Izotropic Corporation

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended April 30, 2019
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Izotropic Corporation:

Opinion

We have audited the consolidated financial statements of Izotropic Corporation (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2019 and 2018, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is David J. Goertz.

DMCL

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

August 1, 2019

An independent firm associated with Moore Stephens International Limited
MOORE STEPHENS

IZOTROPIC CORPORATION

Consolidated Statements of Financial Position
As at April 30, 2019 and 2018
Expressed in Canadian Dollars

	2019	2018
ASSETS		
Current		
Cash	$ 308,504	$ 471,945
GST receivable	12,287	6,500
Prepaids (Note 4)	11,727	112
	332,518	478,557
Equipment (Note 3)	6,540	13,080
TOTAL ASSETS	$ 339,058	$ 491,637
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5, 7)	$ 22,215	$ 83,874
Total liabilities	22,215	83,874
Shareholders' equity		
Share capital (Note 6)	1,437,003	1,160,000
Reserves (Note 6)	73,177	42,563
Deficit	(1,193,337)	(794,800)
Total shareholders' equity	316,843	407,763
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 339,058	$ 491,637

Subsequent events (Note 13)

Approved on behalf of the Board:

"Bob Thast"
Bob Thast, Director

"D. Barry Lee"
D. Barry Lee, Director

The accompanying notes are an integral part of these consolidated financial statements.

IZOTROPIC CORPORATION

Consolidated Statements of Loss and Comprehensive Loss
For the years ended April 30, 2019 and 2018
Expressed in Canadian Dollars

	2019	2018
Operating expenses		
Consulting (Note 7)	$ 20,341	$ 68,960
Depreciation (Note 3)	6,540	4,537
Donation (Note 9)	-	106,496
Filing and listing fees	44,986	-
Finder's Fee	-	200,000
Investor relations	36,000	-
Interest expense	-	24,726
Office	59,146	34,070
Patent Maintenance Costs (Note 8)	-	33,929
Professional fees (Note 7)	83,191	206,263
Share-based payments (Notes 6 and 7)	28,444	42,563
Travel, meals, and promotion	119,889	8,585
Loss and comprehensive loss	$ 398,537	$ 730,129
Loss per share – basic and diluted	$ (0.02)	$ (0.05)
Weighted average number of common shares outstanding – basic and diluted	22,680,882	13,691,233

The accompanying notes are an integral part of these consolidated financial statements.

IZOTROPIC CORPORATION

Consolidated Statement of Changes in Shareholder's Equity (Deficiency)
For the years ended April 30, 2019 and 2018
Expressed in Canadian Dollars

	Share Capital				
	Number of Shares	**Amount**	**Reserves**	**Deficit**	**Total**
Balance at April 30, 2017	**1**	**$ -**	**$ 33,648**	**$ (98,318)**	**$ (64,671)**
Private Placements	20,499,998	1,160,000	-	-	1,160,000
Share-based payments	-	-	42,563	-	42,563
Promissory note settlement	-	-	(33,648)	33,648	-
Net loss for the year	-	-	-	(730,129)	(730,129)
Balance at April 30, 2018	**20,499,999**	**$ 1,160,000**	**$ 42,563**	**$ (794,800)**	**$ 407,763**
Initial Public Offering	2,000,000	200,000	-	-	200,000
Private Placements	500,000	100,000	-	-	100,000
Share issuance costs	-	(85,590)	45,713	-	(39,877)
Agent's warrants exercised	190,500	62,593	(43,543)	-	19,050
Share-based payments	-	-	28,444	-	28,444
Net loss for the year	-	-	-	(398,537)	(398,537)
Balance at April 30, 2019	**23,190,499**	**$ 1,437,003**	**$ 73,177**	**$ (1,193,337)**	**$ 316,843**

The accompanying notes are an integral part of these consolidated financial statements.

