Avivagen Inc.

Audited Financial Statements

October 31, 2020

Management's Statement of Responsibility

The financial statements of Avivagen Inc. have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Financial statements are not precise, since they include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those which it deems most appropriate in the circumstances in order to ensure that the financial statements are presented fairly, in all material respects, in accordance with IFRS.

The Board of Directors of Avivagen Inc. ensures that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This Committee meets periodically with management and the external auditor to discuss internal controls, auditing matters, and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Committee reviews the financial statements and reports to the Board of Directors. The external auditor has full and direct access to the Audit Committee.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost-effective basis, the disclosure controls and procedures and internal control over financial reporting as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109) will result in additional risks to the quality, reliability, transparency and timeliness of annual and interim filings and other reports provided under securities legislation.

In contrast to the certification required for non-venture issuers under NI 52-109, Avivagen Inc. does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. In particular, the CEO and CFO filing these financial statements are not making any representations relating to the establishment and maintenance of:

i) Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and/or reported within the time periods specified in securities legislation; and

ii) A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS reporting.

APPROVED BY

(Signed)

Kym Anthony CEO

(Signed)

Chris Boland CFO (CPA, CA, CMA)

Independent Auditor's Report

To the Shareholders of Avivagen Inc.

Opinion

We have audited the financial statements of Avivagen Inc. (the "Company"), which comprise the statements of financial position as at October 31, 2020 and 2019, and the statements of total comprehensive loss, statements of cash flows and statements of changes in equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a loss during the year ended October 31, 2020 and had a working capital deficiency, shareholders deficiency, and a cumulative deficit as at October 31, 2020. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
December 15, 2020

Statements of Financial Position

As at October 31, 2020 and October 31, 2019 (Expressed in Canadian dollars)

	Note	October 31, 2020	October 31, 2019
Assets			
Current Assets			
Cash and cash equivalents	**12(A)(i)**	$ 664,169	$ 1,085,945
Trade and other receivables	**12(A)(ii)**	610,752	133,134
Inventories	**10**	405,765	451,516
Prepaid expenses		101,114	45,517
Total Current Assets		**1,781,800**	**1,716,112**
Non-current Assets			
Equipment and right-of-use assets	**11**	394,342	171,567
Total Non-current Assets		**394,342**	**171,567**
Total Assets		**$ 2,176,142**	**$ 1,887,679**
Liabilities and Shareholders' Equity (Deficiency)			
Current Liabilities			
Accounts payables and accrued liabilities	**12(B)(i)**	$ 788,227	$ 556,208
Investment in associate	**13**	25,825	-
Current portion of debt	**12(B)(ii)**	1,537,840	745,682
Total Current Liabilities		**2,351,892**	**1,301,890**
Non-current Liabilities			
Debt	**12(B)(ii)**	4,591,860	3,842,004
Total Non-current Liabilities		**4,591,860**	**3,842,004**
Total Liabilities		**6,943,752**	**5,143,894**
Shareholders' Equity (Deficiency)			
Share capital	**15**	26,555,348	23,956,537
Contributed surplus	**9, 16**	3,813,738	3,449,947
Reserve	**15**	-	350,000
Accumulated deficit		(35,136,696)	(31,012,699)
Total Shareholders' Equity (Deficiency)		**(4,767,610)**	**(3,256,215)**
Total Liabilities and Shareholders' Equity (Deficiency)		**$ 2,176,142**	**$ 1,887,679**

Going Concern – Note 2
Commitments – Note 18
Events After the Reporting Period – Note 19

Statements of Total Comprehensive Loss
For the years ended October 31, 2020 and October 31, 2019
(Expressed in Canadian dollars, except share amounts)

	Note	October 31, 2020	October 31, 2019
Revenues	**4**	$ 1,177,857	$ 977,451
Cost of products sold	**10**	706,877	450,970
Gross margin		**470,980**	**526,481**
Salaries, board fees, and benefits		1,474,750	1,549,351
Professional fees and other		2,534,640	2,618,251
Share-based payments	**9**	318,804	317,904
Joint venture termination	**17**	-	50,000
Government grants	**5**	(597,714)	(70,752)
Depreciation of equipment and right-of-use assets	**11**	127,493	4,636
Investment loss in associate	**13**	27,277	-
Total operating expenses before finance cost and income taxes		**3,885,250**	**4,469,390**
Total operating loss before finance cost and income taxes		**(3,414,270)**	**(3,942,909)**
Finance cost, net	**6**	1,337,017	893,511
Total loss before income taxes		**(4,751,287)**	**(4,836,420)**
Income taxes			
Current and deferred income tax	**7**	-	-
Total comprehensive loss for the year		**$ (4,751,287)**	**$ (4,836,420)**
Loss per share, basic and diluted	**8**	**$ (0.12)**	**$ (0.14)**
Weighted average common shares issued and outstanding basic and diluted		40,307,579	34,364,425

Statements of Cash Flows
For the years ended October 31, 2020 and October 31, 2019
(Expressed in Canadian dollars)

