



**VENTRIPOINT DIAGNOSTICS LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (RESTATED)
THREE AND SIX MONTHS ENDED
JUNE 30, 2021
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Ventripoint Diagnostics Ltd. ("Diagnostics" or the "Company") have been prepared by and are the responsibility of management.

This unaudited condensed interim consolidated financial statements for the three and six months ended three and six months ended has been revised (the "Revised MD&A") from the previously revised version that was filed on SEDAR on September 2, 2021, to correctly record the fair value of the shares issued loss on debt settlement.

Ventripoint Diagnostics Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at June 30, 2021	As at December 31, 2020
	(Restated note 21)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,459,673	\$ 526,026
Accounts receivable (note 4)	68,159	165,341
Prepaid expenses	23,128	23,128
Total current assets	3,550,960	714,495
Non-current assets		
Property and equipment (note 5)	22,815	25,257
Right-of-use leased asset (note 9)	44,156	61,818
Total assets	\$ 3,617,931	\$ 801,570
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 1,172,046	\$ 1,763,165
Warrant liabilities (note 7)	-	500
Current portion of leases (note 9)	45,773	42,755
Interest payable on debentures (note 10)	-	16,661
Total current liabilities	1,217,819	1,823,081
Non-current liabilities		
Other Loans (note 8)	148,187	148,106
Leases (note 9)	10,871	34,562
Convertible debentures (note 10)	-	1,144,446
Total liabilities	1,376,877	3,150,195
Shareholders' equity (deficit)		
Share capital (note 11)	38,048,740	31,009,342
Contributed surplus	5,989,171	6,400,369
Accumulated other comprehensive income	123,943	108,846
Deficit	(41,920,800)	(39,867,182)
Total equity (deficit)	2,241,054	(2,348,625)
Total equity (deficit) and liabilities	\$ 3,617,931	\$ 801,570

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

Nature of operations and going concern (note 1)

Commitments (note 19)

Subsequent events (note 22)

Approved on behalf of the Board:

(Signed) "Dr. George Adams " Director

(Signed) "Robert Hodgkinson" Director

Ventripoint Diagnostics Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
	(Restated note 21)	(Restated note 20)	Restated note 21)	(Restated note 20)
Operating expenses				
General and administrative (notes 17 and 20)	696,261	213,597	1,452,202	494,975
Research and development (note 17)	109,030	66,052	198,039	115,767
Sales and marketing (note 17)	86,018	41,539	130,520	77,586
Total operating expenses	891,309	321,188	1,780,761	688,328
Income (loss) from operations	(891,309)	(321,188)	(1,780,761)	(688,328)
Finance costs (note 20)	(3,714)	(64,244)	(33,265)	(108,861)
Warrant liabilities revaluation adjustment (notes 7 and 20)	361,269	4,774	(229,087)	11,022
Other income (notes 14 and 20)	1,050	63,516	77,003	63,516
Foreign currency differences (note 20)	3,530	(700)	(4,361)	(10,154)
Loss on debt settlement (notes 11 and 21)	(83,147)	-	(83,147)	-
Impairment of inventory (note 20)	-	-	-	(21,207)
Gain on modification of convertible debentures (notes 10 and 20)	-	-	-	35,329
Net loss for the period	\$ (612,321)	\$ (317,842)	\$ (2,053,618)	\$ (718,683)
Other comprehensive income				
Items that will be reclassified subsequently to income				
Currency translation	\$ 7,351	\$ 23,871	\$ 15,097	\$ 2,710
	-	-	-	-
Total loss and comprehensive loss for the period	\$ (604,970)	\$ (293,971)	\$ (2,038,521)	\$ (715,973)
Basic and diluted net loss per share (note 16)	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding	136,125,661	69,725,942	127,513,991	69,694,400

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

Ventripoint Diagnostics Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
	(Restated note 21)	(Restated note 20)
Operating activities		
Net loss for the period	\$ (2,053,618)	\$ (718,683)
Adjustments for:		
Depreciation and amortization	6,699	10,777
Depreciation of right of use asset	17,662	17,662
Loss on debt settlement	83,147	-
Share-based compensation	580,278	23,347
Derivative liabilities revaluation adjustment	229,087	(11,022)
Impairment of inventory	-	21,207
Gain on modification of debenture	-	(35,329)
Accretion of debentures payable	19,538	48,183
Interest on debentures paid out in shares	23,274	-
Interest on leases	3,605	5,741
CEBA loan benefit included in other income	-	(10,000)
Changes in non-cash working capital items:		
Amounts receivable	97,182	47,177
Prepaid expenses	-	19,615
Inventory	-	(25,757)
Amounts payable and other liabilities	(464,869)	83,502
Interest payable	(21,642)	36,271
Net cash used in operating activities	(1,479,657)	(487,309)
Investing activities		
Additions to property and equipment	(4,257)	(3,763)
Net cash used in investing activities	(4,257)	(3,763)
Financing activities		
Demand loan and debenture	-	135,000
Issuance of convertible debentures	-	505,000
Cash paid for debenture issuance costs	-	(35,764)
Lease payments	(24,278)	(23,655)
Federal loans received	-	40,000
Proceeds received on exercise of warrants	3,936,116	-
Proceeds received on exercise of options	490,626	-
Net cash provided by financing activities	4,402,464	620,581
Effect of foreign exchange on cash and cash equivalents	15,097	2,710
Net change in cash and cash equivalents	2,933,647	132,219
Cash and cash equivalents, beginning of period	526,026	13,760
Cash and cash equivalents, end of period	\$ 3,459,673	\$ 145,979

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

Ventripoint Diagnostics Ltd.

Condensed Interim Consolidated Statements of Changes in Equity (Deficit)

(Expressed in Canadian Dollars)

Unaudited

	Number of common shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2019	69,486,747	\$ 29,480,435	\$ 5,997,379	\$ -	\$ (37,947,250)	\$ (2,469,436)
Re-class of accumulated other comprehensive income	-	-	-	69,256	(69,256)	-
Equity portion of convertible debentures (Restated note 20)	-	-	118,000	-	-	118,000
Finders warrants issued with sale of shares (Restated note 20)	-	-	3,200	-	-	3,200
Modification on convertible debt (Restated note 20)	-	-	(161,592)	-	-	(161,592)
Liabilities settled with shares	239,195	19,940	-	-	-	19,940
Share-based compensation	-	-	6,347	-	-	6,347
Currency translation adjustment (Restated note 20)	-	-	-	2,710	-	2,710
Net loss for the period (Restated note 20)	-	-	-	-	(718,683)	(718,683)
Balance, June 30, 2020	69,725,942	\$ 29,500,375	\$ 5,963,334	\$ 71,966	\$ (38,735,189)	\$ (3,199,514)
Balance, December 31, 2020	90,062,382	31,009,342	\$ 6,400,369	\$ 108,846	\$ (39,867,182)	\$ (2,348,625)
Warrants exercised	25,750,322	4,903,687	(677,984)	-	-	4,225,703
Stock options exercised	3,261,250	804,118	(313,491)	-	-	490,627
Deferred share units exercised	142,500	6,250	-	-	-	6,250
Conversion of convertible debentures	17,573,324	1,158,922	-	-	-	1,158,922
Liabilities settled with shares (Restated note 21)	763,627	166,421	-	-	-	166,421
Share-based compensation	-	-	580,277	-	-	580,277
Currency translation adjustment	-	-	-	15,097	-	15,097
Net loss for the period (Restated note 21)	-	-	-	-	(2,053,618)	(2,053,618)
Balance, June 30, 2021	137,553,405	\$ 38,048,740	\$ 5,989,171	\$ 123,943	\$ (41,920,800)	\$ 2,241,054