IZOTROPIC CORPORATION

Consolidated Statements of Cash Flows
For the years ended April 30, 2019 and 2018
Expressed in Canadian Dollars

	2019	2018
Operating activities		
Net loss for the year	$ (398,537)	$ (730,129)
Item not affecting cash:		
Depreciation	6,540	4,537
Interest expense	-	24,726
Share-based payments	28,444	42,563
Changes in non-cash working capital items:		
GST receivable	(5,787)	(6,253)
Accounts payable and accrued liabilities	(61,659)	59,789
Prepaids	(11,615)	(112)
Cash flows used in operating activities	(442,614)	(604,879)
Investing activities		
Equipment	-	(17,617)
Cash flows used in financing activities	-	(17,617)
Financing activities		
Proceeds from private placements	300,000	1,160,000
Proceeds from warrant exercises	19,050	-
Share issuance costs	(39,877)	-
Repayment of promissory note	-	(200,000)
Repayment of interest on promissory note	-	(15,000)
Cash flows provided by financing activities	279,173	945,000
Increase (decrease) in cash	(163,441)	322,504
Cash, beginning	471,945	149,441
Cash, ending	$ 308,504	$ 471,945

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Izotropic Corporation (the "Company") was incorporated in the Province of British Columbia on May 19, 2016, under the Business Corporations Act of British Columbia. The Company's head office is located at 800 – 15355 24 Avenue, Suite 424, Surrey, British Columbia, Canada. The Company is a research and development company specializing in cancer research and early detection for breast cancer.

On April 25, 2017, the Company entered into an agreement with the Regents of the University of California (the "Regents") for an Exclusive License Agreement related to breast cancer detection and treatment (Note 8).

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's financial success is dependent on management's ability to raise adequate financing on reasonable terms and to commence profitable operations in the future. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify proper technologies or inventions that will be successful, and even if so identified and warranted, it may not be able to finance such technologies within the requisite time period. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these consolidated financial statements. These consolidated financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Basis of preparation
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements were authorized for issue by the Board of Directors on August 1, 2019.

Basic of measurement
These financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation
The consolidated financial statements include the accounts of the Company and its controlled entity, Izotropic Imaging Corp., a wholly owned subsidiary based in Nevada. The controlled entity is fully consolidated from the date of acquisition, being the date on which the Company obtains control and continues to be consolidated until the date such control ceases. Inter-company balances and transactions have been eliminated upon consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Significant estimates and assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- the determination that the Company will continue as a going concern for the next year

Key sources of estimation uncertainty include the following:

- the recoverability and measurement of deferred tax assets; and
- measurement of share-based transactions.

Presentation and functional currency

The functional and presentation currency, as determined by management, of the Company and its subsidiary is Canadian dollar.

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments on May 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at May 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Financial instruments (continued)

(i) Classification (continued)

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening deficit on May 1, 2018.

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Financial instruments (continued)

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Changes in accounting standards – issued but not yet adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

New standard IFRS 16 "Leases"

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact this new guidance will have on its consolidated financial statements does not expect an impact on the statements of financial position.

Income taxes
Income tax comprises current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized for unused tax losses and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non–discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Foreign Currency Translation
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Foreign exchange gains and losses are included in the statement of comprehensive loss.

At the end of each reporting period, assets and liabilities of the Company's subsidiaries which have different functional currencies are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in other comprehensive income or loss for the period.

Equipment
On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company. Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

Depreciation is recognized in operations using the declining balance method at 50% over the assets useful life:

Depreciation methods, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

Share Capital
Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, and common share warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new common shares, common share warrants, or stock options are shown in equity as a deduction, net of tax, from the proceeds.

Share-based payments
The Company grants stock options to purchase common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When the stock options are forfeited or expire, the amount previously recognized in the reserve is transferred to deficit.

In situations where stock options are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at fair value of the share-based payments. Otherwise, they are measured at the fair value of goods or services received.