	Note	October 31, 2020	October 31, 2019
Cash Flows from (used in) Operating Activities			
Net loss		$ (4,751,287)	$ (4,836,420)
Items not affecting cash and non-cash adjustments:			
Depreciation of equipment and right-of-use asset	**11**	127,493	4,636
Share-based payments	**9**	318,804	317,904
Government grants	**5**	(150,251)	-
Finance cost, net of deposit interest and fees settled in equity	**6**	1,238,464	893,511
Common shares reserved for issuance	**15**	-	100,000
Maintenance fees on long-term debt settled in equity	**12(B)(ii)**	107,560	-
Equity investment in associate	**13**	25,825	-
Net effect of foreign exchange rates on cash and cash equivalents	**14**	3,149	(23)
Changes in operating working capital items:			
Trade and other receivables	**12(A)(ii)**	(477,618)	93,797
Inventories	**10**	45,751	(16,607)
Prepaid expenses		(55,597)	127,481
Accounts payable and accrued liabilities	**12(B)(i)**	232,019	(206,371)
Net Cash Flows used in Operating Activities		**(3,335,688)**	**(3,522,092)**
Cash Flows used in Investing Activities			
Purchase of equipment	**11(ii)**	(44,295)	(109,204)
Net Cash Flows used in Investing Activities		**(44,295)**	**(109,204)**
Cash Flows from (used in) Financing Activities			
Proceeds from the issuance of private placement units	**15**	3,000,000	-
Share issuance cost	**15**	(236,472)	-
Proceeds from the issuance of debt	**12(B)(ii)**	500,000	4,302,400
Proceeds from common shares issued with debt	**12(B)(ii)**	-	1,075,600
Transaction fees on the issuance of debt and warrants issued with debt	**12(B)(ii)**	-	(336,821)
Settlement of principal and accrued interest on debt	**12(B)(ii)**	-	(2,034,929)
Settlement of consulting fee in common shares	**15, 17**	50,000	
Proceeds from government loans and grants	**5, 12(B)(ii)**	250,000	-
Repayment of interest on debt	**12(B)(ii)**	(537,987)	(389,168)
Repayment of ACOA loans	**12(B)(ii)(a)**	-	(107,257)
Payment of lease liabilities	**12(B)(ii)(f)**	(64,185)	-
Net Cash Flows from (used in) Financing Activities		**2,961,356**	**2,509,825**
Increase (decrease) in cash and cash equivalents during the year		(418,627)	(1,121,471)
Net effect of foreign exchange rate changes on cash and cash equivalents	**14**	(3,149)	23
Cash and cash equivalents, beginning of year	**12(A)(i)**	1,085,945	2,207,393
Cash and cash equivalents, end of year	12(A)(i)	**$ 664,169**	**$ 1,085,945**

Statements of Changes in Equity
For the years ended October 31, 2020 and October 31, 2019
(Expressed in Canadian dollars, except for shares outstanding)

	Shares outstanding	Share capital	Reserve	Contributed surplus				Accumulated deficit	Total shareholders' equity (deficiency)
				Warrants	*Share-based payments*	*Stock appreciation rights*	Contributed surplus		
Note Reference	*15*	*15*	*15*	*16*	*9*	*9*	*9, 16*		
Balance as at October 31, 2018	**33,565,128**	**$ 22,963,948**	**$ 250,000**	$ 2,110,974	$ 1,132,784	$ 31,800	**$ 3,275,558**	**$ (26,395,727)**	**$ 93,779**
Loss for the year from operations								$ (4,836,420)	$ (4,836,420)
Common shares issued with long-term debt	1,342,206	$ 1,075,600							$ 1,075,600
Issuance cost of common shares		$ (67,824)							$ (67,824)
Equity portion of agent warrants with long-term debt		$ (15,187)		$ 75,933			$ 75,933		$ 60,746
Common shares reserved for issuance			$ 100,000						$ 100,000
Vesting of share-based payments					$ 317,904		$ 317,904		$ 317,904
Warrants and options expired in the year					$ (187,648)	$ (31,800)	$ (219,448)	$ 219,448	$ -
Balance as at October 31, 2019	**34,907,334**	**$ 23,956,537**	**$ 350,000**	$ 2,186,907	$ 1,263,040	$ -	**$ 3,449,947**	**$ (31,012,699)**	**$ (3,256,215)**
Loss for the year from operations								$ (4,751,287)	$ (4,751,287)
Common shares issued	858,878	$ 507,560	$ (350,000)						$ 157,560
Issuance of common shares in private placement	6,000,000	$ 3,000,000							$ 3,000,000
Investor warrants issued in private placement		$ (593,986)		$ 593,986			$ 593,986		$ -
Agent warrants issued in private placement		$ (125,353)		$ 125,353			$ 125,353		$ -
Issuance cost of common shares		$ (189,410)		$ (47,062)			$ (47,062)		$ (236,472)
Vesting of share-based payments					$ 318,804		$ 318,804		$ 318,804
Warrants and options expired in the year				$ (518,323)	$ (108,967)		$ (627,290)	$ 627,290	$ -
Balance as at October 31, 2020	**41,766,212**	**$ 26,555,348**	**$ -**	$ 2,340,861	$ 1,472,877	$ -	**$ 3,813,738**	**$ (35,136,696)**	**$ (4,767,610)**

Notes to the Financial Statements

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

1. Corporate information and basis of preparation

Avivagen, Inc. (the "Corporation" or "Avivagen") is domiciled in Canada and its registered office is 100 Sussex Drive, Ottawa, Ontario, Canada K1A 0R6. The Corporation is a life-sciences company that is developing and commercializing products to replace antibiotics in livestock feeds to optimize the health and growth of the animals by supporting the animal's own health defences. The Corporation has also created products intended to improve or maintain quality of life in companion animals.