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

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements (Restated)

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern

Ventripoint Diagnostics Ltd. ("Diagnostics" or the "Company") was incorporated by a Certificate of Incorporation pursuant to the provisions of the Business Corporations Act (Alberta) on May 4, 2005. Diagnostics acquired Ventripoint Inc. ("Ventripoint", Diagnostics and Ventripoint, collectively referred to herein as the "Company" or "Companies") on September 18, 2007. Diagnostics is a Canadian public company with its shares listed on the TSX Venture Exchange ("TSXV" or the "Exchange") with the trading symbol "VPT" and on the OTCQB in the U.S. with the trading symbol "VPTDF". Ventripoint Inc. was incorporated in the State of Washington in July, 2004 and commenced operations in January, 2005. Ventripoint Inc.'s registration was migrated to the State of Delaware on December 21, 2017. The Companies' registered office is at Livingston Place West, Suite 1000, 250 – 2nd Avenue S.W., Calgary, Alberta, T2P 0C1.

The Company is a medical device company engaged in the development and commercialization of diagnostic tools that monitor patients with heart disease. The system is based upon patented technology, the commercialization rights of which Ventripoint has licensed from the University of Washington.

In March 2020 the World Health Organization declared coronavirus COVID19 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 of the return of public access to hospitals and how quickly marketing and installations can proceed.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. There is no certainty whether the Company will generate significant revenues or attain profitable operations in the near future and there can be no assurance that it will achieve profitability in the future, as it incurred a loss of \$2,053,618 and had a negative cash flow from operating activities of \$1,479,657 for the six months ended June 30, 2021, and has accumulated \$41,920,800 of losses as at June 30, 2021. The Company's ability to continue as a going concern is dependent on its raising of future required capital, bringing its products to market and achieving and maintaining profitable operations. The outcome of these matters cannot be predicted at this time. As a result there exists a material uncertainty which creates significant doubt regarding the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not include any adjustments and classifications of assets and liabilities, which might be necessary should the Company be unable to continue its operations. Such 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 consolidated 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, and should be read in conjunction with the annual December 31, 2020 consolidated financial statements.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements (Restated)

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

Unaudited

2. Significant accounting policies (continued)

Statement of compliance (continued)

The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2020.

Basis of consolidation

These unaudited condensed interim consolidated financial statements include the accounts of Diagnostics and Ventripoint, its wholly-owned and controlled subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries, including entities which the Company controls, are included in the unaudited condensed interim consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances have been eliminated.

Functional and presentation currency

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars ("CDN\$"), the Company's functional currency. The functional currency of the Company's wholly owned subsidiary is US dollars ("US\$") and has been translated to CDN\$ using the closing rate, the spot exchange rate or the annual average exchange rate.

Critical accounting judgements and estimates

The preparation of the unaudited condensed interim consolidated 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, revenue and expenses.

Information about critical judgments in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the unaudited condensed interim consolidated financial statements includes the assumptions and model used to estimate share-based compensation (note 12), the allocation of convertible debentures to the liability and equity components (note 10), and the valuation of warrants and other derivative liabilities (note 7), the capitalization and expensing of development costs, the impairment of assets which requires judgement in determining if the facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the allocation of revenues between amounts recognized upon installation and amounts deferred and recognized over the initial warranty period, the designation of the Canadian dollar as the Company's functional currency, and factors considered in inventory obsolescence.

Reported amounts and note disclosure reflect the anticipated measures management intends to take. Actual results could differ from those estimates. The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements (Restated)

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

Unaudited

2. Significant accounting policies (continued)

New accounting standards adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. None are applicable or do not have a significant impact to the Company and have been excluded.

New standards not yet adopted and interpretations issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 01, 2022. Management is still assessing the impact, if any, the new accounting pronouncements will have on the financial statements.

3. Financial instruments

The Company's financial instruments consist of cash and equivalents, accounts receivable, accounts payable and accrued liabilities, warrant liabilities, convertible debentures, and other loans. Cash and equivalents and accounts receivable are classified as amortized cost. Accounts payable and accrued liabilities, interest payable on debentures, convertible debentures, and other loans are classified as other financial liabilities, which are also measured at amortized cost. Warrant liabilities are measured at fair value.

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The Hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are 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 (ie. as prices) or indirectly (ie. derived from prices); and
- Level 3: Inputs that are not based on observable market data.

The Company measures its derivative liabilities at fair value through profit or loss and has determined this valuation to be a level 2 valuation as it is based on inputs that are observable. There has been no change in level from prior year.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, market risk and foreign currency risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and equivalents, and trade accounts receivable. The carrying amount of the financial assets represents the maximum credit exposure.

The Company limits its exposure to credit risk on cash and equivalents by placing these financial instruments with high-credit quality financial institutions and only investing in liquid, investment grade securities.

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss within operating expenses. When a receivable balance is considered uncollectable it is written off against the allowance. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss. Within the accounts receivable, all amounts receivable are considered to be collectible. Amounts receivable from the Government for grants or sales tax refunds are considered to have no credit risk. The carrying amount of financial assets represents the maximum credit exposure.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements (Restated)

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

Unaudited

3. Financial instruments (continued)

Credit risk (continued)

The maximum exposure to credit risk as at June 30, 2021 and 2020 was:

	June 30, 2021	December 31, 2020
Cash and cash equivalents	\$ 3,459,673	\$ 526,026

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk by monitoring forecasted and actual cash flows, as well as anticipated investing and financial activities. The majority of the Company's financial liabilities are due within 90 days.

The following table consists of accounts payable and accrued liabilities and sets out contractual maturities (representing undiscounted contractual cash flows) of the financial liabilities outstanding at June 30, 2021:

	2022	2023	2024	2025	Total
Accounts payable & accrued liabilities	\$ 1,172,046	\$ -	\$ -	\$ -	\$ 1,172,046
Lease payments	49,800	8,300	-	-	58,100
CEBA loan	30,000	-	-	-	30,000
RRRF loan	-	8,151	32,604	32,604	73,359
Convertible debentures	-	-	-	-	-
	\$ 1,251,846	\$ 16,451	\$ 32,604	\$ 32,604	\$ 1,333,505

The contractual maturities of commitments at period end are included in (note 19).