Expressed in Canadian Dollars

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Loss per common share

Basic loss per share has been calculated using the weighted average number of common shares outstanding during the year.

Diluted loss per share has been calculated using the weighted average number of common shares that would have been outstanding during the respective period had all of the stock options and warrants outstanding (if any) at year end having a dilutive effect been converted into shares at the beginning of the year and the proceeds used to repurchase the Company's common shares at the average market price for the year. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

3. EQUIPMENT

		Computer Equipment
Cost:		
At April 30, 2017	$	-
Additions during the year		17,617
At April 30, 2019 and 2018	$	17,617
Depreciation:		
At April 30, 2017	$	-
Change for the year		4,537
At April 30, 2018		4,537
Change for the year		6,540
At April 30, 2019	$	11,077
Net book value:		
At April 30, 2018	$	13,080
At April 30, 2019	$	6,540

4. PREPAIDS

The Company's current prepaid expenses consist of insurance and retainers for legal fees paid in advance.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		April 30, 2019		April 30, 2018
Accounts payable	$	10,215	$	69,874
Accrued liabilities		12,000		14,000
Total	$	22,215	$	83,874

6. SHARE CAPITAL

Authorized
Unlimited number of common shares without par value.

Issued:

Issued share capital during the year ended April 30, 2019
On May 31, 2018, the Company completed its initial public offering (the "IPO") and issued 2,000,000 common shares at $0.10 per share for gross proceeds of $200,000. The Company paid a cash commission of $20,000 and issued 200,000 agent's warrants priced at $0.10 expiring on May 31, 2020The fair value of agent's warrants granted was estimated to be $45,713 using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of 2 years, volatility of 100%, dividend yield of 0% and risk-free interest rate of 1.9%. The Company incurred other share issuance costs of $19,877 in connection with the IPO.

On September 14, 2018, the Company issued 500,000 units at $0.20 per Unit for gross proceeds of $100,000. Each Unit consists of one common share and one share purchase warrant ("Warrant"), with each Warrant entitling the holder to acquire one common share of the Company at a price of $0.40 for a period of one year.

On August 27, 2018, 6,000 agent's warrants priced at $0.10 were exercised for gross proceeds of $600.

On February 21, 2019, 184,500 agent's warrants priced at $0.10 were exercised for gross proceeds of $18,450.

Issued share capital during the year ended April 30, 2018

On July 17, 2017, the Company issued 1,800,000 common shares at $0.01 per share for gross proceeds of $18,000.

On July 18, 2017, the Company issued 5,200,000 common shares at $0.01 per share for gross proceeds of $52,000.

On August 22, 2017, the Company closed a private placement of 6,499,998 units at a price of $0.06 per unit for gross proceeds of $390,000. Each unit consists of one common share and half of one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.10 per share for a period of 12 months after the date common shares of the Company are listed for trading on a stock exchange.

On October 12, 2017, the Company closed a private placement of 5,000,000 units at a price of $0.10 per unit for gross proceeds of $500,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.10 per share for a period of 12 months after the date common shares of the Company are listed for trading on a stock exchange (the "First Trading Day") and at $0.20 per share from the date that is 12 months and a day from the First Trading Day until the date that is 24 months from the First Trading Day.

Expressed in Canadian Dollars

6. SHARE CAPITAL (continued)

Issued share capital during the year ended April 30, 2018 (continued)
On October 31, 2017, the Company closed a private placement of 2,000,000 units at a price of $0.10 per unit for gross proceeds of $200,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.10 per share for a period of 12 months after the First Trading Day and at $0.20 per share from the date that is 12 months and a day from the First Trading Day until the date that is 24 months from the First Trading Day.

Stock Options

On September 20, 2017, the Company granted 1,950,000 stock options to the consultants, directors and employee of the Company at an exercise price of $0.10 per share at any time until September 20, 2022. The stock options vest and become exercisable over three years (25% on the grant date and 25% on each anniversary of the grant date). On October 20, 2017, the Company cancelled 200,000 stock options granted to the director.

