THERMA BRIGHT INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED APRIL 30, 2021

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim financial statements of Therma Bright Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Therma Bright Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at April 30, 2021	As at July 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	**$ 2,105,623**	$ 1,061,767
Inventory (note 3)	**51,200**	17,200
Other receivables and prepaid expenses	**54,057**	22,512
Sales taxes recoverable	**88,673**	-
Total current assets	**2,299,553**	1,101,479
Non-current assets		
Equipment (note 4)	**88,277**	2,013
Intangible asset (note 5)	**216,680**	44,791
Total assets	**$ 2,604,510**	$ 1,148,283
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	**$ 364,445**	$ 814,382
Loans from directors (note 7)	**12,140**	55,938
Sales taxes payable	**-**	13,998
Total current liabilities	**376,585**	884,318
Non-current liabilities		
Long term debt (note 8)	**40,000**	40,000
Total liabilities	**416,585**	924,318
Equity		
Share capital (note 9)	**18,525,067**	12,107,232
Shares to be issued	**5,600**	-
Warrant reserve (note 10)	**3,137,218**	3,378,218
Share-based payments reserve (note 11)	**5,185,891**	1,985,451
Equity portion of convertible debentures	**271,545**	271,545
Deficit	**(24,937,396)**	(17,518,481)
Total equity	**2,187,925**	223,965
Total equity and liabilities	**$ 2,604,510**	$ 1,148,283

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)
Subsequent event (note 15)

Approved on behalf of the Board:

(Signed) "Rob Fia" Director

(Signed) "Joe Heng" Director

Therma Bright Inc.
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended April 30, 2021	Three Months Ended April 30, 2020	Nine Months Ended April 30, 2021	Nine Months Ended April 30, 2020
Revenue	**$ 549**	$ 1,146	**$ 3,521**	$ 3,225
Operating expenses				
General and administrative	**613,396**	48,636	**1,790,697**	163,025
Research and development	**255,588**	-	**997,199**	5,000
Stock-based compensation expense	**1,396,000**	-	**4,574,000**	-
Total operating expenses	**2,264,984**	**48,636**	**7,361,896**	**168,025**
Loss from operations	**(2,264,435)**	**(47,490)**	**(7,358,375)**	**(164,800)**
Other expenses				
Loss on foreign exchange	**(6,444)**	674	**(18,694)**	674
Accretion expense	**-**	(781)	**-**	(9,515)
Amortization	**(15,719)**	(744)	**(41,846)**	(2,233)
Net loss and comprehensive loss for the period	**$ (2,286,598)**	$ (48,341)	**$ (7,418,915)**	$ (175,874)
Basic and diluted net loss per share (note 12)	**$ (0.01)**	$ (0.00)	**$ (0.04)**	$ (0.00)
Weighted average number of common shares outstanding	**211,660,909**	163,755,622	**201,514,943**	163,755,622

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Therma Bright Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Nine Months Ended April 30, 2021	Nine Months Ended April 30, 2020
Operating activities		
Net loss for the period	**$ (7,418,915)**	$ (175,874)
Adjustments for:		
Stock-based compensation expense	**4,574,000**	-
Accretion expense	**-**	9,515
Shares and warrants issued for Orpheus	**347,000**	-
Amortization	**41,846**	2,233
Share based payments	**325,250**	-
Changes in non-cash working capital items:		
Other receivables and prepaid expenses	**(31,545)**	2,575
Inventory	**(34,000)**	-
Sales tax recoverable	**(102,671)**	-
Amounts payable and other liabilities	**(79,936)**	46,523
Sales tax payable	**-**	54
Net cash used in operating activities	**(2,378,971)**	(114,974)
Investing activities		
Purchase of equipment	**(100,000)**	-
Purchase of intangible asset	**(200,000)**	-
Net cash used in investing activities	**(300,000)**	-
Financing activities		
Loans from directors received (repaid)	**(43,798)**	95,924
Proceeds from shares issued	**262,625**	-
Proceeds from exercise of warrants	**1,987,500**	-
Proceeds from exercise of options	**1,530,100**	-
Share issue cost	**(13,600)**	-
Proceeds of long term debt	**-**	40,000
Net cash provided by financing activities	**3,722,827**	135,924
Net change in cash and cash equivalents	**1,043,856**	20,950
Cash and cash equivalents, beginning of period	**1,061,767**	30,397
Cash and cash equivalents, end of period	**$ 2,105,623**	$ 51,347
Other information		
Non-cash share issuance to settle obligations	**$ 695,250**	$ -