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates and interest rates will affect the Company's income or the value of the financial instruments held.

Foreign currency risk

The majority of the Company's total expenditures were denominated in CDN\$ in 2021 (2020 - CDN\$). The Company's capital transactions are denominated in CDN\$ and the Company now maintains most of its cash and equivalents in CDN\$. Foreign currency risk reflects the risk that the Company's earnings will be impacted by fluctuations in exchange rates.

With all other variables held constant, a 10% point increase in the value of the US\$ relative to the CDN\$ would have increased the non-operating loss due to foreign currency differences by approximately \$200 for the year ended June 30, 2021 (2020 - \$1,100). There would be an equal and opposite impact on the net loss with a 10% point decrease in the value of the US\$ relative to the CDN\$.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements (Restated)

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

Unaudited

3. Financial instruments (continued)

Foreign currency risk (continued)

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposures and the resulting volatility of the Company's earnings. The Company manages this risk by pricing sales in CDN\$ where possible. The Company has not entered into any forward foreign exchange contracts.

The Company was exposed to currency risk for the following assets (liabilities) as follows:

	June 30, 2021 US\$	December 31, 2020 US\$
Cash and cash equivalents	7,964	3,399
Accounts payable and accrued liabilities	(425,410)	424,819
Total	(417,446)	428,218

4. Accounts receivable

	As at June 30, 2021	As at December 31, 2020
Government contribution receivable	-	103,010
Goods and services taxes receivable	68,159	62,331
Total	68,159	165,341

5. Property and equipment

Cost	Total
Balance, December 31, 2019	\$ 160,088
Additions	3,764
Balance, December 31, 2020	163,852
Additions	4,257
Balance, June 30, 2021	\$ 168,109
Accumulated Depreciation	Total
Balance, December 31, 2019	\$ 118,980
Depreciation for the year	19,615
Balance, December 31, 2020	\$ 138,595
Depreciation for the period	6,699
Balance, June 30, 2021	\$ 145,294
Carrying Value	Total
Balance, December 31, 2020	\$ 25,257
Balance, June 30, 2021	\$ 22,815

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements (Restated)

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

Unaudited

6. Accounts payable and accrued liabilities

	As at June 30, 2021	As at December 31, 2020
Trade and other payables	\$ 765,786	\$ 1,013,543
Accrued management salaries and other payroll liabilities	369,757	590,314
Accrued liabilities	36,503	159,308
Total	\$ 1,172,046	\$ 1,763,165

7. Warrant liability

Warrants are issued in connection with private placements of common shares and convertible debentures with an exercise price in Canadian dollars. Certain warrants issued before 2020 have been treated as derivative financial liabilities as the exercise price of the warrants may be adjusted if the Company issues common shares at less than 95% of the quoted market price. The fair value movement during the period was recognized in profit or loss (however, warrants issued to agents and brokers are classified as equity and are therefore not accounted for as liabilities and are not subject to re-measurement at each statement of financial position date). The fair value of warrants issued in 2019 and 2020 is recorded to contributed surplus (note 13).

The following table summarizes the changes in the warrant liabilities for the periods ending June 30, 2021 and December 31, 2020:

Details related to the warrant liability are summarized below.

	As at June 30, 2021	As at December 31, 2020
Opening balance	\$ 500	\$ 12,797
Fair value adjustment	229,078	(12,297)
Warrants exercises	(229,578)	-
Closing balance	\$ -	\$ 500

- i) On March 8, 2019, the Company received final approval from the TSX Venture Exchange to amend the expiry date of 10,496,938 common share purchase warrants with an exercise price of \$0.50 issued by the Company in connection with a Private Placement financing on March 23, 2017. The expiry date was amended from March 23, 2019 to March 23, 2021 with all other terms to remain the same. During the six months ended June 30, 2021, the Company extend the expiry date again, from March 23, 2021, for 60 days to May 23, 2021. No other terms of the Warrants are to be amended and the exercise price remains at \$0.50.
- ii) During the six months ended June 30, 2021, certain holders of warrants exercised at \$0.50 per share for a gross proceeds of \$1,712,095. These Warrants had an estimated fair value of \$229,598 on the dates of exercise, determined using the Black-Scholes warrant pricing mode using the following assumptions: Share price between \$0.44 and \$0.60; Expected option life between 0.02 years and 0.17 years; Risk-free rate between 0.07% and 0.12%; Expected volatility between 83.95 and 179.65%; Dividend yield of nil. Of this amount \$229,598 was transferred from derivative warrant liabilities to equity (common shares) and \$229,078 was recorded through the statement of loss and comprehensive loss as a part of the change in estimated fair value of derivative warrant liabilities.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements (Restated)

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

Unaudited

7. Warrant liability (continued)

	As at June 30, 2021	As at December 31, 2020
Opening balance, outstanding warrants	10,496,938	11,646,938
Warrants exercised	(3,424,190)	-
Warrants expired	(7,072,748)	(1,150,000)
Closing balance, outstanding warrants	-	10,496,938

A summary of the assumptions used in the valuation model for re-measuring the warrants at end of the period is set out below.

	As at June 30, 2021	As at December 31, 2020
Common share market price	\$ -	\$ 0.090
Weighted average risk free interest rate	- %	0.01 %
Estimated common share weighted average price volatility	- %	119.81 %
Expected dividend yield	- %	nil %
Estimated weighted average life in years	-	0.23

8. Federal loans

In April 2020, the Company received a \$40,000 loan through the Canada Emergency Business Account program ("CEBA"). The CEBA was launched by the Government of Canada in response to the global COVID-19 health crisis, and has been implemented by financial institutions in cooperation with Export Development Canada. In December 2020, the Government of Canada increased the CEBA loan for eligible businesses from \$40,000 to \$60,000. The loans have no repayment terms and are non-interest bearing during the initial term, until December 31, 2022. If the loan balances are repaid in full on or before December 31, 2022, 25% of the loans will be forgiven. The forgivable portion of the loan has been accounted for as a government grant. On December 31, 2022, any remaining outstanding loan balances will be converted into three-year term loans at fixed interest rates of 5% per annum.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements (Restated)

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

Unaudited

8. Federal loans (continued)

The loan is summarized as follows:

	As at June 30, 2021	As at December 31, 2020
Loan payable	\$ 30,000	\$ 40,000
Government grant income	-	(10,000)
	\$ 30,000	\$ 30,000

In December 2020, the Company received \$130,400 as part of the Regional Economic Growth Through Innovation program (Regional Relief and Recovery Fund ("RRRF")) to support enterprises to enable recovery from economic disruptions associated with COVID-19. The loan is repayable starting April 1, 2023 until March 1, 2028 at an amount of \$2,717 per month. The loan has been recorded at its fair value on initial recognition based on the discounted future cash flow at a market rate of interest of 19.5%. The benefit of the below-market rate of interest was measured as the difference between the initial fair value of the loan and the proceeds received

	As at June 30, 2021	As at December 31, 2020
Loan payable	\$ 118,106	\$ 130,400
Fair value adjustment	-	(12,294)
Accretion	81	-
	\$ 118,187	\$ 118,106

9. Leases

The Company entered in to a 5 year office lease on October 1, 2017. The Company used its incremental borrowing rate of 10.92% as the discount rate of determine the value of its five year office premises lease. The asset is depreciated on a straight-line basis over the lease term, starting October 1, 2017.

