5,582
Net loss and comprehensive loss		(726,747)	(715,424)
Basic and diluted loss per share		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding		60,380,651	54,185,517

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

BIOMARK DIAGNOSTICS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Stated in Canadian Dollars)

	2018	2017
	\$	\$
Operating Activities		
Net loss	(726,747)	(715,424)
Items not affecting cash:		
Share-based compensation	88,145	9,924
	(638,602)	(705,500)
Changes in non-cash working capital items related to operations:		
Advances from related parties	67,265	404,191
Amounts receivable	8,813	(10,093)
Prepaid expenses	(204)	7,644
Accounts payable and accrued liabilities	(207,689)	194,209
Cash used in operating activities	(770,417)	(109,549)
Investing Activities		
Purchase of equipment	(1,640)	-
Cash used by investing activities	(1,640)	-
Financing Activities		
Advances from related parties	3,150	3,400
Repayment of advances to related parties	(15,150)	(85,250)
Issue of common shares, net of issuance costs	753,200	147,565
Share subscriptions received	50,000	47,191
Cash provided by financing activities	791,200	112,906
Change in cash	19,143	3,357
Cash, beginning	17,489	14,132
Cash, ending	36,632	17,489
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year:		
Interest	-	-
Income taxes	-	-
Non-cash transaction		
Shares issued for services and debt settlements (Note 5)	47,000	16,050
Finder's warrants issued	9,641	-

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

BIOMARK DIAGNOSTICS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Stated in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscriptions Received	Contributed Surplus	Deficit	Total
		\$	\$	\$	\$	\$
Balance, March 31, 2016	53,345,776	3,134,182	-	604,896	(4,293,358)	(554,280)
Shares issued for cash	983,767	114,842	-	32,723	-	147,565
Share issued to agent	107,000	16,050	-	-	-	16,050
Share issuance costs	-	(16,050)	-	-	-	(16,050)
Shares subscriptions received	-	-	47,191	-	-	47,191
Share-based compensation	-	-	-	9,924	-	9,924
Comprehensive loss	-	-	-	-	(715,424)	(715,424)
Balance, March 31, 2017	54,436,543	3,249,024	47,191	647,543	(5,008,782)	(1,065,024)
Shares issued for cash	8,220,909	822,091	(47,191)	-	-	774,900
Shares issued for services	470,000	47,000	-	-	-	47,000
Shares cancelled	(333,333)	-	-	-	-	-
Share issuance costs	-	(31,341)	-	9,641	-	(21,700)
Shares subscriptions received	-	-	50,000	-	-	50,000
Share-based compensation	-	-	-	41,145	-	41,145
Comprehensive loss	-	-	-	-	(726,747)	(726,747)
Balance, March 31, 2018	62,794,119	4,086,774	50,000	698,329	(5,735,529)	(900,426)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

BIOMARK DIAGNOSTICS INC.
Notes to Consolidated Financial Statements
For the years ended March 31, 2018 and 2017
(Stated in Canadian Dollars)

1. Nature and Operations and Going Concern

Biomark Diagnostics Inc. (“Biomark Diagnostics” or the “Company”) was incorporated on June 19, 2014 under the Business Corporation Act of British Columbia. The head office of the Company is 165 – 10551 Shellbridge Way, Richmond, British Columbia, V6X 2W8. The ultimate parent of Biomark Diagnostics is Biomark Technologies Inc. (“BTI”), which is located at the same address as the Company.

The Company is in developing an advanced stage cancer diagnostic business. It is developing proprietary, non-invasive, and accurate cancer diagnostic solutions to help detect, monitor and assess treatment for cancer early and cost effectively.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. As at March 31, 2018, the Company had accumulated deficit of \$5,735,529. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. The Company’s ability to continue its operations is uncertain and is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company’s assets may be adversely affected.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a forced liquidation. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The consolidated financial statements were authorized for issue by the Board of Directors on July 27, 2018.

