

BIOMARK DIAGNOSTICS INC.
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020 and 2019
(Stated in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of
Biomark Diagnostics Inc.

Opinion

We have audited the consolidated financial statements of Biomark Diagnostics Inc. (the "Company") which comprise the consolidated statements of financial position as at March 31, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in cash flows and deficiency for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, 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.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which indicates that the Company incurred a net loss of \$1,215,282 for the year ended March 31, 2020 and, as of that date, the Company had an accumulated deficit of \$7,496,423. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Paul Joseph Leedham.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 17, 2020

BIOMARK DIAGNOSTICS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2020 AND 2019
(Stated in Canadian Dollars)

	Note	2020	2019
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		611,803	19,994
Amounts receivable		16,117	12,571
Prepaid expenses		-	437
		<u>627,920</u>	<u>33,002</u>
Equipment and tools		2,430	1,640
Right-of-use asset	5	6,945	-
		<u>637,295</u>	<u>34,642</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities		111,794	163,873
Lease liability	5	8,664	-
Due to related parties	4	955,964	1,090,079
		<u>1,076,422</u>	<u>1,253,952</u>
SHAREHOLDERS' DEFICIENCY			
Share capital	6	5,433,171	4,197,824
Share subscriptions received (receivable)	6	(144,668)	52,600
Contributed surplus		1,768,793	811,407
Deficit		(7,496,423)	(6,281,141)
		<u>(439,127)</u>	<u>(1,219,310)</u>
		<u>637,295</u>	<u>34,642</u>

Nature and Operations and Going Concern (Note 1)
Commitments (Note 10)
Subsequent Events (Note 12)

Approved by the Board on July 17, 2020

"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, 2020 AND 2019
(Stated in Canadian Dollars)

	Note	2020	2019
		\$	\$
Revenue		263,283	-
Expenses:			
Consulting fees	4	392,342	330,000
Depreciation	5	11,906	-
Filing and transfer agent fees		23,705	18,751
Office and miscellaneous		34,173	35,772
Professional fees		89,399	81,946
Research and other		42,347	56,430
Share-based compensation	4, 6	855,895	2,028
Travel		22,561	20,685
Total operating expenses		1,472,328	545,612
Other (income) loss			
Foreign exchange gain		(8,636)	-
Loss on settlement of debt		15,000	-
Interest income		(127)	-
Total other loss		6,237	-
Net loss and comprehensive loss		(1,215,282)	(545,612)
Basic and diluted loss per share		\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding		71,295,696	65,914,915

BIOMARK DIAGNOSTICS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Stated in Canadian Dollars)

	2020	2019
	\$	\$
Operating Activities		
Net loss	(1,215,282)	(545,612)
Items not affecting cash:		
Depreciation	11,906	-
Consulting services paid in shares	5,999	-
Loss on settlement of debt	15,000	-
Share-based compensation	855,895	2,028
	(326,482)	(543,584)
Changes in non-cash working capital items related to operations:		
Amounts receivable	(3,546)	699
Prepaid expenses	437	(233)
Accounts payable and accrued liabilities	(52,079)	3,463
Due to related parties	(72,115)	261,817
Cash used in operating activities	(453,785)	(217,838)
Investing Activities		
Purchase of equipment	(790)	-
Cash used in investing activities	(790)	-
Financing Activities		
Advances from related parties	-	60,000
Repayment of advances to related parties	185,000	(23,500)
Repayment of lease liability	(10,187)	-
Proceeds from common shares, net of issuance costs	709,120	222,100
Exercise of warrants	162,451	-
Share subscriptions received	-	2,600
Cash provided by financing activities	1,046,384	201,200
Change in cash and cash equivalents	(591,809)	(16,638)
Cash and cash equivalents, beginning	19,994	36,632
Cash and cash equivalents, ending	611,803	19,994
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	-	-
Income taxes	-	-
Non-cash transactions:		
Shares issued for services and debt settlements (Note 6 (b))	267,999	-
Finder's warrants issued (Note 6 (b))	4,845	-

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

	Number of Shares	Share Capital	Share Subscriptions Received (Receivable)	Contributed Surplus	Deficit	Total
		\$	\$	\$	\$	\$
Balance, March 31, 2018	62,794,119	4,086,774	50,000	698,329	(5,735,529)	(900,426)
Shares issued for cash	2,221,000	111,050	-	111,050	-	222,100
Shares subscriptions received	-	-	2,600	-	-	2,600
Share-based compensation	-	-	-	2,028	-	2,028
Comprehensive loss	-	-	-	-	(545,612)	(545,612)
Balance, March 31, 2019	65,015,119	4,197,824	52,600	811,407	(6,281,141)	(1,219,310)
Shares issued for cash, net	3,661,157	665,074	(77,268)	96,646	-	684,452
Shares issued for debt	1,570,000	262,000	-	-	-	262,000
Shares issued for services	19,998	5,999	-	-	-	5,999
Share-based compensation	-	-	-	855,895	-	855,895
Warrants exercised	2,047,455	307,119	(120,000)	-	-	187,119
Warrants issued – agents	-	(4,845)	-	4,845	-	-
Comprehensive loss	-	-	-	-	(1,215,282)	(1,215,282)
Balance, March 31, 2020	72,313,729	5,433,171	(144,668)	1,768,793	(7,496,423)	(439,127)