Right-of-use leased asset	Total
Balance, December 31, 2019	\$ 97,143
Amortization	(35,325)
Balance, December 31, 2020	61,818
Amortization	(17,662)
Balance, June 30, 2021	\$ 44,156

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements (Restated)

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

Unaudited

9. Leases (continued)

Lease liability	Total
Balance, December 31, 2019	\$ 112,238
Interest expense	12,701
Lease payments	(47,622)
Balance, December 31, 2020	77,317
Interest expense	3,605
Lease payments	(24,278)
Balance, June 30, 2021	\$ 56,644

	As at June 30, 2021	As at December 31, 2020
Short-term lease expense	\$ 45,773	\$ 42,755
Long-term lease expense	10,871	34,562
Total lease liability	\$ 56,644	\$ 77,317

	Under 1 year	Between 1 - 2 years	Between 3 - 5 years	Over 5 years	Total
Lease liability	\$ 45,773	\$ 10,871	\$ -	\$ -	\$ 56,644

10. Convertible debentures

a) Debenture

In January 2019, the Company issued \$1,511,000 of convertible non-secured debentures ("Debentures I") which mature on January 25, 2022, and issued a total of 9,066,000 common share purchase warrants ("Warrants I") with an exercise price of \$0.175, exercisable until July 25, 2020. The securities issued were subject to a four month hold period which expired on May 26, 2019.

During the fiscal 2020, Debenture I was amended with the same terms as Debenture II (see note 10(b)). As a result, the Company treated it as a modification with: a maturity date of February 9, 2022; an annual interest rate of 6.5% for the first year and 10% in the second year; and a conversion feature of \$0.075 for the first year and \$0.10 in the second year. The Amendment was treated as an extinguishment of the old debenture and recognition of a new debenture with a gain on modification of \$35,329 recognized in the statement of profit and loss. The warrants held by the debentures from the original debenture issuance were also modified to have the same terms as the warrants issued under Debenture II.

The Company used the residual value method to allocate the principal amount of the modified convertible debentures between the liability and equity components. The Company valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 19%. Based on this calculation, the liability component was \$916,000 and the residual equity component was \$179,000.

On January 24, 2020, the Company issued 139,197 common shares at a price of \$0.075 per common shares in payment of \$19,940 of interest owing on the Convertible Debentures I.

On September 28, 2020 the Company issued 503,019 common shares at a price of \$0.075 per common shares in payment of \$37,727 of interest owing on the Convertible Debentures I.

Ventripoint Diagnostics Ltd.

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10. Convertible debentures (continued)

a) *Debenture (continued)*

On December 1, 2020 the Company issued 128,526 common shares at a price of \$0.10 per common shares in payment of \$12,852 of interest owing on the Convertible Debentures I

During the year ended December 31, 2020, \$822,000 of Debentures I were converted into 10,959,998 common shares with a carrying value of \$628,045 and recorded as Share Capital and a reduction to Debentures I balance.

During the six months ended June 30, 2021, \$373,000 of Debentures I were converted into 4,973,330 common shares with a carrying value of 339,809 and recorded as Share Capital and a reduction to Debentures I balance.

b) *Debenture II*

In February 2020, the Company issued \$725,000 of convertible non-secured debentures ("Debentures II") which mature on February 6, 2022, and issued a total of 8,700,000 common share purchase warrants ("Warrants II") with an exercise price of \$0.10, exercisable until February 6, 2022. The Warrants II are subject to a hold period that expires on June 9, 2020. Warrants II include an accelerated expiry clause such that the exercise period of the Warrants II will be reduced to 30 days if for any ten consecutive trading days during the unexpired term of the Warrant II (the "Premium Trading Days"), the closing price of the Company's shares exceeds the exercise price of the Warrants by 25% (and for more certainty, the reduced exercise period of 30 days will begin no more than 7 calendar days after the tenth Premium Trading Day).

Debentures II bear interest at an annual rate of 6.5% for the first year and 10% in the second year, calculated on the principal amount, with any accrued but unpaid interest under the Debentures II due and payable quarterly in either cash or common shares (at the option of the Company). Debentures II may be converted by the holder at any time at price of \$0.075 for the first year and \$0.10 in the second year, and the conversion feature of \$NIL was recorded in share capital. Debentures II may be redeemed in whole or in part by the Company at any time after June 10, 2020, upon payment of the principal amount plus a premium of 2.5% of such principal amount and all accrued and unpaid interest.

Two directors and officers of the Company purchased \$300,000 of Debentures under the offering.

Cash transaction costs were \$35,763, and an aggregate of 117,600 finder's warrants. Each finder's warrant is exercisable for one common share at an exercise price of \$0.10 per common share until February 6, 2022. The finder's warrants were valued at \$3,323 by using the Black-Scholes model and recorded as Contributed Surplus (see (note 13))

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 debentures by calculating the present value of the principal and interest payments, discounted at a rate of 19%. Based on this calculation, the liability component was \$607,000 and the residual equity component was \$118,000.

On September 28, 2020 the Company issued 310,726 common shares at a price of \$0.075 per common shares in payment of \$23,305 of interest owing on the Convertible Debentures II.

During the year ended December 31, 2020, \$285,000 was converted into 2,466,666 common shares with a carrying value of \$252,214 and recorded as Share Capital and a reduction to Debentures II balance.

On December 1, 2020 the Company issued 104,839 common shares at a price of \$0.10 per common shares in payment of \$10,484 of interest owing on the Convertible Debentures II.

During the six months ended June 30, 2021, \$440,000 was converted into 5,999,996 common shares with a carrying value of \$385,814 and recorded as Share Capital and a reduction to Debentures II balance.

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10. Convertible debentures (continued)

c) Debenture III

In September 2020, the Company issued \$495,000 of convertible non-secured debentures ("Debentures III") which mature on February 6, 2022, and issued a total of 5,940,000 common share purchase warrants ("Warrants III") with an exercise price of \$0.10, exercisable until September 11, 2022. The Warrants III are subject to a hold period that expires on January 12, 2021. Warrants III include an accelerated expiry clause such that the exercise period of the Warrants III will be reduced to 30 days if for any ten consecutive trading days during the unexpired term of the Warrant III (the "Premium Trading Days"), the closing price of the Company's shares exceeds the exercise price of the Warrants by 25% (and for more certainty, the reduced exercise period of 30 days will begin no more than 7 calendar days after the tenth Premium Trading Day).