Basis of Measurement and Consolidation

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Biomark Cancer Systems Inc. (“Biomark Cancer”). Biomark Cancer was incorporated on February 27, 2014 under the Business Corporation Act of British Columbia. All material inter-company balances and transactions have been eliminated upon consolidation.

The consolidated financial statements are presented in Canadian dollars which is also the functional currency for both Biomark Diagnostics and Biomark Cancer.

BIOMARK DIAGNOSTICS INC.
Notes to Consolidated Financial Statements
For the years ended March 31, 2018 and March 31, 2017
(Stated in Canadian Dollars)
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3. Significant Accounting Policies

Significant Estimates and Assumptions

The preparation of these 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. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The more significant areas are as follows:

- the estimates and assumptions used in the share-based payments; and
- the fair value measurements for financial instruments

Significant Judgements

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. Actual results may differ from these estimates.

Significant areas where management's judgment has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, Financial instruments: recognition and measurement;
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, Provisions, contingent liabilities and contingent assets; and
- The assessment of the Company's ability to continue as a going concern, which is described in Note 1.

Cash and cash equivalents

The Company considers unrestricted cash on hand, in trust, in banks, in term deposits and commercial paper with original maturities of three months or less as cash and cash equivalents.

Comprehensive loss

Comprehensive loss is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders. Other comprehensive income/loss includes items that would not normally be included in comprehensive loss but excluded from net loss, such as unrealized gains and losses on available-for-sale investments.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

BIOMARK DIAGNOSTICS INC.

Notes to Consolidated Financial Statements
For the years ended March 31, 2018 and March 31, 2017
(Stated in Canadian Dollars)
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3. Significant Accounting Policies (continued)

Intellectual properties

Intellectual properties consist of patents and trademarks acquired from Biomark Technologies. Research costs are expensed as incurred. Development costs are expensed as incurred unless they meet certain criteria for deferral and amortization. The Company assesses whether it has met the relevant criteria for deferral and amortization at each reporting date.

Share-based compensation

Stock options granted to employees, consultants or directors are measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. Upon the exercise of the stock options, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and included in the share warrant reserve. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial instruments

Financial assets

Financial assets are classified into one of four categories:

- a) Fair value through profit or loss ("FVTPL");
- b) Held-to-maturity ("HTM");
- c) Loans and receivables; and
- d) Available for sale ("AFS").

BIOMARK DIAGNOSTICS INC.
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For the years ended March 31, 2018 and March 31, 2017
(Stated in Canadian Dollars)
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3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss. The Company classified its cash as FVTPL.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in other comprehensive income or loss. The Company does not have any amounts classified as held-to-maturity.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses. The Company does not have any amounts classified as loans and receivables.

Available for sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as AFS. They are carried at fair value with changes in fair value recognized directly in other comprehensive income/loss. Where a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from other comprehensive income/loss and recognized in profit or loss. The Company does not have any amounts classified as available for sale.

Financial liabilities

Financial liabilities are classified into one of two categories:

- a) Fair value through profit or loss; and
- b) Other financial liabilities.

Fair value through profit or loss

This category comprises of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with the changes in fair value recognized in profit or loss.

Other financial liabilities

This category includes liabilities which are recognized at amortized cost. The Company classified its accounts payable and due to related parties as other financial liabilities, which are measured at amortized cost.

BIOMARK DIAGNOSTICS INC.
Notes to Consolidated Financial Statements
For the years ended March 31, 2018 and March 31, 2017
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3. Significant Accounting Policies (continued)

Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the assets impaired. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

Non-financial assets with finite lives are tested for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. Any impairment loss is recognized in earnings or the results of discontinued operations, as appropriate, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The Company evaluates impairment losses other than goodwill impairment, for potential reversals, when events or changes in circumstances warrant such consideration.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the period end date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for temporary differences in assets and liabilities arising in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, transactions relating to investments in jointly controlled entities to the extent that they will not reverse in the foreseeable future, and transactions arising on the initial recognition of goodwill. Deferred tax is recognized at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

BIOMARK DIAGNOSTICS INC.
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For the years ended March 31, 2018 and March 31, 2017
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3. Significant Accounting Policies (continued)

Income taxes (continued)

A deferred tax assets is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in accounting policy

During the year ended March 31, 2018, the Company did not adopt any new accounting standards and interpretations.