On October 20, 2017, the Company granted 200,000 stock options to an independent consultant at an exercise price of $0.10 per share at any time until October 20, 2022. The stock options vest and become exercisable over three years (25% on the grant date and 25% on each anniversary of the grant date).

The fair value of stock options granted for the year ended April 30, 2018 was $79,449, estimated using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of 5 years, volatility of 100%, dividend yield of 0% and risk-free interest rate of 1.82%.

During the year ended April 30, 2019, the Company recognized share-based compensation of $28,444 (2018 - $42,563).

On October 10, 2018, the Company cancelled 200,000 stock options held by directors that were not fully vested.
On January 29, 2019, the Company cancelled 200,000 stock options held by directors that were not fully vested.

As at April 30, 2019, the Company had the following options outstanding and exercisable:

Date of Grant	Expiry Date	Exercise Price	Number of Options Outstanding	Number of Options Exercisable
September 20, 2017	September 20, 2022	$ 0.10	1,350,000	675,000
October 20, 2017	October 20, 2022	$ 0.10	200,000	100,000
			1,550,000	775,000

A continuity of the Company's options is as follows:

	April 30, 2019		April 30, 2018	
	Number of Options	Exercise Price	Number of Options	Exercise Price
Outstanding, beginning of year	1,950,000	$0.10	-	$ -
Granted	-	-	2,150,000	0.10
Cancelled	(400,000)	0.10	(200,000)	0.10
Outstanding, end of year	1,550,000	$0.10	1,950,000	$0.10

Expressed in Canadian Dollars

6. SHARE CAPITAL (continued)

Share Purchase Warrants

As at April 30, 2019, the Company had the following warrants outstanding:

Date issued	Expiry date	Exercise price		Number of warrants outstanding
August 22, 2017	June 4, 2019	$	0.10	3,249,999
October 12, 2017	June, 4, 2020	$	0.10	5,000,000
October 31, 2017	June 4, 2020	$	0.10	2,000,000
May 31, 2018	May 31, 2020	$	0.10	9,500
September 14, 2018	September 14, 2019	$	0.40	500,000
				10,759,499

A continuity of the Company's warrants is as follows:

	April 30, 2019		April 30, 2018	
	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
Outstanding, beginning of year	10,249,999	$0.10	-	-
Issued	700,000	0.31	10,249,999	0.10
Exercised	(190,500)	0.10	-	-
Outstanding, end of year	10,759,499	$0.11	10,249,999	$0.10

Reserves

Reserves include items recognized as share-based payment and other stock compensation payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

7. RELATED PARTY TRANSACTIONS

Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indisrectly, including the Company's executive officers and certain members of its Board of Directors.

During the year ended April 30, 2019, the Company accrued $12,000 for the VP Marketing (2018: $28,000) in consulting fees, $47,814 (2018: $15,976) in administration fees to a party related to a director, recorded professional fees of $8,375 (2018: $Nil) to the CFO, and recorded share-based payments of $20,759 (2018: $30,738) to directors. As at April 30, 2019, included in accounts payable and accrued liabilities is $nil (2018: $1,859) due to the CEO and $10,000 (2018: $4,000) due to the VP Marketing. The amounts are non-interest bearing, unsecured and have no set repayment terms.

8. LICENSING AGREEMENT

On April 25, 2017, the Company entered into a licensing agreement with the Regents granting the Company an exclusive worldwide license for the Biopsy Systems for breast computed tomography patent and other related patents.