Debentures III bear interest at an annual rate of 6.5% until February 9, 2021 and 10% thereafter calculated on the principal amount, with any accrued but unpaid interest under the Debentures III due and payable quarterly in either cash or common shares (at the option of the Company). Debentures III may be converted by the holder at any time at price of \$0.075 until February 9, 2021 and \$0.10 thereafter, and the conversion feature of \$nil was recorded in share capital. Debentures III may be redeemed in whole or in part by the Company at any time after June 10, 2020, upon payment of the principal amount plus a premium of 2.5% of such principal amount and all accrued and unpaid interest.

A directors and officers of the Company purchased \$50,000 of Debentures under the offering.

Transaction cash costs were \$30,984 and an aggregate of 130,200 finder's warrants. Each finder's warrant is exercisable for one common share at an exercise price of \$0.10 per common share until February 6, 2022. The finder's warrants were valued at \$3,270 by using the Black-Scholes model and recorded as Contributed Surplus (see (note 13))

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 debentures by calculating the present value of the principal and interest payments, discounted at a rate of 19%. Based on this calculation, the liability component was \$441,000 and the residual equity component was \$54,000.

During the six months ended June 30, 2021, \$495,000 was converted into 6,599,998 common shares with a carrying value of \$433,299 and recorded as Share Capital and a reduction to Debentures III balance.

The following table summarizes the debt component of the debenture.

	Debenture I	Debenture II	Debenture III	Total
Balance, December 31, 2019	\$ 792,937	\$ -	\$ -	\$ 792,937
Extinguishment of old debt	(804,800)	-	-	(804,800)
Issuance of debenture	1,095,000	725,000	495,000	2,315,000
Gain on modification	35,329	-	-	35,329
Less fair value of warrants	(179,000)	(118,000)	(54,000)	(351,000)
Less transaction cost	-	(32,724)	(34,254)	(66,978)
Less conversion of debt	(628,045)	(252,214)	-	(880,259)
Less accrued interest	(68,070)	(35,819)	(10,725)	(114,614)
Accretion expense	92,116	95,380	31,335	218,831
As at December 31, 2020	\$ 335,467	\$ 381,623	\$ 427,356	\$ 1,144,446
Less conversion of debt	(339,809)	(385,814)	(433,299)	(1,158,922)
Less accrued interest	(1,189)	(1,250)	(2,542)	(4,981)
Accretion expense	5,531	5,441	8,485	19,457
Balance, June 30, 2021	\$ -	\$ -	\$ -	\$ -

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11. Share capital

a) Authorized share capital

The Company has authorized share capital of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value. No preferred shares have been issued. Common shareholders are entitled to receive dividends as declared by the Company at its discretion and are entitled to one vote per share at the Company's annual general meeting.

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2019	69,486,747	\$ 29,480,435
Liabilities settled with shares (i)	239,195	19,940
Balance, June 30, 2020	69,725,942	\$ 29,500,375
 Balance, December 31, 2020	 90,062,382	 \$ 31,009,342
Warrants exercised	25,750,322	3,996,116
Fair value of warrants exercised	-	229,587
Reclassification of warrants from contributed surplus	-	677,984
Stock options exercised	3,261,250	490,625
Reclassification of stock options from contributed surplus	-	313,493
Liabilities settled with shares (i) (Restated note 21)	763,627	166,421
Conversion of debenture (note 10)	17,573,324	1,158,922
Deferred share units exercised	142,500	6,250
Balance, June 30, 2021	137,553,405	\$ 38,048,740

i) Liabilities settled with shares

- ♦ On January 24, 2020, the Company issued 239,195 common shares at a price of \$0.075 per common shares in payment of \$19,940 of interest owing on the Convertible Debentures I (note 10).
- ♦ On February 2, 2021, the Company issued 666,666 common shares to a consultant in payment of \$60,000 of consulting fees. The common shares issued had a price of \$0.19 based on the fair value. As a result, the Company recorded a loss on debt settlement of \$66,667.
- ♦ On February 23, 2021 the Company issued 96,961 common shares in payment of \$23,270 of interest owing on the Convertible Debentures I and II (note 10). The common shares issued had a price of \$0.41 based on the fair value. As a result, the Company recorded a loss on debt settlement of \$16,480. Two directors of the Company received a total of 30,186 common shares.

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12. Stock options

The Company has adopted an incentive stock option plan in accordance with the policies of the TSXV Exchange (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, at its discretion, grant to Directors, Officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. In addition, the number of common shares reserved for issuance in any one period to any one optionee shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allotted to each Director, Officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the Exchange.

	Number of stock options	Weighted average exercise price
Balance, December 31, 2019	2,649,583	\$ 0.30
Expired ⁽ⁱ⁾	(1,584,583)	0.35
Balance, June 30, 2020	1,065,000	\$ 0.24
Balance, December 31, 2020	6,240,000	\$ 0.12
Granted ⁽ⁱⁱ⁾ ⁽ⁱⁱⁱ⁾ ^(iv) ^(v)	4,185,000	0.18
Exercised	(3,261,250)	0.15
Expired	(765,000)	0.29
Balance, June 30, 2021	6,398,750	\$ 0.13

- i) On leaving the Company unvested options expire immediately, vested options expire 90 days later. During the six months ended June 30, 2020, 1,584,583 vested options expired.
- ii) On January 12, 2021, the Company granted 1,810,000 common share options with an exercise price of \$0.10 per share as follows:
- ♦ 500,000 to consultants, with an expiry date of 1 year, 300,000 vesting immediately, and 200,000 vesting equally over 4 months;
 - ♦ 750,000 to consultants, with an expiry date of 5 years, vesting immediately; and
 - ♦ 560,000 to directors, an officer, employees and consultants, with an expiry date of 10 years, 140,000 vesting immediately, and 420,000 vesting equally over 3 years.
- iii) On January 19, 2021, the Company granted 875,000 common share options to consultants, with an expiry date of January 12, 2022 as follows:
- ♦ 250,000 with an exercise price of \$0.135 per share 50,000 vesting immediately, and 200,000 vesting equally over 4 months;
 - ♦ 375,000 with an exercise price of \$0.15 per share 75,000 vesting immediately, and 300,000 vesting equally over 4 months; and
 - ♦ 250,000 with an exercise price of \$0.20 per share 50,000 vesting immediately, and 200,000 vesting equally over 4 months.

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12. Stock options (continued)

- iv) On February 5, 2021, the Company granted 1,300,000 common share options to consultants, with an exercise price of \$0.25 per share as follows:
- ♦ 800,000 with an expiry date of 2 years, 400,000 vesting immediately, and 400,000 vesting equally after 3, 6, 9 and 12 months;
 - ♦ 500,000 with an expiry date of 5 years, 100,000 vesting immediately, and 400,000 vesting equally over 12 months.
- v) On April 12, 2021, the Company granted 200,000 common share options with an exercise price of \$0.50 per share as follows:
- ♦ 100,000 to a consultant, with an expiry date of 1 year, vesting immediately; and
 - ♦ 100,000 to an employee with an expiry date of 10 years, vesting immediately.