Basis of preparation and statement of compliance

The financial statements have been prepared on a historical cost basis and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, London and the Interpretations of the International Financial Reporting Interpretations Committee and in effect on the date when approved by the Board of Directors. The Board of Directors approved the financial statements on December 15, 2020.

COVID-19 and significant accounting judgments, estimates, and assumptions

The Corporation assessed possible impacts to its financial reporting as a result of the COVID-19 pandemic (COVID-19). The Corporation has not impaired or changed the useful life of non-current assets in the reporting period. Current assets were assessed for expected credit losses and / or impairment and no adjustments from the carrying amounts were required in the reporting period. Prepaid expenses increased in the reporting period due to cancelled trade shows, conferences and travel as a result of COVID-19. These expenses were refunded with vouchers or future credits. The Corporation expects to settle these prepaid expenses in the foreseeable future. The Corporation remains in compliance with its debt agreements and contractual obligations. Except for normal operational requirements such as account payables and accrued liabilities, no provisions or contingent liabilities are recognized or disclosed in the reporting period as a direct impact of COVID-19. The Corporation has applied for, qualified for, and received funding from certain government grants and government loans. Remaining funding under these grant programs, if any, will be recognized when the Corporation qualifies and there is reasonable assurance that the grant will be received. As disclosed within the notes to the financial statements, the Atlantic Canada Opportunities Agency (ACOA) will defer the collection of the current period obligation due to COVID-19.

As the COVID-19 pandemic is complex and rapidly evolving, the Corporation's plans as described above may change. At this point, the Corporation cannot reasonably estimate the duration and severity of this pandemic, or the extent to which the disruption may materially impact its financial position.

2. Going concern, liquidity risk and capital management objectives and policies

Going concern and liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The Corporation manages liquidity risk by reviewing its capital requirements on an ongoing basis.

These financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which contemplates that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

The Corporation has not obtained profitable operations to date. For the year ended October 31, 2020, the Corporation had a net loss from all operations of $(4,751,287) (year ended October 31, 2019: $(4,836,420)). Whether and when the Corporation can attain profitability and positive cash flow is uncertain. The accumulated deficit is $(35,136,696) as of October 31, 2020 (October 31, 2019: $(31,012,699)). These circumstances represent material uncertainties that cast significant doubt as to the ability of the Corporation to meet its obligations as they come due, and accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern entity. Management is actively pursuing the commercialization of its products and is continuously evaluating the availability of additional debt or equity financing to provide adequate cash resources to carry out its business objectives and was successful in raising additional equity and debt financing in the current and prior fiscal years. Nevertheless, there is no assurance that these ongoing initiatives will continue to be successful.

The Corporation's ability to continue as a going concern is dependent upon the Corporation's ability to obtain the ongoing support of its lenders and investors, obtain profitable operations, generate significant sales and/or raise additional capital. These financial statements do not reflect adjustments in the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Capital management

The Corporation manages its capital, which consists of cash provided from equity financing, debt, ACOA loans, and government loans, with the primary objective being safeguarding sufficient working capital to sustain operations. The Corporation is exposed to market risk, interest rate risk, foreign currency risk, credit risk, and liquidity risk. The Board of Directors reviews and agrees upon policies for managing each of these risks. The Board of Directors has not established capital benchmarks or other targets. The Corporation continually assesses the adequacy of its capital structure and capacity and makes adjustments within the context of the Corporation's strategy, economic conditions, and the risk characteristics of the business.

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

3. Standards issued but not yet effective and standards adopted

As at the date the Corporation's Board of Directors approved the financial statements, certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective and have not been adopted by the Corporation and in certain cases have been early-adopted. The Corporation applied IFRS 16 *Leases* with a date of initial application of November 1, 2019. All other new standards were early adopted where possible and/or had no significant impact on the financial statements.

4. Revenues

Revenues are recognized when control of the products has transferred to the customer, being when the products are delivered to the customer, the customer takes control of the goods, the customer has full discretion over the use of the products, sales are final and there are no unfulfilled performance obligations that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location requested by the customer, the customer takes control of the goods at a designated warehouse, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Corporation has objective evidence that all criteria for acceptance have been satisfied.

The Corporation maintains certain inventory on consignment with distributors in certain locations. When the Corporation delivers a product to a distributor for sale to end-customers, the Corporation evaluates whether that distributor has obtained control of the product at that point in time; such as if the distributor has a right of return. A product that has been delivered to a distributor may be held in a consignment arrangement if the distributor has not obtained control of the product. Accordingly, the Corporation does not recognize revenue upon delivery of the product to the distributor if the delivered product is held on consignment.

All of the Corporation's sales and performance obligations occur as at a point in time. As at the end of the reporting period, there are no unfulfilled performance obligations extending beyond a year. The Corporation's products are sold without any subsequent pricing adjustments and accordingly there has been no variable consideration assessment. No element of financing is present as all sales require advance payment, an irrevocable letter of credit, or payment within 30 to 60 days. The Corporation's only obligation is to provide an exchange for products under the standard assurance warranty terms and conditions. The warranty requirements, if any, are recognized as a provision under IFRS 37 *Provisions, Contingent Liabilities, and Contingent Assets*. A receivable is recognized when the goods are controlled by the customer. This is the point in time that the consideration is unconditional as only the passage of time is required before payment is due. All advance payments, if any, are recorded as a liability called deferred revenue.