In consideration for this license, the Company agreed to the following terms:

- cash payment of USD $10,000 (CDN $13,971) due within 30 days (paid);
- cash payment of USD $200,000 due 30 days of the earlier of the following:
  - change of control transaction ("Change of Control"), which means the acquisition, merger, reorganization or other transactions where the Company transfers more than 50% of the voting power of the Company is transferred to a third party; and,
  - licensee financing which means the issuance of debt or equity securities of the Company, in bona fide financing transactions with cumulative proceeds of USD $3,000,000.
- cash payment of 2% of total consideration received by the Company within 30 days of the completion of a Change of Control;
- 3% of net sales from the first 15 commercial sales of all licensed products, in any country; and,
- 1% royalty of net sales of all licensed services.
- Reimbursement of 1/3 of $79,871.80 patent costs incurred prior to agreement effective date on or before the 1st anniversary of agreement effective date.
  - Reimbursement of the second 1/3 of patent costs on or before 2nd anniversary.
  - Reimbursement of the third 1/3 of patent costs on or before 3rd anniversary.

The Company is obligated to further develop, manufacture, and market the licensed products and services to meet market demand ("Milestones") as follows:

- to submit an application covering a licensed product or licensed services to the U.S. Food and Drug Administration ("FDA") or equivalent foreign agency by June 30, 2018;
- to obtain FDA or equivalent foreign agency approval by December 31, 2021; and,
- to achieve commercial sale and fill the market demand by June 30, 2022.

If the Company is unable to meet the above Milestones, the Company has the right to extend the target date of any Milestones for 1 year for USD $10,000. The Company has a further right to extend the target date of any Milestone for an additional 1 year upon a payment of USD $15,000.

9. DONATION

During the year ended April 30, 2019, the Company donated $nil (2018: USD $85,000 (CDN $106,497)) to the Regents of the University of California for breast cancer research.

10. CAPITAL MANAGEMENT

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors.

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions.

There were no changes in the Company's approach to capital management during the period. The Company is not subject to any external restrictions on its capital.

11. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. Cash is held with the same financial institution giving rise to a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution.

Liquidity risk
Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company's sole source of funding will be the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. During the year ended April 30, 2017, the Company entered into a licensing agreement denominated in US dollars. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

Interest rate risk
Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as cash earn interest income at variable rates. The fair value of cash is minimally affected by changes in short term interest rates.

Expressed in Canadian Dollars

11. FINANCIAL RISK MANAGEMENT (continued)

Classification of financial instruments
The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

Level 1 — quoted prices in active markets for identical assets and liabilities.
Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.
Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The Company has classified its cash as measured at fair value in the statement of financial position using level 1 inputs. Accounts payable is carried at amortized cost.

12. INCOME TAXES

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

	2019	2018
Net loss	$ (365,204)	$ (730,129)
Statutory tax rate	27%	26%
Expected income tax recovery	(103,620)	(189,834)
Permanent differences	9,046	11,493
Increase in unrecognized deferred assets	87,392	166,258
Other	7,181	12,083
Income tax recovery	$ -	$ -

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

	2019	2018
Deferred income tax assets		
Non-capital loss carry-forwards	$ 284,120	$ 191,565
Less: Valuation allowance	(284,120)	(191,565)
Net deferred income tax assets	$ -	$ -

The Company has non-capital losses of $1,092,768 (2018: $735,565) available for carry-forward to reduce future years' income for income tax purposes. These losses expire beginning in 2037 to 2039.

13. SUBSEQUENT EVENTS

i. On May 24, 2019, 550,000 share purchase warrants priced at $0.10 were exercised for gross proceeds of $55,000.

ii. On June 1, 2019, the Company granted a total of 300,000 stock options, 100,000 to an officer and 200,000 to a consultant of the Company. These Options have an exercise price of $0.30 per share, vest immediately, and may be exercised for a period of 2 years from the date of grant.

iii. On June 4, 2019, 75,000 share purchase warrants priced at $0.10 were exercised for gross proceeds of $7,500.

iv. On July 1, 2019, the Company entered into an investor relations consulting agreement, for a term of 12 months, at a cost of $5,000 per month. In addition, the Company granted 200,000 stock options to the consultant priced at $0.36 for a term of one year from date of grant.