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Therma Bright Inc.
Condensed Interim Statements of Changes in Equity / (Deficit)
(Expressed in Canadian Dollars)
Unaudited

	Share capital	Shares to be issued	Warrant reserve	Share based payments reserve	Equity portion of convertible debenture	Deficit	Total
Balance, July 31, 2019	**$ 10,967,538**	**$ -**	**$ 3,361,218**	**$ 1,985,451**	**$ 291,192**	**$ (16,891,799)**	**$ (286,400)**
Net loss for the period	-	-	-	-	-	(175,874)	(175,874)
Balance, April 30, 2020	**$ 10,967,538**	**$ -**	**$ 3,361,218**	**$ 1,985,451**	**$ 291,192**	**$ (17,067,673)**	**$ (462,274)**
Balance, July 31, 2020	**$ 11,059,857**	**$ 1,047,375**	**$ 3,378,218**	**$ 1,985,451**	**$ 271,545**	**$ (17,518,481)**	**$ 223,965**
Shares issued	302,000	(987,375)	948,000	-	-	-	262,625
Shares issued for debt settlement	695,250	-	-	-	-	-	695,250
Share issuance cost	(13,600)	-	-	-	-	-	(13,600)
Shares and warrants issued for Orpheus	175,000	-	172,000	-	-	-	347,000
Stock options exercised	2,958,060	(54,400)	-	(1,373,560)	-	-	1,530,100
Warrants exercised	3,348,500	-	(1,361,000)	-	-	-	1,987,500
Stock-based compensation expense	-	-	-	4,574,000	-	-	4,574,000
Net loss for the period	-	-	-	-	-	(7,418,915)	(7,418,915)
Balance, April 30, 2021	**$ 18,525,067**	**$ 5,600**	**$ 3,137,218**	**$ 5,185,891**	**$ 271,545**	**$ (24,937,396)**	**$ 2,187,925**

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

1. Nature of operations and going concern

Therma Bright Inc. (the "Company") was incorporated under the Business Corporations Act (Alberta) on March 5, 2001. The Company is a progressive medical device technology company focused on a variety of products in the medical and healthcare space including rapid COVID testing products, medical devices for pain management, devices to improve circulation and devices for the cosmeceutical industry. The Company holds patents pending and the trademarks for Therozap™ and the trademark InterceptCS™ along with regulatory approvals for its breakthrough thermal therapy technology. The Company's cosmeceutical technology uses heat and light energy to deliver effective, topical, pain free skin care.

Going concern

During the nine months ended April 30, 2021, the Company incurred a loss of $7,418,915 (April 30, 2020 - loss of $175,874) and as of April 30, 2021, the Company had an accumulated deficit of $24,937,396 (July 31, 2020 - $17,518,481) and a net working capital of $1,922,968 (July 31, 2020 - $217,161).

To this point, all operational activities and the overhead costs have been funded from the available cash and by equity and debt issuances, as well as loans from directors. The Company has been working, through third party service providers in marketing, sales, engineering and distribution, to sell its products online.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The Company is monitoring the business environment as a result to ensure minimal disruption to business operations. The Company continues to be in operations as of the current date and Therma Bright's goal is to provide a low-cost, scalable saliva-based test for routine and widespread testing of both symptomatic and asymptomatic individuals at home and in schools, workplaces, nursing homes, sporting events, airports and other venues where a rapid result is required.

The Company will continue to secure new cash resources to meet its obligations. Management is currently evaluating and pursuing funding alternatives, including new equity, debt issuances and business line. While management has so far been successful in raising the required equity and debt financing, there is no assurance that these initiatives will continue to be successful. Uncertainty in global capital markets could have a negative impact on the Company's ability to access capital in the future.