New accounting standards issued but not yet effective

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- IFRS 15: New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018.
- IFRS 16: Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

Based on current expectations, the Company does not expect these standards to have a significant impact on the financial statements.

4. Related Parties Transactions and Balances

During the year ended March 31, 2018, the Company has the following transactions with and balances owed to BTI:

	\$
Balance, March 31, 2016	175,410
Company expenses paid on behalf of the Company	81,065
Cash advance	3,400
Cash repayments	(61,500)
Balance, March 31, 2017	198,375
Company expenses paid on behalf of the Company	6,577
Cash advance	150
Cash repayments	(32,306)
Balance, March 31, 2018	172,796

As at March 31, 2018, the Company has \$522,946 and \$nil due to the Chief Executive ("CEO") and the former Chief Financial Officer ("CFO") respectively (2017 - \$474,172 and \$63,950 respectively). The balance owing to the interim CFO as at March 31, 2018 is \$96,020. During the year ended March 31, 2018 the interim CFO advanced \$8,200 to the Company. The balances due to related parties are unsecured, non-interest bearing and without fixed repayment terms.

BIOMARK DIAGNOSTICS INC.
Notes to Consolidated Financial Statements
For the years ended March 31, 2018 and March 31, 2017
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4. Related Parties Transactions and Balances (continued)

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members. Short-term key management compensation consists of the following:

	2018	2017
	\$	\$
Transactions		
Consulting fees:		
CEO and a company controlled by the CEO	240,000	240,000
Former CFO and a company controlled by the CFO	-	54,000
Interim CFO	90,000	-
BTI	1,174	15,928
	<u>331,174</u>	<u>309,928</u>
Share-based compensation:		
CEO	6,549	3,590
Interim CFO	18,934	416
Directors	3,274	661
	<u>28,757</u>	<u>4,667</u>

On May 14, 2014, the Company entered a General Service Agreement (the "Service Agreement") with BTI. Both the Company and BTI are managed by the CEO of the Company. According to the Service Agreement, the Company engaged BTI to provide important services that include continuation of research and development, establishing a framework quality management system, intellectual property refinement and filing, establish protocols with key investigators, linking platforms that the Company can leverage, engage in territorial business development from relationships that BTI developed over the years, supplier validation and review, operating capital and other related functions (the "Services"). BTI uses subcontractors to perform some of its services. The Company will pay management fees equivalent to cost plus a 25% administration fee to BTI and payable upon completion of the Services. For the year ended March 31, 2018, the Company paid \$1,174 to BTI as administration fees (2017 - \$15,928). BTI holds approximately 65.30% of the common shares of the Company as at March 31, 2018 (2017 -75%). The CEO owns more than 10% interest in the Company. The term of this Service Agreement will remain in full force and effect indefinitely until terminated as provided in the Service Agreement. In the event that either party wishes to terminate this Service Agreement, that each party will be required to provide 30 days' notice to the other party.

Additionally, on May 14, 2014, the Company entered into an Independent Contractor Agreement (the "Agreement") with the CEO of the Company. According to the Agreement, the CEO will provide consulting services to the Company for one year with a compensation of \$240,000 per year plus benefits. In addition, the CEO will be paid a cash bonus equivalent to 30% of the annual salary at the end of each year if the trading price of the Company shares increased by more than 30% from the trading price at the beginning of the year. For the purpose of this calculation, the starting trading price is \$0.25 per share. The CEO will also be granted stock options for 1,000,000 shares at a price of \$0.25 per share (granted). Finally, if the Company's market capitalization exceeds \$200 million USD, the CEO will be paid an additional cash bonus of \$500,000. The terms of the CEO agreement are on year to year basis unless terminated accordance to the terms and conditions set forth in the agreement. According to the Agreement, the Company engaged CEO service to provide important services that include develop and direct the corporate strategy, resource allocation, review acquisitions or partnerships, drive or generate revenue growth, hire, and retain staff as necessary, support in capital raise rounds, manage past relationships and build business and collaborations.