Share-based compensation expense was determined based on the fair value of the options at the date of measurement using the Black-Scholes model with the following weighted average assumptions:

	June 30, 2021
Expected option life	1.00 - 10 years
Risk-free rate	0.14% - 1.51%
Expected forfeiture rate	0.01% to 6%
Expected volatility	96.8% - 138.4%
Dividend yield	nil

The Black-Scholes model used by the Company to calculate option values was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. This model also requires four highly subjective assumptions, including future stock price volatility and average option life, which greatly affect the calculated values.

- ♦ The risk-free interest rate is based primarily on the implied yield on a Canadian Government zero-coupon issue with a remaining term equal to the expected term of the option.
- ♦ The volatility is based solely on historical volatility equal to the expected life of the option.
- ♦ The life of the options is estimated considering the vesting period at the grant date, the life of the option and expectations of early exercise.
- ♦ The forfeiture rate is an estimate based on historical evidence and future expectations.
- ♦ The dividend yield was excluded from the calculation since it is the present policy of the Company to retain all earnings to finance operations and future growth.

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12. Stock options (continued)

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

Grant price range	Weighted average exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options outstanding vested
>\$0.25	0.12	6.96	6,298,750	3,633,750
<\$0.26	0.50	9.54	100,000	-
	0.13	7.00	6,398,750	3,633,750

For the three and six months ended June 30, 2021, stock based compensation of \$136,668 and \$580,278, respectively, was recognized in the statement of loss and comprehensive loss (three and six months ended June 30, 2020 - \$2,786 and \$6,347, respectively)

13. Warrants

The following table reflects the continuity of warrants for the six months ended June 30, 2021 and June 30, 2020:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2019	16,652,825	\$ 0.150
Issued (i)	17,883,600	0.100
Cancelled	(9,066,000)	0.175
Balance, June 30, 2020	25,470,425	\$ 0.140
 Balance, December 31, 2020	 23,586,132	 \$ 0.110
Exercised	(22,326,132)	0.100
Balance, June 30, 2021	1,260,000	\$ 0.115

i) Convertible Debenture II Private Placement (note 10)

As part of a Private Placement of Convertible Debentures II in February 2020, the Company issued 8,700,000 common share purchase warrants and 117,600 common share purchase finder's warrants with the same terms and conditions. Each Warrant and finder's warrant entitles the holder thereof to acquire one common share of the Company at an exercise price of \$0.10 per common share for a period of 24 months after the issuance of the warrants on February 6, 2022. Directors and Officer of the Company purchased \$300,000 of Convertible Debentures II with 3,600,000 warrants. The residual value of the warrants attached to Convertible Debentures II is included in the \$118,000 residual value of equity. (See note 10).

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13. Warrants (continued)

i) Convertible Debenture II Private Placement (note 10) (continued)

Finder's warrants issued for this instruments were valued at \$3,200, using a Black-Scholes model with the assumptions outlined below:

	February 6, 2020
Share price	\$0.075
Expected option life	2.0 years
Risk-free rate	1.49%
Expected volatility	81.0%
Dividend yield	nil

In February 2020, the warrants associated to Debentures I (9,066,000 warrants outstanding) issued on January 25, 2019 were amended ("Amendment") to have the same terms and expiry date as the 8,700,000 warrants issued as part of a Private Placement of Convertible Debentures II in February 2020. The modification was accounted for as a cancellation of the old warrants followed by the issue of new warrants.

ii) Convertible Debenture III Private Placement (note 10)

As part of a Private Placement of Convertible Debentures III in September 2020, the Company issued 5,940,000 common share purchase warrants and 130,200 common share purchase finder's warrants with the same terms and conditions. Each Warrant and finder's warrant entitles the holder thereof to acquire one common share of the Company at an exercise price of \$0.10 per common share for a period ending February 6, 2022. A director of the Company purchased \$50,000 of Convertible Debentures III with 600,000 warrants. The residual value of the warrants attached to Convertible Debentures II is included in the \$54,000 residual value of equity. (See note 10).

Finder's warrants issued for this instruments were valued at \$2,900, using a Black-Scholes model with the assumptions outlined below.

	September 11, 2020
Share price	\$0.075
Expected option life	1.4 years
Risk-free rate	.024%
Expected volatility	83.0%
Dividend yield	nil

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13. Warrants (continued)

The following table reflects the warrants outstanding as of June 30, 2021:

Number of warrants outstanding	Exercise price (\$)	Expiry date
1,260,000	0.115	October 2, 2022 (iii)
1,260,000	0.115	

- ii) On October 13, 2020, the Company amended the 4,687,132 warrants, initially issued on October 2, 2019, at an exercise price of \$0.175 per common share to \$0.115 per share. All other provisions of the warrants will remain the same and all warrants will still expire on October 2, 2022.

14. Government Grants and Contributions

Other Income for the three and six months ended June 30, 2021 consists of and \$77,003, respectively (three and six months ended June 30, 2020 - \$53,516) contribution from the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) under a Contribution Agreement for partial reimbursement of salary and contractor costs for research and development work on next generation product features.

15. Personnel costs

Personnel for the period ended June 30, 2021 and June 30, 2020 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Salaries, fees and short-term benefits	\$ -	\$ -	\$ 143,354	\$ 173,648
Share-based compensation	136,667	-	580,278	3,561
Total personnel cost	\$ 136,667	\$ -	\$ 723,632	\$ 177,209

16. Loss per share

For the three and six months ended June 30, 2021, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$612,321 and \$2,053,618, respectively (three and six months ended June 30, 2020 (Restated) - \$317,842 and \$718,683, respectively) and the weighted average number of common shares outstanding of 136,125,661 and 127,513,991, respectively (three and six months ended June 30, 2020 - 69,725,942 and 69,694,400, respectively). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

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17. Functional expense breakdown

Components of operating expenses were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
General and administration	2021	2020	2021	2020
General and administration	\$ 562,762	\$ 200,660	\$ 875,009	\$ 451,180
Share-based payments	124,388	2,786	558,898	23,347
Depreciation and amortization of property and equipment	9,111	10,151	18,295	20,448
Total general and administration	\$ 696,261	\$ 213,597	\$ 1,452,202	\$ 494,975

	Three Months Ended June 30,		Six Months Ended June 30,	
Research and development	2021	2020	2021	2020
Research and development	\$ 97,907	\$ 62,279	\$ 178,861	\$ 108,339
Share-based payments	8,148	-	13,417	-
Depreciation and amortization of property and equipment	2,975	3,773	5,761	7,428
Total research and development	\$ 109,030	\$ 66,052	\$ 198,039	\$ 115,767