The Company's ability to continue as a going concern is dependent upon its ability to reach a profitable level of operations and obtain adequate financing. The accompanying condensed interim financial statements do not include any adjustments relating to the recoverability of assets and to the re-classification of assets and liabilities amounts that might be necessary should the Company be unable to continue its operations. These adjustments could be material.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRS's issued and outstanding as of June 29, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended July 31, 2020. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending July 31, 2021 could result in restatement of these unaudited condensed interim financial statements.

New accounting standards adopted

IFRS 3, Business Combinations ("IFRS 3")
Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's unaudited condensed interim financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1")
Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")
Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim financial statements.

New accounting standards and interpretations not adopted yet

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

(Expressed in Canadian Dollars)

3. Inventory

Inventory consists solely of finished goods. Since 2009, the Company has taken a cumulative inventory write-down of $8,020.

4. Equipment

Cost		Equipment		Total
Balance, July 31, 2019 and July 31, 2020	**$**	**3,081**	**$**	**3,081**
Additions		100,000		100,000
Balance, April 30, 2021	**$**	**103,081**	**$**	**103,081**

Accumulated Depreciation		Equipment		Total
Balance, July 31, 2019	**$**	**565**	**$**	**565**
Depreciation for the year		503		503
Balance, July 31, 2020	$	1,068	$	1,068
Depreciation for the period		13,736		13,736
Balance, April 30, 2021	**$**	**14,804**	**$**	**14,804**

Carrying Value		Equipment		Total
Balance, July 31, 2020	$	2,013	$	2,013
Balance, April 30, 2021	**$**	**88,277**	**$**	**88,277**

5. Intangible assets

Cost		Patents and trade marks		Domain name		Total
Balance, July 31, 2019 and July 31, 2020	**$**	**-**	**$**	**49,490**	**$**	**49,490**
Additions		200,000		-		200,000
Balance, July 31, 2020 and April 30, 2021	**$**	**200,000**	**$**	**49,490**	**$**	**249,490**

Accumulated Amortization		Patents and trade marks		Domain name		Total
Balance, July 31, 2019	**$**	**-**	**$**	**2,224**	**$**	**2,224**
Amortization for the year		-		2,475		2,475
Balance, July 31, 2020	$	-	$	4,699	$	4,699
Amortization for the period		26,667		1,444		28,111
Balance, April 30, 2021	**$**	**26,667**	**$**	**6,143**	**$**	**32,810**

Carrying Value		Patents and trade marks		Domain name		Total
Balance, July 31, 2020	$	-	$	44,791	$	44,791
Balance, April 30, 2021	**$**	**173,333**	**$**	**43,347**	**$**	**216,680**

(Expressed in Canadian Dollars)

6. Accounts payable and accrued liabilities

		As at April 30, 2021		As at July 31, 2020
Accounts payable and accrued liabilities	**$**	**321,460**	$	549,767
Amounts due to related parties		**42,985**		264,615
Total accounts payable and accrued liabilities	**$**	**364,445**	$	814,382

During the nine months ended April 30, 2021, the Company settled $636,250 (period ended July 31, 2020 - $nil) of accounts payable balances by the issuance of common shares.

7. Loans from directors

		As at April 30, 2021		As at July 31, 2020
Notes payable	**$**	**12,140**	$	55,938

The loans from directors are unsecured, non-interest bearing, and repayable on demand.

8. Long term debt

	As at April 30, 2021	As at July 31, 2020
Canada Emergency Business Account (CEBA) loan (ii)	**40,000**	40,000

i) 8% convertible debentures

On April 27, 2018, the Company completed a first tranche closing of its convertible debenture (“Debenture”) financing for gross proceeds of $250,000. The Company offered three-year debentures in principal amounts of $1,000 per Debenture, with 8% interest payable thereon. A minimum of 12 months' interest on the full principal amount would be payable, regardless of whether the Debenture was converted prior to such time. Subject to prior TSX Venture Exchange (“TSXV”) approval, interest might be paid in shares at the market price of the Company's common shares at the time of conversion. A finder’s fee of $17,500 cash, and 150,000 finder’s warrants were paid in relation to this issuance of convertible debenture and these financing fees were allocated pro-rata between the equity portion of the convertible debenture and against the debenture payable.