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, 2020 and 2019
(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 developing its advanced stage cancer diagnostic business. Biomark Diagnostics’ cancer diagnostics technology platform leverages “Omics” and machine learning which allows for early cancer detection. BioMark Diagnostics is currently focused on bringing its cancer diagnostic kits and detection solution to commercialization standards.. The Company is currently listed for trading on the Canadian Securities Exchange under the symbol “BUX”, OTC Market under the symbol “BMKDF” and Frankfurt Stock Exchange under the symbol “20B”.

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. During the year ended March 31, 2020, the Company incurred a net loss of \$1,215,282 and as at March 31, 2020, the Company had accumulated deficit of \$7,496,423 and a working capital deficiency of \$448,501. 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds. Management continues to monitor the situation.

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 17, 2020.

BIOMARK DIAGNOSTICS INC.

Notes to Consolidated Financial Statements
For the years ended March 31, 2020 and March 31, 2019
(Stated in Canadian Dollars)
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2. Basis of Preparation (continued)

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.

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 IFRS 9, Financial Instruments;
- 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 investments measured as fair value through other comprehensive income ("FVOCI").

BIOMARK DIAGNOSTICS INC.
Notes to Consolidated Financial Statements
For the years ended March 31, 2020 and March 31, 2019
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3. Significant Accounting Policies (continued)

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.

Intellectual properties

Intellectual properties consist of patents and trademarks acquired from BTI. 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.

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3. Significant Accounting Policies (continued)

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

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit and loss ("FVTPL"), directly attributable transaction costs.

Financial assets are subsequently measured at either:

- (i) amortized cost;
- (ii) fair value through other comprehensive income ("FVTOCI"); or
- (iii) at fair value through profit or loss ("FVTPL").

Financial instruments (continued)

Financial liabilities are initially measured at fair value less, in the case of financial liabilities not at FVTPL, directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost.

The following table summarizes the classification of the Company's financial instruments IFRS 9:

	IFRS 9 Classification
Financial assets	
Cash and cash equivalents	FVTPL
Financial liabilities	
Accounts payable	Amortized cost
Due to related parties	Amortized cost

IFRS 9 uses an expected credit loss impairment model. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date.

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.

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3. Significant Accounting Policies (continued)

Financial instruments (continued)

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.

Revenue recognition

The Company earns revenue from the licensing of its intellectual property to other parties.

Licences for the Company's intellectual property provide the customer with a right to use the intellectual property as they exist when made available to the customer. Revenue from licenses is recognized upfront at the point in time when the intellectual property is made available to the customer and upon the achievement of subsequent milestones as set out in the contract. At present, the Company does not have any licensing agreements where updates or services are provided for no additional charge.

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.

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For the years ended March 31, 2020 and March 31, 2019
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3. Significant Accounting Policies (continued)

A deferred tax asset 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.

New accounting standards adopted effective April 1, 2019

On April 1, 2019, the Company adopted IFRS 16, Leases (“IFRS 16”) which replaced IAS 17, Leases and IFRIC 4, Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information was not restated and continues to be reported under the accounting standards in effect for those periods. The Company recognizes lease liabilities related to its lease commitments for its office lease. The lease liabilities are measured at the present value of the remaining lease payments, discounted using the Company’s estimated incremental borrowing rate as at April 1, 2019, the date of initial application, which resulted in no adjustment to the opening balance of deficit. The associated right-of-use assets are measured at the lease liabilities amount, plus prepaid lease payments made by the Company. The Company has implemented the following accounting policies permitted under the new standard:

- leases of low dollar value will continue to be expensed as incurred; and
- the Company will not apply any grandfathering practical expedients.

As at April 1, 2019, the Company recognized \$18,851 in right-of-use assets and \$22,610 in lease liabilities (Note 5).

New accounting policy for leases under IFRS 16

The following is the accounting policy for leases as of April 1, 2019 upon adoption of IFRS 16:

At 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 assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

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3. Significant Accounting Policies (continued)

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

New accounting standards issued but not yet effective

In October 2018, the IASB issued amendments to IFRS 3, Definition of a Business that narrowed and clarified the definition of a business. The amendments permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments are effective January 1, 2020 with earlier adoption permitted. The amendments apply to business combinations after the date of adoption. The Company will prospectively adopt the amendments on April 1, 2020 and anticipates this standard will not have a material impact on the consolidated financial statements.