	Three Months Ended June 30,		Six Months Ended June 30,	
Sales and marketing	2021	2020	2021	2020
Sales and marketing	\$ 81,734	\$ 41,225	\$ 122,252	\$ 77,023
Share-based payments	4,131	-	7,963	-
Depreciation and amortization of property and equipment	153	314	305	563
Total sales and marketing	\$ 86,018	\$ 41,539	\$ 130,520	\$ 77,586

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18. Related party transactions

The company defines key management personnel as Board of Directors, Chief Executive Officer, Chief Financial Officer and Chief Science Officer.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Salaries, fees and short term benefits	\$ 60,000	\$ 60,000	\$ 120,000	\$ 130,000
Share-based payments	19,716	2,352	49,484	5,338
Total remuneration	\$ 79,716	\$ 62,352	\$ 169,484	\$ 135,338

Executive Officers and Directors participate in the Stock Option Plan and the DSU Plan. Officers also participate in the Company's health plan. Directors receive monthly and meeting fees for their services.

b) Other transactions of directors and key management personnel of the Company was as follows:

- i) In February 2020, two directors of the Company purchased \$300,000 of Convertible Debentures II (Note 10). During the three and six months ended June 30, 2021, the Company expensed \$nil and \$3,295, respectively in interest on the convertible debentures to these directors (three and six months ended June 30, 2020 - \$4,862 and \$7,747, respectively).
- ii) For the three and six months ended June 30, 2021, the Company expensed \$33,394 and \$46,572, respectively (three and six months ended June 30, 2020 - \$15,160 and \$20,263, respectively) to Marrelli Support Services Inc. ("Marrelli") for: Victor Hugo to act as the Chief Financial Officer of the Company; and for bookkeeping services. Victor Hugo is an employee of Marrelli. These services were incurred in the normal course of operations for general accounting and financial reporting matters.
- iii) On January 12, 2021, the Company granted common share options to directors and an officer with an exercise price of \$0.10 per share, with a maturity date of 10 years, and 75,000 vested immediately, and 325,000 is vesting equally over 3 years.
- iv) On January 13, 2021, directors of the Company converted \$250,000 of the February 6, 2020 convertible debt into 3,333,332 shares.
- v) On February 16, 2021, a director of the Company exercised 100,000 options at an exercise price of \$0.10, with an expiry date of January 12, 2031.
- vi) On February 19, 2021, an officer and director of the Company exercised 466,799 warrants at an exercise price of \$0.10, with an expiry date of February 6, 2022.
- vii) On February 23, 2021, the Company issued to an officer and directors of the Company, 30,186 shares for debt for final interest on convertible debt.
- viii) On May 5, 2021, an officer and director of the Company exercised 312,500 warrants at an exercise price of \$0.50, with an expiry date of May 22, 2022.
- ix) As at June 30, 2021, \$313,789 (December 31, 2020 - \$571,432) was included in accounts payable and accrued liabilities due to related parties.

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19. Commitments

The Company has the following contractual obligations as of June 30, 2021:

Fiscal year ended	2021	2022	2023-2029	Total
University of Washington Technology License Minimum Annual Royalty ⁽¹⁾	\$ 6,350	\$ 6,350	\$ 44,450	\$ 57,150

- 1) The annual Royalty due to the University of Washington under the Technology License Agreement is the higher of 1.5% of gross sales or the Minimum Annual Royalty of US\$5,000.

20. Prior period restatement

- i) The Company is restating its June 30, 2021 comparative period statement of loss and comprehensive to correct financing costs recorded on convertible debentures and the revaluation adjustment on its derivative warrants to correct the initial recognition of the convertible debt issued in 2020. On initial recognition, the conversion feature was incorrectly recorded as a derivative liability rather than as an adjustment to equity. The adjustment resulted in a decrease to derivative liabilities of \$303,821, an increase in convertible debt of \$441,370, a decrease in net loss of \$388,743 and a decrease in equity of \$526,292.
- ii) The Company is restating its comparative period to account for the amendment of Debenture (see note 10(b)). The Amendment was treated as an extinguishment of the old debenture and recognition of a new debenture with a gain on modification of \$35,329 recognized in the statement of profit and loss. The adjustment resulted in a decrease in net loss of \$35,329 and a decrease to convertible debt of \$35,329.
- iii) Subsequent to June 30, 2020, the Company determined that a bonus accrual of \$17,000 to be settled in options should be reflected in the three and six months ended June 30, 2020. The adjustment resulted in an increase in net loss of \$17,000 and an increase in liabilities of \$17,000 for options to be issued.
- iv) During the period the Company impaired its inventory, resulting in an increase to net loss of \$21,207 and a decrease in inventory of \$21,207.
- v) In April 2020, the Company received a \$40,000 loan through the Canada Emergency Business Account program ("CEBA"). Subsequent to June 30, 2020, the forgivable portion of the loan has been accounted for as a government grant and the company recorded a benefit of \$10,000 as Other Income. The adjustment resulted in a decrease in loan payables of \$10,000 and a decrease in net loss of \$10,000.
- vi) Subsequent to June 30, 2020, the Company adjusted the foreign exchange variance of its US subsidiary to other comprehensive income.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements (Restated)

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

Unaudited

20. Prior period restatement (continued)

Line item on the restated consolidated statements of loss and comprehensive loss

Six months ended June 30, 2020	Previously reported	Adjustment	Reclass	Restated
General and administrative	\$ 477,975	\$ 17,000	\$ -	494,975
Total operating expenses	(671,328)	(17,000)	-	(688,328)
Finance cost (i)	(429,804)	320,943	-	(108,861)
Revaluation adjustment (i)	(56,778)	67,800	-	11,022
Gain on modification of convertible debentures (ii)	-	35,329	-	35,329
Other income (v)	53,516	10,000	-	63,516
Impairment on inventory (iv)	-	(21,207)	-	(21,207)
Foreign currency differences (iv)	(7,444)	(2,710)	-	(10,154)
Adjustments	(1,111,838)	393,155	-	(718,683)
Total loss	(1,111,838)	393,155	-	(718,683)
Other comprehensive income				
Currency translation	-	2,710	-	2,710
Total loss and comprehensive loss	\$ (1,111,838)	\$ 395,865	\$ -	\$ (715,973)
Basic and diluted net loss per share	\$ (0.02)			\$ (0.01)

Three months ended June 30, 2020	Previously reported	Adjustment	Reclass	Restated
General and administrative	\$ 213,597	\$ -	\$ -	213,597
Total operating expenses	(321,188)	-	-	(321,188)
Finance cost	(66,831)	2,587	-	(64,244)
Other Income	53,516	10,000	-	63,516
Foreign currency differences	23,171	(23,871)	-	(700)
Adjustments	(311,332)	(11,284)	-	(322,616)
Total loss	(306,558)	(11,284)	-	(317,842)
Other comprehensive income				
Currency translation	-	23,871	-	23,871
Total loss and comprehensive loss	\$ (306,558)	\$ 12,587	\$ -	\$ (293,971)
Basic and diluted net loss per share	\$ (0.00)			\$ (0.00)