The Debentures would be convertible into Units of the Company at a conversion price of $0.05 per unit if converted in the first year and thereafter at $0.10 per unit. Each Unit would be comprised of one common share and one-fifth (1/5) of one common share purchase warrant. Each whole warrant would be exercisable for one common share for a period of two years from the date of issue of the warrant at an exercise price of $0.05 if exercised on or before the date that was one year from the date of issuance of the Debenture or thereafter at an exercise price of $0.10.

The subscriber might convert the Debenture at any time until the maturity date. The Company might convert the Debenture on the earlier of, and at any time thereafter: (a) at any time after the date that was 12 months after the date of issue of the Debentures until the maturity date; and (b) the 16th day after the closing price of the Company's common shares on the TSXV exceeds $0.075 for fifteen (15) consecutive trading days, provided such conversion date was at least six (6) months after the date of issue of the Debentures. The Company may, at its option, subject to providing not more than 60 and not less than 30 days prior notice, redeem the Debentures in whole or in part.

(Expressed in Canadian Dollars)

8 Long term debt (continued)

i) 8% convertible debentures

The Company used the residual value method to allocate the principal amount of the convertible debentures between the liability and equity components. The Company valued the debt component of the convertible debentures by calculating the present value of the principal and interest payments, discounted at a rate of 15.25%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity conversion feature of the convertible debentures comprise the value of the conversion option, being the difference between the face value of the convertible debentures and the liability element calculated above. Based on this calculation, the liability component was $196,00 ($178,282 net of transaction costs) and the residual equity component was $49,118. Net accretion charges attributable to the convertible debentures for the nine months ended April 30, 2021 was $nil (nine months ended April 30, 2020 - $7,352). This amount is added to the liability component on the statements of financial position and is included in accretion expense on the statements of loss and comprehensive loss.

During the year ended July 31, 2019, debentures with a face value of $100,000 and a carrying value of $89,557 (net of transaction cost and conversion features) were converted into Units of the Company.

Balance, July 31, 2019	**$**	**79,974**
Less: Conversion		(89,557)
Less: Coupon interest payable classified under accounts payable		(7,814)
Add: Accretion for the year		17,397
Balance, July 31, 2020 and April 30, 2021	**$**	**-**

ii) Canada Emergency Business Account (CEBA) loan

In April 2020, the Company received $40,000 in Canada Emergency Business Account (CEBA) loan, funded by the Federal Government. The terms of the loan is: Interest rate is 0% per year, but subject to the interest rate disclosed below in the loan extension section; loan repayment in whole or in part on or after July 1, 2020; $10,000 (25%) of the $40,000 loan is eligible for complete forgiveness if $30,000 is fully repaid on or before December 31, 2022.

Loan extension terms are: If the loan cannot be repaid by December 31, 2022, it will be converted into a 3-year term loan, charging an interest rate of 5%; Interest payments are due monthly and the outstanding principal balance must be fully repaid no later than December 31, 2025. However, you may repay some or all of the loan at any time.

9. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(Expressed in Canadian Dollars)

9. Share capital (continued)

b) Common shares issued

	Number of common shares	Amount
Balance, July 31, 2019 and April 30, 2020	**16,355,622**	**$ 10,967,538**
Balance, July 31, 2020	**164,755,622**	**$ 12,107,232**
Private placement (i)	16,666,667	262,625
Fair value of warrants issued (i)	-	(948,000)
Costs of issuance	-	(13,600)
Warrants exercised	16,183,330	3,348,500
Stock options exercised	14,140,000	2,898,060
Shares to Orpheus (ii)	1,000,000	175,000
Shares issued for debt settlement (iii)(iv)(v)	5,636,664	695,250
Balance, April 30, 2021	**218,382,283**	**$ 18,525,067**

i) On August 5, 2020, the Company completed the closing of a non-brokered private placement of 16,666,667 units for gross proceeds of $1,250,000. Each Unit comprised of one common share of the Company and one half (0.5) of one common share purchase warrant, and each whole warrant will be exercisable for one additional common share of the Company at a price of $0.15 for a period of 6 months from the closing date of the private placement. The 8,333,333 warrants were assigned a value of $948,000 using the Black Scholes valuation model with the following assumptions: expected dividend yield of 0%; share price of $0.20; expected volatility of 189% based on historical trends; risk free interest rate of 0.18%; and an expected average life of 6 months.