In October 2018, the IASB issued amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The amendments make minor changes to the definition of the term "material" and align the definition across all IFRS Standards. Materiality is used in making judgments related to the preparation of consolidated financial statements. The amendments are effective January 1, 2020 with earlier adoption permitted. The Company will prospectively adopt the amendments on April 1, 2020 and anticipates this standard will not have a material impact on the consolidated financial statements.

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4. Related Parties Transactions and Balances

During the year ended March 31, 2020, the Company has the following transactions with and balances owed to BTI:

	\$
Balance, March 31, 2018	172,796
Cash repayments	(13,683)
Balance, March 31, 2019	159,113
Expenses paid on behalf of BTI	(5,165)
Cash repayments	(9,200)
Balance, March 31, 2020	144,748

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 Chief Executive Officer (“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, 2020, the Company paid \$nil to BTI as administration fees (2019 - \$nil). BTI holds approximately 56.7% of the common shares of the Company as at March 31, 2020 (2019 - 63.07%). 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.

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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:

	2020	2019
	\$	\$
Transactions		
Consulting fees:		
CEO and a company controlled by the CEO	240,000	240,000
Interim CFO	90,000	90,000
	330,000	330,000
Share-based compensation:		
CEO	340,200	737
CFO	170,100	277
Directors	90,720	369
	601,020	1,383

As at March 31, 2020, the Company has \$698,946 due to the CEO (2019 - \$703,946). The balance owing to the Chief Financial Officer ("CFO") as at March 31, 2020 is \$112,270 (2019 - \$227,020). During the year ended March 31, 2020 the CFO advanced \$Nil (2019 - \$36,500) to the Company. The balances due to related parties are unsecured, non-interest bearing and without fixed repayment terms.

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. Right-of-use asset and lease liability

Right-of-use Asset

	Office Lease
Cost:	\$
At March 31, 2018 and 2019	-
Adjustment on initial adoption of IFRS 16 (Note 3)	18,851
At March 31, 2020	18,851
Depreciation:	\$
At March 31, 2018 and 2019	-
Depreciation	11,906
At March 31, 2020	11,906
Net book value:	\$
At March 31, 2019	-
At March 31, 2020	6,945

Depreciation of the right-of-use asset is calculated using the straight-line method over the remaining lease term.

Lease liability

	Office Lease
	\$
Lease liability recognized as at April 1, 2019	22,610
Lease payments made	(15,150)
Interest exchange adjustment	1,204
At March 31, 2020	8,664

6. Share Capital

a) Authorized
Unlimited common shares, without par value.

b) Issued
Common shares issued and outstanding – see consolidated statements of changes in deficiency.

During the year ended March 31, 2019, the Company closed a non-brokered private placement of 2,221,000 units at \$0.10 per unit for total consideration of \$222,100. 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. The Company used the residual value method to allocate proceeds of the unit amongst the common share and the share purchase warrant. A value of \$0.05 per warrant was allocated to the contributed surplus for a total amount of \$111,050.

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6. Share Capital (continued)

b) Issued (continued)

On April 19, 2019, the Company closed a non-brokered private placement of 2,000,000 units at \$0.10 per unit for total consideration of \$200,000, of which \$7,400 has been allocated to the share purchase warrants using the residual value method. Each unit is composed of one common share and one share purchase warrant. Each warrant will entitle the holder to acquire one share at a price of \$0.20 per share for a period of two years. Of the 2,000,000 units, 370,000 units were issued to settle outstanding debt with the CEO of \$37,000.

On June 17, 2019, the Company issued 1,000,000 common shares at \$0.165 per share to settle outstanding debt with the CEO and interim CFO of \$150,000, a loss on settlement of debt in the amount of \$15,000 has been recognized.

On December 13, 2019, the Company closed a private placement of 2,031,157 units at \$0.30 per unit for total consideration of \$609,347 of which \$81,246 has been allocated to the share purchase warrants using the residual value method. Each unit is composed of one common share and one-half share purchase warrant. Each warrant will entitle the holder to acquire one common share at a price of \$0.45 per share for a period of two years. In connection with the private placement, the Company paid finder's fees of \$9,600 cash and issued 32,000 share purchase warrants at a fair value of \$4,845.

On December 13, 2019, the Company issued 200,000 units consisting of one common share and one-half share purchase warrant for the settlement of \$60,000 of outstanding debt with the CEO and interim CFO. Each warrant will entitle the holder to acquire one common share at a price of \$0.45 per share for a period of two years. The Company has allocated \$8,000 to the share purchase warrants using the residual value method.

During the year ended March 31, 2020, the Company issued 19,998 common shares at a price per share of \$0.30 for a total amount of \$5,999 to consultants for services.