The Corporation's chief operating decision maker, the Chief Executive Officer, monitors the Corporation's operations as one segment: products based on OxC-beta™ Technology.

The Corporation determines the geographic location of revenues from operations based on the location of its customers.

Revenues for years ending:	**October 31, 2020**	**October 31, 2019**
Philippines	$ 811,801	$ 863,655
Mexico	267,336	Nil
Thailand	39,931	429
United States	28,890	53,424
Malaysia	10,579	Nil
Taiwan	9,449	51,131
China	Nil	8,687
Brazil	9,871	Nil
Canada	Nil	125
	$ 1,177,857	**$ 977,451**

The Corporation had significant sales to two customers in the year ended October 31, 2020 of $811,801 or 69% of all revenue to a customer in the Philippines and $267,336 or 23% of all revenue to a customer in Mexico. (year ended October 31, 2019: sales to one customer in the Philippines of $863,655 or 88% of all revenue).

5. Government grants

Government grants are recognized then the Corporation qualifies for such grants and where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognized as income over the useful life of a depreciable asset by way of a reduced depreciation charge.

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

Grants received include the Government of Canada ACOA loans, refundable Scientific Research and Experimental Development (SRED) tax credits, Industrial Research Assistance Program (IRAP) funding from the Government of Canada, a BioTalent co-op wage subsidy, the CanExport SME program, the Canada Emergency Wage Subsidy (CEWS), the Federal Economic Development Agency for Southern Ontario (FedDev) Regional Relief and Recovery Fund Loan (RRRF Loan), and the Canada Emergency Business Account Loan (CEBA Loan).

The Corporation received certain amounts through the National Research Council (NRC) Industrial Research Assistance Program (IRAP) by way of a reduction in costs associated with an NRC-affiliated trial. The amount of the subsidy was recognized as a government grant.

The Corporation received wage subsidies related to an employment grant from BioTalent Canada for the employment of a co-op student from May 2020 to August 2020.

Under the CanExport SME program, the Corporation received $45,150 in financial assistance from the Government of Canada to develop export opportunities in new international markets. CanExport refunded up to 75% of eligible travel expenses related to business development in international markets incurred from January 1, 2020 to March 30, 2020.

The Corporation received the Canada Emergency Wage Subsidy (CEWS), which provides wage subsidies effective March 15, 2020 for a period of 40 weeks, up to December 19, 2020.

Details of the grants are as follows:

For the years ended:		**October 31, 2020**		**October 31, 2019**
Canada Emergency Wage Subsidy	$	349,574	$	-
CanExport SME program		45,150		-
RRRF loan (Note 12(A)(ii)(d))e)		127,929		-
CEBA loan (Note 12(A)(ii)(c))		22,323		-
SRED		40,154		70,752
BioTalent co-op wage subsidy		7,364		-
IRAP		5,220		-
Total government grants	**$**	**597,714**	**$**	**70,752**

6. Finance cost, net

Finance cost consists of the following amounts:

For the years ended:		**October 31, 2020**		**October 31, 2019**
Interest accretion on ACOA loans	$	138,122	$	129,230
Adjustment to present value of ACOA loans		130,784		(32,345)
Interest accretion and amortization of transaction costs on debenture long-term debt		1,048,261		599,384
Interest accretion and amortization of transaction costs on BBHLT long-term debt		-		134,795
Interest accretion on settlement of BBHLT long-term debt		-		62,447
Interest accretion on lease liabilities		19,594		-
Interest accretion on government loans		6,468		-
Interest accretion on promissory note		2,795		-
Deposit interest on short-term investments and demand accounts		(9,007)		-
Total finance cost, net	**$**	**1,337,017**	**$**	**893,511**

7. Income taxes

Current income tax assets and liabilities for the respective and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the reporting date in the countries where the Corporation operates and generates taxable income.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority.

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

The Corporation has income tax losses and investment tax credits for Canadian federal and provincial taxes which may be carried forward to reduce future years' tax payable and expire as follows:

2026	$	544,416
2027		911,198
2028		437,970
2029		1,369,413
2030		1,955,638
2031		2,857,669
2032		2,079,046
2033		1,056,010
2034		1,862,826
2035		2,453,329
2036		2,410,118
2037		4,762,281
2038		3,561,659
2039		4,276,719
2040		3,742,722
Indefinite[1]		2,185,952
	$	**36,466,966**

Note 1: The Corporation has $2,185,952 of unclaimed Canadian federal and provincial Scientific Research and Experimental Development (SRED) expenditures which will not expire in future periods.

The Corporation has recorded $40,153 in refundable SRED credits which relate to eligible SRED expenses for the year ended October 31, 2020.

The Corporation has unrecognized deferred income tax assets and liabilities as indicated below, however they were not recorded on the statements of financial position as it was not probable that they would be utilized. This represents a significant accounting judgment.