No finder's fee was paid in conjunction with the Offering. Insiders of the Company purchased a total of 2,866,667 units under the private placement.

ii) On August 13, 2020, as part of the binding letter of intent with Orpheus to partner in the development of a rapid saliva test for the detection of the virus (SARS CoV 2) causing COVID 19, the Company issued to Orpheus of 1,000,000 common shares and 1,000,000 warrants exercisable at $0.05 per share with a 5 year expiry. The shares were valued at 175,000 and the warrants were assigned a value of 172,000 using the Black Scholes valuation model with the following assumptions: expected dividend yield of 0%; share price of $0.175; expected volatility of 189% based on historical trends; risk free interest rate of 0.43%; and an expected average life of 60 months.

iii) On August 14, 2020, the Company settled aggregate debt of $370,000 outstanding as at June 30, 2020, in consideration for which it issued an aggregate of 4,625,000 common shares at a deemed price of $0.08 per share.

iv) On March 10, 2021, the Company settled aggregate debt of $65,250 in consideration for which it issued an aggregate of 145,000 common shares at a deemed price of $0.45 per share.

v) On April 13, 2021 the Company settled aggregate debt of 260,000 in consideration for which it issued an aggregate of 866,664 common shares at a deemed price of $0.30 per share.

(Expressed in Canadian Dollars)

10. Warrant reserve

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price	
Balance, July 31, 2019 and April 30, 2020	**13,180,000**	**$**	**0.09**
Balance, July 31, 2020	7,380,000	$	0.09
Issued (note 9)	9,333,333		0.14
Exercised	(16,183,330)		0.12
Expired	(530,003)		0.10
Balance, April 30, 2021	**-**	**$**	**-**

11. Stock options

Under the Company's stock option plan, the Company may grant options to employees, consultants, officers and directors totaling up to 10% of its issued and outstanding common shares. The aggregate number of shares so reserved for issuance to any one person shall not exceed 5% of the issued and outstanding common shares.

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price	
Balance, July 31, 2019 and April 30, 2020	**13,015,000**	**$**	**0.09**
Balance, July 31, 2020	13,015,000	$	0.09
Issued (i) (ii)(iii)(iv)(v)(vi)(vii)(viii)(ix)(x)	20,800,000		0.25
Exercised	(14,140,000)		0.11
Balance, April 30, 2021	**19,675,000**	**$**	**0.24**

i) On August 20, 2020, the Company granted of stock options to its directors, officers and consultants to purchase up to an aggregate of 13,950,000 common shares of the Company. The options are exercisable for a period of five years at a price of $0.22 per share and the options vested immediately. The estimated fair value of these options at the grant date was $2,553,000 using the Black-Scholes valuation model. During the three and nine months ended April 30, 2021, $nil and $2,533,333, respectively (three and nine months ended April 30, 2020 - $nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 0.37%; expected life: 5.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: $0.19.

ii) On August 26, 2020, the Company granted of stock options to a director to purchase up to an aggregate of 200,000 common shares of the Company. The options are exercisable for a period of five years at a price of $0.22 per share. The options vest immediatelyt. The estimated fair value of these options at the grant date was $33,000 using the Black-Scholes valuation model. During the three and nine months ended April 30, 2021, $nil and $33,000, respectively (three and nine months ended April 30, 2020 - $nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 2.0%; expected life: 5.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: $0.17.