During the year ended March 31, 2020, the Company issued 2,047,455 common shares from the exercise of share purchase warrants for gross proceeds of \$307,119.

c) Stock Options:

The Company's current stock option plan (the "New Stock Option Plan") was last approved by the shareholders on December 20, 2019. 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 10% 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 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 was \$20,656. The stock options granted to a consultant (300,000) were cancelled during the 2018 fiscal year.

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6. Share Capital (continued)

c) Stock Options (continued):

On December 31, 2019, the Company granted 3,735,000 stock options to directors, officers, consultants and employees. These options can be exercised at \$0.30 per share until December 31, 2024. The fair value of the stock options is \$847,282.

On December 31, 2019, the Company granted 60,000 stock options to consultants. These options can be exercised at \$0.30 per share until December 31, 2021. The fair value of the stock options is \$8,613.

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

	2020	2019
Assumptions:		
Weighted average share price	\$0.30	\$0.07
Weighted average risk free interest rate (%)	1.69%	1.66%
Expected life (years)	4.96 years	1.51 years
Weighted average expected volatility (%)	222%	65%
Expected dividend	Nil	Nil
Expected forfeiture rate	Nil	Nil

The weighted average fair value of each option granted was \$0.23 (2019 - \$0.08).

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

	Expiry date	Number of options outstanding	Exercise price
Balance, March 31, 2018 and 2019		4,675,000	\$0.22
Granted	December 31, 2021	60,000	\$0.30
Granted	December 31, 2024	3,735,000	\$0.30
Expired	October 31, 2019	(3,325,000)	\$0.25
Balance, March 31, 2020		5,145,000	\$0.26

The number of options exercisable as at March 31, 2020 was 5,145,000 (2019 – 4,675,000 options). The weighted average life remaining for these options was 3.68 years and weighted average exercise price was \$0.26 per option.

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6. Share Capital (continued)

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, 2018	June 29, 2019 – September 18, 2019	4,896,839	4,896,839	\$0.17
Expired	June 28, 2018	(545,384)	(545,384)	\$0.30
Issued	October 4, 2020	1,110,500	1,110,500	\$0.15
Balance, March 31, 2019		5,461,955	5,461,955	\$0.15
Expired	June 29, 2019	(2,304,000)	(2,304,000)	\$0.15
Exercised	June 29, 2019	(1,110,955)	(1,110,955)	\$0.15
Exercised	September 20, 2019	(936,500)	(936,500)	\$0.15
Issued	April 19, 2021	2,000,000	2,000,000	\$0.20
Issued	December 14, 2021	1,147,579	1,147,579	\$0.45
Balance, March 31, 2020		4,258,079	4,258,079	\$0.25

7. Financial Instruments

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, 2020
	\$	\$	\$	\$
Cash and cash equivalents	611,803	-	-	611,803

Cash and cash equivalents are measured at level 1.

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.

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7. Financial Instruments (continued)

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, the issuance of shares for debt, loans and related party loans. See Note 1.

8. 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.

9. 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:

	2020	2019
Combined statutory tax rate	27%	27%
	\$	\$
Expected income tax recovery at statutory rate	328,126	147,315
Other items	(231,278)	(1,453)
Net change in deferred tax assets not recognized	(96,848)	(145,862)
Income tax expense	-	-

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

	2020	2019
	\$	\$
Non-capital loss carry forward	1,294,004	1,196,410
Share issuance costs	4,628	3,499
Right-of-use asset	(1,875)	-
	1,296,757	1,199,909
Deferred tax assets not recognized	(1,296,757)	(1,199,909)
Net deferred income tax assets	-	-

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9. Income taxes (continued)

As at March 31, 2020, the Company has non-capital losses carried forward of approximately \$4,791,000 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
2039	557,000
2040	361,000
	<u>4,791,000</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.

10. 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.

11. Economic dependence

The Company has earned 100% of its revenues from one customer.

12. Subsequent events

Subsequent to year-end the Company had the following events occur:

- a) On June 9, 2020 the Company granted 150,000 stock options to consultants, the stock options and an exercise price of \$0.30 per share and expire two years from the date of grant.
- b) On June 3, 2019, the Company entered into a license agreement with Bio-Stream Diagnostics Inc. ("Bio-Stream") to provide Bio-Stream with an the right to use one granted patent for the use of Raman detection technology registered to the Company for a one-time cash fee of \$10. Bio-Stream was incorporated in the province of Alberta on June 1, 2020 by the Company, Stream Technologies Inc., Merogenomics Inc., and Gamble Technologies Limited. The Company obtained 45% of Bio-Stream's issued and outstanding common shares upon incorporation, and the Company's CEO has been appointed as one of the three directors. Bio-Stream was formed to focus on developing and providing a low-cost COVID-19 detection in less-than-30 seconds.