Ventripoint Diagnostics Ltd.**Notes to Condensed Interim Consolidated Financial Statements (Restated)****Three and Six Months Ended June 30, 2021****(Expressed in Canadian Dollars)****Unaudited**

20. Prior period restatement (continued)**Line item on the restated consolidated statements of cash flows:**

Six months ended June 30, 2020	Previously reported	Adjustment	Reclass	Restated
Net (loss) for the year	\$ (1,111,838)	\$ 393,155	\$ -	\$ (718,683)
Adjustments for :				
Derivative liabilities revaluation adjustment	56,778	(67,800)	-	(11,022)
Impairment of inventory	-	21,207	-	21,207
Gain on modification of debenture	-	(35,329)	-	(35,329)
Accretion of debentures payable	386,126	(337,943)	-	48,183
CEBA loan benefit included in income other income	-	(10,000)	-	(10,000)
Share-based compensation	6,357	17,000	-	23,357
Changes in non-cash working capital items:				
Amounts payable and other liabilities	66,502	17,000	-	83,502
Net cash used in operating activities	(484,599)	(2,710)	-	(487,309)

Line items on the restated consolidated statements of changes in shareholders' equity (deficit):

	Previously reported	Adjustment	Reclass	Restated
Equity portion of convertible debentures (i)	\$ 236,400	\$ (118,400)	\$ -	\$ 118,000
Warrants issued with amendment of debenture (i)	178,500	(178,500)	-	-
Amendment of warrants (i)	67,800	(67,800)	-	-
Modification on convertible debt (i)	-	(161,592)	-	(161,592)
Currency translation adjustment	-	2,710	-	2,710
Net loss for the period	(1,111,838)	393,155	-	(718,683)
Total deficit - Balance, June 30, 2020	\$ (3,069,087)	\$ (130,427)	\$ -	\$ (3,199,514)

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements (Restated)

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

Unaudited

21. Restatement June 2021

On February 2, 2021, the Company issued 666,666 common shares to a consultant in payment of \$60,000 of consulting fees. The common shares issued had a price of \$0.19 based on the fair value. The company previously recorded this transaction at a deemed price of \$60,000. The financial statements have been restated to correctly record the fair value of the shares issued of \$126,667 and to recorded a loss on debt settlement of \$66,667.

On February 23, 2021 the Company issued 96,961 common shares in payment of \$23,270 of interest owing on the Convertible Debentures I and II (note 10). The common shares issued had a price of \$0.41 based on the fair value. The company previously recorded this transaction at a deemed price of \$23,274. The financial statements have been restated to correctly record the fair value of the shares issued of \$39,754 and to recorded a loss on debt settlement of \$16,480.

\$190,000 was adjusted to operating and financing cashflows to reflect working capital items to their correct categories.

Line item on the restated consolidated statements of loss and comprehensive loss

Six months ended June 30, 2021	Previously reported	Adjustment	Reclass	Restated
Loss on debt settlement	\$ -	\$ (83,147)	\$ -	\$ (83,147)
Adjustments	-	(83,147)	-	(83,147)
Total loss	(1,970,471)	(83,147)	-	(2,053,618)
Total loss and comprehensive loss	\$ (1,955,374)	\$ (83,147)	\$ -	\$ (2,038,521)

Three months ended June 30, 2021	Previously reported	Adjustment	Reclass	Restated
Loss on debt settlement	\$ -	\$ (83,147)	\$ -	\$ (83,147)
Adjustments	-	(83,147)	-	(83,147)
Total loss	(529,174)	(83,147)	-	(612,321)
Total loss and comprehensive loss	\$ (521,823)	\$ (83,147)	\$ -	\$ (604,970)

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements (Restated)

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

Unaudited

21. Restatement June 2021 (continued)

Line item on the restated consolidated statements of cash flows:

Six months ended June 30, 2021	Previously reported	Adjustment	Reclass	Restated
Net (loss) for the year	\$ (1,970,471)	\$ (83,147)	\$ -	\$ (2,053,618)
Adjustments for :				
Loss on debt settlement (loss)	-	83,147	-	83,147
Changes in non-cash working capital items:				
Amounts receivable	157,182	(60,000)	-	97,182
Amounts payable and other liabilities	(334,869)	(130,000)	-	(464,869)
Net cash used in operating activities	\$ (1,289,657)	\$ (190,000)	\$ -	\$ (1,479,657)
Financing activities				
Proceeds received on exercise of options	\$ 300,626	\$ 190,000	\$ -	\$ 490,626
Net cash provided by financing activities	\$ 4,212,464	\$ 190,000	\$ -	\$ 4,402,464

Line items on the restated consolidated statements of changes in shareholders' equity (deficit):

	Previously reported	Adjustment	Reclass	Restated
Liabilities settled with shares	\$ 83,274	\$ 83,147	\$ -	\$ 166,421
Net loss for the period	(1,970,471)	(83,147)	-	(2,053,618)
Total - Balance, June 30, 2021	\$ 2,241,054	\$ -	\$ -	\$ 2,241,054

Line item on the restated consolidated statements of financial position.

	Previously reported	Adjustment	Reclass	Restated
Share capital	\$ 37,965,593	\$ 83,147	\$ -	\$ 38,048,740
Deficit	(41,837,653)	(83,147)	-	(41,920,800)
Total equity	\$ 2,241,054	\$ -	\$ -	\$ 2,241,054
Total equity and liabilities	\$ 3,617,931	\$ -	\$ -	\$ 3,617,931

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements (Restated)

Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

Unaudited

22. Subsequent events

- i) Subsequent to June 30, 2021, the Company granted the following options:
- 850,000 options to consultants and a Director of the Corporation at an exercise price of \$0.30 for a term of one year and vesting from immediately to over 9 months.
 - 200,000 options to consultants at an exercise price of \$0.40, expire on July 1, 2022 and vesting from immediately to over 9 months.
 - 100,000 options to consultants at an exercise price of \$0.40, expire on September 3, 2022 and vesting immediately.
 - 200,000 options to consultants at an exercise price of \$0.50, expire on September 14, 2022 and vesting 50,000 immediately and 50,000 each in 3 months, 6 months and 9 months respectively.
 - 100,000 options to consultants at an exercise price of \$0.55, expire on September 3, 2022 and vesting 25,000 immediately and 25,000 each in 3 months, 6 months and 9 months respectively.
- ii) Subsequent to June 30, 2021, 475,000 options were exercised for an exercise price of \$0.30
- iii) Subsequent to June 30, 2021, the Company entered into a 9 month contract with a digital marketing firm to provide investor relations and social media services for total a consideration of \$92,500, payable in three quarterly installments.
- iv) Subsequent to June 30, 2021, 125,000 options were exercised at an exercisable at a price of between \$0.11. The options would have expired May 22, 2022.