11. Stock options (continued)

iii) On December 7, 2020, the Company granted of stock options to its consultants to purchase up to an aggregate of 550,000 common shares of the Company. The options are exercisable for a period of five years at a price of $0.22 per share. The options vest immediately. The estimated fair value of these options at the grant date was $36,000 using the Black-Scholes valuation model. During the three and nine months ended April 30, 2021, $nil and $36,000, respectively (three and nine months ended April 30, 2020 - $nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 0.48%; expected life: 5.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: $0.07.

iv) On December 24, 2020, the Company granted of stock options to a consultants to purchase up to an aggregate of 450,000 common shares of the Company. The options are exercisable for a period of five years at a price of $0.22 per share. The options vest immrdiately. The estimated fair value of these options at the grant date was $98,000 using the Black-Scholes valuation model. During the three and nine months ended April 30, 2021, and $98,000, respectively (three and nine months ended April 30, 2020 - $nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: .43.0%; expected life: 5.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: $0.225.

v) On January 5, 2021, the Company granted of stock options to consultants to purchase up to an aggregate of 900,000 common shares of the Company. The options are exercisable for a period of five years at a price of $0.28 per share. The options vest immediatelyt. The estimated fair value of these options at the grant date was $243,000 using the Black-Scholes valuation model. During the three and nine months ended April 30, 2021, $nil and $243,000, respectively (three and nine months ended April 30, 2020 - $nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 0.39%; expected life: 5.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: $0.28.

vi) On January 15, 2021, the Company granted of stock options to an officer to purchase up to an aggregate of 200,000 common shares of the Company. The options are exercisable for a period of five years at a price of $0.35 per share. The options vest immediately. The estimated fair value of these options at the grant date was $95,000 using the Black-Scholes valuation model. During the three and nine months ended April 30, 2021, $nil and $95,000, respectively (three and nine months ended April 30, 2020 - $nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 0.42%; expected life: 5.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: $0.49.

vii) On January 25, 2021, the Company granted of stock options to a consultant to purchase up to an aggregate of 300,000 common shares of the Company. The options are exercisable for a period of five years at a price of $0.45 per share. The options vest immediately. The estimated fair value of these options at the grant date was $120,000 using the Black-Scholes valuation model. During the three and nine months ended April 30, 2021, $nil and $120,000, respectively (three and nine months ended April 30, 2020 - $nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 0.42%; expected life: 5.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: $0.415.

viii) On February 25, 2021, the Company granted of stock options to a consultant to purchase up to an aggregate of 750,000 common shares of the Company. The options are exercisable for a period of five years at a price of $0.38 per share. The options vest immediately. The estimated fair value of these options at the grant date was $290,000 using the Black-Scholes valuation model. During the three and nine months ended April 30, 2021, $290,000 (three and nine months ended April 30, 2020 - $nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 0.93%; expected life: 5.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: $0.40.

(Expressed in Canadian Dollars)

11. Stock options (continued)

ix) On March 4, 2021, the Company granted of stock options to a consultants to purchase up to an aggregate of 2,500,000 common shares of the Company. The options are exercisable for a period of five years at a price of $0.30 per share. The options vest immediately. The estimated fair value of these options at the grant date was $663,000 using the Black-Scholes valuation model. During the three and nine months ended April 30, 2021, $663,000 (three and nine months ended April 30, 2020 - $nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 0.90%; expected life: 5.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: $0.275.

x) On March 22, 2021, the Company granted of stock options to a consultants to purchase up to an aggregate of 1,000,000 common shares of the Company. The options are exercisable for a period of threee years at a price of $0.44 per share. The options vest immediately. The estimated fair value of these options at the grant date was $443,000 using the Black-Scholes valuation model. During the three and nine months ended April 30, 2021, $443,000 (three and nine months ended April 30, 2020 - $nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 0.52%; expected life: 3.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: $0.49.

The following table reflects the actual stock options issued and outstanding as of April 30, 2021:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
January 17, 2023	0.10	1.72	350,000	350,000
January 23, 2023	0.10	1.73	275,000	275,000
March 2, 2023	0.10	1.84	500,000	500,000
May 8, 2023	0.05	2.02	650,000	650,000
March 22, 2024	0.44	2.90	1,000,000	1,000,000
August 20, 2025	0.22	4.31	11,600,000	11,600,000
August 26, 2025	0.22	4.33	200,000	200,000
December 7, 2025	0.22	4.61	250,000	250,000
December 24, 2025	0.22	4.65	200,000	200,000
January 5, 2026	0.28	4.69	900,000	900,000
January 15, 2026	0.35	4.72	200,000	200,000
January 25, 2026	0.45	4.74	300,000	300,000
February 25, 2026	0.38	4.83	750,000	750,000
March 4, 2026	0.30	4.85	2,500,000	2,500,000
	$0.24	4.14	19,675,000	19,675,000