Deferred tax assets not realized		**October 31, 2020**		**October 31, 2019**
Non-capital loss carry-forwards	$	8,019,183	$	6,975,434
Cumulative capital cost and PP&E		448,442		446,533
SRED tax credits and investment tax credits		700,262		614,429
Share issue costs		154,964		147,106
Total deferred income tax assets not recognized		9,322,851		8,183,502
Deferred income tax assets on the statement of financial position	$	Nil	$	Nil

Deferred tax assets realized		**October 31, 2020**		**October 31, 2019**
ACOA loans temporary differences	$	(697,695)	$	(768,955)
Senior Secured Debentures temporary difference		(208,503)		(244,987)
Government loans temporary difference		(38,103)		Nil
Non-capital losses		944,301		1,013,942
Deferred income tax liabilities on the statement of financial position	$	Nil	$	Nil

Reconciliation of taxable losses for the years ended		**October 31, 2020**		**October 31, 2019**
Loss before income taxes	$	(4,751,287)	$	(4,836,420)
Income tax (recovery) at the combined federal and provincial tax rate of 26.5%		(1,259,091)		(1,281,651)
Non-deductible share-based payments		84,483		84,244
SRED claimed expenditures		115,613		141,007
Depreciation on equipment		1,906		1,229
Interest accretion on long-term debt and government loans		139,877		71,395
Interest on lease liabilities and depreciation on right-of-use asset		23,063		Nil
Loss from investment in associate		7,228		Nil
Share issue costs		(75,554)		(65,053)
Common shares reserved for issuance		(13,250)		(66,250)
Income tax recovery not probable to be utilized		975,725		1,115,079
Income tax recovery recognized on the statement of total comprehensive loss	$	Nil	$	Nil

8. Loss per share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period. The Corporation uses the treasury stock method for calculating the dilutive effect of the outstanding stock options and warrants. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options or warrants are used to repurchase common shares at the average market price during the period. Since the Corporation was in a loss position in all periods presented herein, the effect of all outstanding stock options and warrants is anti-dilutive, therefore diluted loss per share is equal to basic loss per share for both periods.

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

The outstanding number and type of securities that could potentially dilute basic earnings per share in the future are as noted below:

	Number Outstanding	
	October 31, 2020	**October 31, 2019**
Options – Share-based payments	2,653,162	2,291,062
Subscriber Warrants	7,804,241	5,967,980
Agent Warrants	905,557	516,317
Long-term Debt Warrants – expired November 13, 2019	Nil	500,000
Total	**11,362,960**	**9,275,359**
Common shares to be issued for wind-up of China joint venture and consulting services	Nil	580,645

	Years ended	
	October 31, 2020	**October 31, 2019**
Loss attributable to equity holders for basic loss from continuing operations	$ (4,751,287)	$ (4,836,420)
Loss attributable to equity holders adjusted for dilution	**$ (4,751,287)**	**$ (4,836,420)**
Weighted average number of common shares for basic loss per share	40,307,579	34,364,425
Loss per share (basic and diluted)	**$ (0.12)**	**$ (0.14)**

9. Share-based payments

The Corporation accounts for share-based payments using the fair value method. Under this fair value method, compensation expense for share-based payments granted is measured at the fair value at the grant date, using the Black-Scholes-Merton option valuation model for stock options. This model requires significant management estimates and assumptions, such as the life of the instrument, rate of forfeiture, and volatility. The Corporation recognizes estimated compensation expense related to share-based payments over the vesting period of the options granted on a graded basis, with the related credit being charged to contributed surplus. Consideration paid on the exercise of share-based payments is recorded as share capital and the related share-based payment is transferred from contributed surplus to share capital.

Share options or other equity instruments are granted to employees as part of their remuneration package, in addition to a cash salary and other employment benefits. It is not possible to measure directly the services received for particular components of the employee's remuneration package. It is also not possible to measure the fair value of the total remuneration package independently, without measuring directly the fair value of the equity instruments granted. Because of the difficulty of measuring directly the fair value of the services received, the Corporation measures the fair value of the employee services received by reference to the fair value of the equity instruments granted.

To apply the requirements of IFRS 2 *Share-based Payment* to transactions with parties other than employees, there shall be a rebuttable presumption that the fair value of the goods or services received can be estimated reliably. That fair value shall be measured at the date the entity obtains the goods or the counterparty renders service. In rare cases, if the entity rebuts this presumption because it cannot estimate reliably the fair value of the goods or services received, the entity shall measure the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

The Corporation has issued share options to consultants. Those consultants perform similar activities as employees and economically are similar to employees. Accordingly, it is not possible to measure the value of the share options directly by the services received and the fair value is measured in the same fashion as if they were employees.

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

The Corporation adopted a stock option plan (Plan) on August 4, 2005 which is administered by the Board of Directors. The Board of Directors establishes exercise prices, at not less than market price at the date of grant, and vesting periods, which to date have been set between one day and three years. Options under the Plan remain exercisable for five years from the date of grant. The maximum number of common shares reserved for issuance for options that may be granted under the Plan is 3,321,955. The following table represents options granted, expired, and forfeited.