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5. Share Capital

a) Authorized
Unlimited common shares, without par value.

b) Issued

Common shares issued and outstanding – see consolidated Statements of Changes in Equity.

During the year ended March 31, 2017, the Company had the following share transactions:

On June 24, 2016, the Company closed a non-brokered private placement of 983,767 units at \$0.15 per unit for total consideration of \$147,565. Each unit is composed of one common share and one-half of a share purchase warrant. Each warrant will entitle the holder to acquire one share at a price of \$0.30 per share for a period of one year. The Company also issued 107,000 units as share issuance costs with a fair value of \$16,050. The Company uses the residual value method to allocate proceeds of the unit amongst the common share and the share purchase warrant. A value of \$0.06 per warrant was allocated to the contributed surplus for a total amount of \$32,723.

During the year ended March 31, 2018, the Company had the following share transactions:

On June 29, 2017, the Company closed a non-brokered private placement of 6,397,909 units at \$0.10 per unit for total consideration of \$639,791. Each unit is composed of one common share and one-half of a share purchase warrant. Each warrant will entitle the holder to acquire one share at a price of \$0.15 per share for a period of two years. Included in this placement was 50,000 units at \$0.10 per unit issued for consulting services of \$5,000. In connection with the private placement, the Company paid finder's fees of \$21,700 cash and issued 216,000 share purchase warrants at a fair value of \$9,641. Each warrant will entitle the holder to acquire one share at a price of \$0.15 per share for a period of two years.

On September 18, 2017, the Company closed a non-brokered private placement of 1,873,000 units at \$0.10 per unit for total consideration of \$187,300. Each unit is composed of one common share and one-half of a share purchase warrant. Each warrant will entitle the holder to acquire one share at a price of \$0.15 per share for a period of two years.

During the year ended March 31, 2018, the Company issued 420,000 common shares for consulting services of \$42,000.

c) Stock Options:

The Company's current stock option plan (the "**Existing Plan**") was last approved by the shareholders on September 17, 2015. Pursuant to the Existing Plan, the maximum number of common shares of the Company which may be authorized for reservation for the grant of options from time to time shall be 20% of the Company's then issued and outstanding common shares. The plan provides for the granting of options to directors, employees and consultants. The Board of Directors determines the features of the awards, including the exercise price, the term and vesting provisions, provided no stock options will have a term exceeding five years.

On June 15, 2017, the Company granted 250,000 stock options to the interim CFO. The stock options can be exercised at \$0.15 per share for a period of five years and vested immediately. The fair value of the stock options was \$16,802.

On September 15, 2017, the Company granted 1,400,000 stock options to directors, officers, consultants, and employees. Stock options granted to a consultant (300,000) can be exercised at \$0.15 per share until September 15, 2018. The fair value of the stock options is \$6,334. Stock options granted to directors, officers, and consultants (1,100,000 options) vest at 25% at the date of grant and 25% every six months thereafter. These stock options can be exercised at \$0.15 per share for a period of three years. The fair value of the vested options is \$18,009.

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5. Share Capital (continued)

c) Stock Options (continued):

The Company used the Black-Scholes option pricing model with weighted average assumptions and resulting values for grants as follows:

	2018	2017
Assumptions:		
Weighted average share price	\$0.11	\$0.22
Weighted average risk free interest rate (%)	1.56%	1.12%
Expected life (years)	2.9 years	3.5 years
Weighted average expected volatility (%)	66%	78%
Expected dividend	Nil	Nil
Expected forfeiture rate	Nil	Nil

The weighted average fair value of each option granted was \$0.09 (2017 - \$0.14).