12. Loss per share

For the three and nine months ended April 30, 2021, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $2,286,598 and $7,418,915, respectively (three and nine months ended April 30, 2020 - $48,341 and $175,874, respectively) and the weighted average number of common shares outstanding of 211,660,909 and 201,514,943, respectively (three and nine months ended April 30, 2020 - 163,755,622 and 163,755,622, respectively). Diluted loss per share did not include the effect of $19,675,000 stock options (nine months ended April 30, 2020 - $13,015,000) or $nil warrants (nine months ended April 30, 2020 - $13,180,000) as they are anti-dilutive.

(Expressed in Canadian Dollars)

13. Related party transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the amount established and agreed to by the related parties.

(a) The Company entered into the following transactions with related parties:

		Three Months Ended April 30,		Nine Months Ended April 30,	
		2021	**2020**	**2021**	**2020**
Marrelli Support Services Inc. ("Marrelli Support")	(i)	**$ 6,591**	$ 5,603	**$ 25,915**	$ 12,614
Intelvest Inc. ("Intelvest")	(ii)	**31,250**	-	**93,750**	-

i) For the three and nine months ended April 30, 2021, the Company expensed $6,591 and $25,915, respectively (three and nine months ended April 30, 2020 - $5,603 and $12,614, respectively) to Marrelli Support for the services of Vic Hugo to act as Chief Financial Officer of the Company. In addition, Marrelli Support also provides bookkeeping services to the Company. Vic Hugo is an employee of Marrelli Support. As at April 30, 2021, Marrelli Support was owed $2,985 (July 31, 2020 - $50,364) and this amount was included in accounts payable and accrued liabilities.

ii) For the three and nine months ended April 30, 2021, the Company expensed $31,250 and $93,750, respectively (three and nine months ended April 30, 2020 - $nil) to Intelvest, a company controlled by a director and officer of the Company, for the management services of Rob Fia to act as Chief Executive Officer of the Company.

(b) Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2021	**2020**	**2021**	**2020**
Salaries and benefits	**$ -**	$ 12,500	**$ 80,000**	$ 17,500
Directors fees	**-**	-	**80,000**	-
Share-based payments	**-**	-	**1,994,710**	-
Total remuneration	**$ -**	$ 12,500	**$ 2,154,710**	$ 17,500

Payments to directors and key management personnel of the Company include certain transactions with related parties in (a) above, and (b) remuneration to directors and key management personnel of the Company. As at April 30, 2021, directors and key management personnel of the Company were owed $10,000 (July 31, 2020 - $184,251) for remuneration and reimbursable expenses, excluding amounts disclosed in (a) above.

(c) Insider shareholdings

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

As of April 30, 2021, directors and officers of the Company, with individual control of less than 10% of the total common shares outstanding, collectively control 16,073,744 common shares of the company or approximately 7% of the total common shares outstanding. To the knowledge of the directors and officers of the Company, the remaining common shares of the Company were widely held.

14. Contingencies and commitments

a) The Company has offered a "Risk Free Guarantee" on sales of InterceptCS™ product allowing consumers if they are not satisfied with the product, within 90 days of the date of purchase, to return product directly to the Company for a full refund. While returns have been insignificant to date, there can be no assurance that the Company will not receive an increased level of returns in the future.

15. Subsequent event

a) Subsequent to the three and nine months ended April 30, 2021, 175,000 options were exercised

b) Subsequent to the three and nine months ended April 30, 2021, the Company has agreed to settle outstanding debt of $100,000 in consideration for which it will issue 200,000 units a deemed price of $0.50 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the creditor to purchase one common share for at a price of $0.60 and will expire on May 26, 2023.

c) Subsequent to the three and nine months ended April 30, 2021, the Company issued 175,000 share purchase warrants to the consultant for the services provided,. The warrants will be exercisable for two years and a exercise price of $0.45.