	Total	Weighted average exercise price	
Balance Outstanding as at October 31, 2018	**2,063,729**	**$**	**0.86**
Forfeited	(10,312)		0.94
Expired	(307,355)		0.77
Granted	545,000		0.61
Balance Outstanding as at October 31, 2019	**2,291,062**	**$**	**0.81**
Granted	555,000		0.71
Expired	(192,900)		0.73
Balance Outstanding as at October 31, 2020	**2,653,162**	**$**	**0.80**

Options exercisable as at:	**Total**	**Weighted average exercise price**	
October 31, 2020	2,032,537	$	0.83
October 31, 2019	1,649,802	$	0.86

Exercise price	Options Outstanding	Options Exercisable	Weighted average remaining contractual life in months
$0.80	236,250	236,250	7.7
$1.00	60,000	60,000	15.9
$1.10	369,372	369,372	18.9
$0.90	60,000	60,000	25.7
$0.90	627,540	627,540	29.3
$0.57	200,000	200,000	34.4
$0.61	545,000	340,625	43.2
$0.71	555,000	138,750	52.2
	2,653,162	**2,032,537**	

The Corporation has issued stock options to employees, consultants, and members of the Board of Directors. The fair value of the options issued was determined using the inputs listed below.

Date of Issue	June 5, 2019	March 6, 2020
Quantity issued	545,000	555,000
Vesting period	8 quarters	8 quarters
Exercise and issue price	$0.61	$0.71
Expected life	5 years	5 years
Interest rate	1.30%	0.66%
Volatility over expected life	104.03%	96.07%
Fair value	$0.466	$0.513

Volatility was determined by using the historical volatility of the stock over a 3 to 5-year period. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the options.

For the year ended October 31, 2020, the Corporation recorded $318,804 (year ended October 31, 2019: $317,904) as contributed surplus and compensation expense for the vesting of share-based payments.

10. Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The costs of items of inventory are assigned by specific identification.

As at October 31, 2020 and October 31, 2019, the Corporation valued its inventory as follows:

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

	October 31, 2020	October 31, 2019
Raw materials	$ 15,993	$ 20,503
Work in process	Nil	307,762
Finished goods	389,772	123,252
Total inventories	**$ 405,765**	**$ 451,517**

The amount of the inventories recognized as an expense in the year ended October 31, 2020 is $805,327 (year ended October 31, 2019: $498,136). Inventory expensed in the year ended October 31, 2020 consisted of $706,877 in cost of products sold, $7,942 expensed for marketing and trials, and $90,508 impaired. Inventory expense in the year ended October 31, 2019 consisted of $450,970 in cost of products sold, $24,356 expensed to marketing and trials, and $22,810 impaired.

11. Non-current assets

Non-current assets consist of right-of-use assets, equipment, and intangible assets.

	Right-of-use assets (i)	Equipment (ii)	Total
Cost:			
At October 31, 2018	**$ -**	**$ 69,539**	**$ 69,539**
Acquisition	-	109,204	109,204
At October 31, 2019	**$ -**	**$ 178,743**	**$ 178,743**
Acquisition of equipment	-	44,295	44,295
Right-of-use assets as at November 1, 2019	54,912	-	54,912
Add: present value of modification of leases within reporting period	251,061	-	251,061
At October 31, 2020	**$ 305,973**	**$ 223,038**	**$ 529,011**
Depreciation:			
At October 31, 2018	**$ -**	**$ 2,540**	**$ 2,540**
Depreciation charge for the period	-	4,636	4,636
At October 31, 2019	**$ -**	**$ 7,176**	**$ 7,176**
Depreciation charge for the period	120,299	7,194	127,493
At October 31, 2020	**$ 120,299**	**$ 14,370**	**$ 134,669**
Carrying amount:			
At October 31, 2020	**$ 185,674**	**$ 208,668**	**$ 394,342**
At October 31, 2019	**$ -**	**$ 171,567**	**$ 171,567**
At October 31, 2018	**$ -**	**$ 66,999**	**$ 66,999**

Impairment of non-financial assets

The Corporation assesses, at each reporting date, whether there is an indication that a non-financial asset may be impaired. If any indication exists, the Corporation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or the Cash Generating Unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or collection of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

i) Right-of-use assets

The Corporation has adopted IFRS 16 *Leases* retrospectively from November 1, 2019 but has not restated comparatives for the October 31, 2019 reporting period, as permitted under the specific transition provisions in the IFRS 16 *Leases* standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on November 1, 2019.

Previously, the Corporation determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 *Determining Whether an Arrangement Contains a Lease*. Under IFRS 16 *Leases*, the Corporation assesses whether a contract is or contains a lease based on the definition of a lease.

As a lessee, the Corporation previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Corporation. Under IFRS 16 *Leases*, the Corporation recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

The Corporation elected to apply recognition exemptions to short-term leases and leases of low value. For leases of other assets, which were classified as operating under IAS 17 *Leases*, the Corporation recognized right-of-use assets and lease liabilities.

As at November 1, 2019, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Corporation's incremental borrowing rate of 8%, which represents a significant accounting judgment.

The Corporation used the following practical expedients when applying IFRS 16 *Leases* to leases previously classified as operating leases under IAS 17 *Leases*: excluded initial direct costs from measuring the right-of-use asset at the date of initial application and chose not to restate prior periods.

Impacts on financial statements

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether: the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified. The Corporation must have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and the Corporation must have the right to direct the use of the asset. The Corporation has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Corporation has the right to direct the use of the asset if either: the Corporation has the right to operate the asset; or the Corporation designed the asset in a way that predetermines how and for what purpose it will be used.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received, if any.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of a right-of-use asset is determined on the same basis as that of an item of equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

On transition to IFRS 16 *Leases* on November 1, 2019, the Corporation recognized $54,912 of right-of-use assets and $43,591 of lease liabilities.