Information regarding the Company's outstanding share purchase options is summarized below:

	Expiry date	Number of options outstanding	Exercise price
Balance, March 31, 2016 and 2017		4,490,000	\$0.25
Granted	June 15, 2022	250,000	\$0.15
Granted	September 15, 2018	300,000	\$0.15
Granted	September 15, 2020	1,100,000	\$0.15
Cancelled	October 31, 2019	(1,165,000)	\$0.25
Cancelled	September 15, 2018	(300,000)	\$0.15
Balance, March 31, 2018		4,675,000	\$0.22

The number of options exercisable as at March 31, 2018 was 4,125,000 (2017 – 4,490,000 options). The weighted average life remaining for these options was 1.86 years and weighted average exercise price was \$0.23 per option.

d) Warrants:

Information regarding the Company's outstanding warrants is summarized below:

	Expiry date	Number of warrants outstanding	Number of warrants exercisable	Exercise price
Balance, March 31, 2017		545,384	545,384	\$0.30
Issued	June 29, 2019	3,414,955	3,414,955	\$0.15
Issued	September 20, 2019	936,500	936,500	\$0.15
Balance, March 31, 2018		4,896,839	4,896,839	\$0.17

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6. Financial Instruments

Classification

The Company has classified its cash as FVTPL. Accounts payable and due to related parties are classified as other financial liabilities.

The following table summarizes the carrying values of the Company's financial instruments:

	2018	2017
	\$	\$
FVTPL (i)	36,632	17,489
Other financial liabilities (iii)	952,172	1,104,596

- (i) Cash
- (ii) Accounts payable and due to related parties

Fair values

The Company's financial instruments include cash, accounts payable and due to related parties. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recovering basis by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	March 31, 2018
	\$	\$	\$	\$
Cash	36,632	-	-	36,632

Credit risk

The Company is not exposed to credit risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt, loans and related party loans.

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7. Capital Risk Management

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technologies and to maintain a flexible capital structure for its projects for the benefit of its shareholders. As the Company is in the development stage, its principal source of funds is from the issuance of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash. The Company is not subject to externally imposed capital requirements.

8. Income taxes

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2018	2017
Combined statutory tax rate	26%	26%
	\$	\$
Expected income tax recovery at statutory rate	188,954	186,010
Other items	20,994	(2,580)
Net change in deferred tax assets not recognized	(209,948)	(183,430)
Income tax expense	-	-

Significant components of the Company's deferred income tax assets and liabilities are shown below:

	2018	2017
	\$	\$
Non-capital loss carry forward	1,045,942	1,160,204
Share issuance costs	8,105	6,624
Deferred tax assets not recognized	1,054,047	1,166,828
	(1,054,047)	(1,166,828)
Net deferred income tax assets	-	-

As at March 31, 2018, the Company has non-capital losses carried forward of approximately \$3,873,000 which are available to offset future years' taxable income. These losses expire as follows:

	\$
2034	15,000
2035	1,171,000
2036	1,317,000
2037	717,000
2038	653,000
	<u>3,873,000</u>

In assessing the likelihood of realization of deferred tax assets, management considers whether it is probable that some portion of all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the deferred tax asset considered realizable could change materially in the near term based on future taxable income the carry forward period.

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9. Commitments

- a) The Company is committed to an office lease for its office in Richmond, British Columbia expiring on October 2020. Minimum lease payments of \$15,150 annually are required until October 2020.
- b) The Company is committed to an Independent Contractor Agreement with the CEO as described in Note 4.
- c) The Company is committed to a General Service Agreement with Biomark Technologies Inc. as described in Note 4.

10. Subsequent Events

- a) Subsequent to year end the Company has received a total of \$162,100 from investors for share subscriptions.
- b) On May 12, 2018 the Company entered into a loan agreement which grants the lender the rights to convert the loan into shares. The Company has received \$10,000 in proceeds in accordance with the loan agreement.