Operating lease commitments as at October 31, 2019	**$**	**70,167**
Subtract: exemption for short-term leases		(14,100)
Operating lease commitments less exemption as at October 31, 2019		56,067
Effect of discounting at the incremental borrowing rate of 8%		(1,155)
Discounted lease liability as at November 1, 2019 before deposits and rent prepayments		54,912
Subtract: deposits and rent prepayments		(11,321)
Lease liability as at November 1, 2019		**43,591**
Add: present value of modification of leases within the reporting period		251,061
Add: interest accretion during the reporting period		19,594
Subtract: lease payments during the reporting period		(52,864)
Lease liability as at October 31, 2020	**$**	**261,382**

Right-of-use assets as at November 1, 2019 (see above liability before deposits and prepayments)	**$**	**54,912**
Add: present value of modification of leases within the reporting period		251,061
Subtract: depreciation charge during the reporting period		(120,299)
Right-of-use assets as at October 31, 2020	**$**	**185,674**

The Corporation holds leases for office and laboratory space. One lease has a term expiring in March 2023 and the second lease has a term expiring in March 2021.

Short-term leases and leases of low value assets

The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases with a term of 12 months or less and leases of low value assets. The Corporation recognizes the lease payments associated with these leases, if any, as an expense on a straight-line basis over the lease term.

In the comparative period, as a lessee, the Corporation classified leases that transfer substantially all of the risks and rewards of ownership as finance leases, if any or as operating leases under IAS 17 *Leases*. In the year ended October 31, 2019 and prior periods, leases were all classified as operating leases and were not recognized in the Corporation's statement of financial position. Payments made under operating leases were recognized in the statement of comprehensive loss on a straight-line basis over the term of the lease. No lease incentives were received.

As a practical expedient, IFRS 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Corporation has used this practical expedient.

ii) Equipment

Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of equipment, directly attributable cost to bring equipment into use, and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of equipment are required to be replaced at intervals, the Corporation depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of total comprehensive loss as incurred. When the asset is available for use, depreciation is calculated on a straight-line basis over the estimated useful lives of the equipment of 15 years.

An item of equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of total comprehensive loss when the asset is derecognized. The residual values, useful lives, availability for use, and methods of depreciation of equipment all represent significant accounting judgments and are reviewed at each financial year end and adjusted prospectively, if appropriate.

iii) Intangible assets

Internally generated patent, research, and development assets are not capitalized, as they did not meet the criterion under IAS 38 *Intangible Assets* and accordingly the expenditure is reflected in the statement of total comprehensive loss in the period in which the expenditure is incurred. This represents a significant accounting judgment.

12. Financial instruments

Financial instruments – initial recognition and subsequent measurement

Financial assets and financial liabilities are recognized when the Corporation becomes party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments classified as amortized cost or fair value through other comprehensive income (FVTOCI) are included with the carrying amount of such instruments. Transaction costs that are directly attributable to the acquisition or issue of financial instruments classified as fair value through profit or loss (FVTPL) are recognized immediately in the profit or loss within the statements of total comprehensive loss.

Financial Assets

The Corporation classifies its financial assets in the following measurement categories: those to be measured at amortized cost and those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL)). The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial Assets at Amortized Cost

Financial assets that meet the following conditions are measured at amortized cost less impairment losses: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash-flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and the financial asset was not acquired principally for the purpose of selling in the near-term or for short-term profit taking (held-for-trading).

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

All other financial assets, except equity and debt instruments as described below, are remeasured at fair value and classified as FVTPL. The gains or losses, if any, arising on remeasurement of FVTPL are recognized within the statements of total comprehensive loss.

The method of measurement of investments in debt instruments will depend on the business model in which the instrument is held. For investments in equity instruments, it will depend on whether the Corporation has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income (FVTOCI). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial Liabilities
Financial liabilities are classified as FVTPL when the financial liability is either held-for-trading or is designated at FVTPL. Financial liabilities at FVTPL are remeasured in subsequent reporting periods at fair value. Any gains or losses arising on remeasurement of held-for-trading financial liabilities are recognized in profit or loss within the statements of total comprehensive loss. Such gains or losses recognized in the statement of total comprehensive loss include any interest paid on the financial liabilities. Financial liabilities that are not held-for-trading and are not designated as FVTPL are measured at amortized cost. The carrying amounts of financial liabilities that are measured at amortized cost are determined based on the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability (or financial asset) and of allocating interest expense (or income) over the expected life of the financial liability (or financial asset). All financial assets and financial liabilities held by the Corporation are measured at amortized cost. The Corporation held no derivatives or embedded derivatives.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair values
All financial assets and financial liabilities are carried at amortized cost under the business model as required under IFRS 9 *Financial Instruments*. Due to the short-term nature of the current financial assets and liabilities, the carrying value is approximately equal to the fair value and are assessed as a Level 3. Significant accounting judgments include the ACOA loans measured at 35%, the CEBA loan, the RRRF loan, and the Senior Secured Debentures measured at 20%, and the lease liability measured at 8% (all are assessed as Level 3).

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique: Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities; Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; Level 3: techniques which use inputs that have a significant effect on the recorded fair value and that are not based on observable market data.

Compound instruments
The component parts of compound instruments (e.g., debt issued with warrants and/or common shares or debt issued with government grants) issued by or to the Corporation are classified separately as financial liabilities and equity or government grants in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument or government grant. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar debt without warrants and/or common shares or government grants. This amount is recorded as a liability on the amortized cost basis using the effective interest method until extinguished or at the instrument's maturity date.

The warrants and/or common shares classified as equity (or government grants recorded as income on the statement of total comprehensive loss) are determined by deducting the amount of the liability component from the fair value of the instrument as a whole. This is recognized and included in equity and is not subsequently remeasured. Warrants classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognized in equity will be transferred to common shares within equity. When the warrants remain unexercised at their expiry date, the balance recognized in equity will be transferred to retained earnings or accumulated deficit. No gain or loss is recognized in the statement of total comprehensive loss upon conversion or expiration of the warrants. Transaction costs that relate to the issue of the instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the debt using the effective interest method.

Interest rate risk
The Corporation's exposure to interest rate risk is nominal considering the ACOA loans, CEBA loan, and RRRF loan are subject to 0% interest. The Senior Secured Debentures are subject to a 10% fixed interest rate and accordingly is not subject to exposure to interest rate changes. The Corporation invests surplus cash in bank demand deposits and short-term investments at its financial institutions at current rates from 0.2% to 1.93% which, due to their short-term nature, do not expose the Corporation to any significant interest rate risks.

(A) Financial assets

i) Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, short-term deposits, and investments with an original maturity at the date of acquisition of three months or less or repayable on demand. For the purpose of the statements of cash flows, cash and cash equivalents consist of cash, short-term deposits, and investments as defined above.

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

Cash and cash equivalents are held in interest and non-interest-bearing operating accounts at the Corporation's financial institutions and payable on demand. $35,000 in cash equivalents is held as collateral against the Corporation's credit card accounts and is redeemable on demand if the Corporation closes its credit card accounts.

The cash and cash equivalents are held by two high credit quality financial institutions on behalf of the Corporation, therefore the Corporation considers the risk of non-performance to be remote.

ii) Trade and other receivables

	October 31, 2020	October 31, 2019
Trade receivables	$ 502,295	$ 24,591
Receivable from tax authorities for HST input credits	43,927	37,791
Receivable from tax authorities for SRED tax credits	40,153	70,752
Government grants receivable	24,377	Nil
	$ 610,752	**$ 133,134**

Impairment
The Corporation assesses, on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost and fair value through other comprehensive income (FVTOCI). The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Corporation applies the simplified approach permitted by IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Trade receivables are non-interest bearing and are on 30- to 60-day terms. As at October 31, 2020, no trade receivables were impaired (October 31, 2019: Nil). The ageing analysis of trade receivables is as follows:

			Past due but not impaired (days)		
	Total	**Neither past due nor impaired**	**< 30**	**30-60**	**60-70**
October 31, 2020	$502,295	$249,586	$2,877	$10,108	$239,724
October 31, 2019	$24,591	$24,591	$Nil	$Nil	$Nil

Credit and collection risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation provides credit to its customers in the normal course of operations. The Corporation sells its products primarily to mid-sized corporations with payment due in 30 to 60 days, on receipt, or in advance. The carrying amount of cash and cash equivalents and trade and other receivables represents the maximum exposure to credit risk and at October 31, 2020 this amounted to $1,274,921 (October 31, 2019 - $1,219,079).

The trade and other receivables consist of HST input tax credits, government grants, and refundable Scientific Research and Experimental Development ("SRED") tax credits. The government grants, HST, and SRED credits are subject to review by the Canada Revenue Agency. The collection risk is considered low.

(B) Financial liabilities

i) Accounts payables and accrued liabilities

As at the periods ended	October 31, 2020	October 31, 2019
Accounts payables and accrued liabilities	$ 710,054	$ 511,311
Staff and board compensation and vacation payable	78,173	44,897
Total	**$ 788,227**	**$ 556,208**

Accounts payables are normally settled on 30-day terms.

ii) Debt

The Corporation has long-term debt in the form of (a) a government loan from the Atlantic Canada Opportunities Agency (ACOA), (b) Senior Secured Debentures ("Debentures"), (c) a Promissory Note, (d) government Canadian Emergency Business Account (CEBA) Loans, (e) government Regional Relief and Recovery Fund (RRRF) Loans, (f) lease liabilities, and (g) a credit facility with the Bloom Burton Healthcare Lending Trust (BBHLT) as follows:

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

	ACOA loans (a)	Debentures (b)	Promissory Note (c)	CEBA loan (d)	RRRF loan (e)	Lease liabilities (f)	BBHLT (g)	Total
Balance as at October 31, 2018	**$ 345,409**	**$ -**	**$**	**$ -**	**$ -**	**$ -**	**$ 1,907,463**	**$ 2,252,872**
Issuance of secured debentures	-	4,302,400	-	-	-	-	-	4,302,400
Transaction costs allocated to debt	-	(329,743)	-	-	-	-	-	(329,743)
Interest accretion during the year	129,230	534,381	-	-	-	-	125,950	789,561
Interest accretion on settlement of long-term debt	-	-	-	-	-	-	62,447	62,447
Adjustment during the year	(32,345)		-	-	-	-		(32,345)
Interest paid during the year	-	(319,392)	-	-	-	-	(69,776)	(389,168)
Accrued interest paid on settlement of long-term debt	-	-	-	-	-	-	(234,929)	(234,929)
Principal repaid during the year	(107,257)	-	-	-	-	-	(1,800,000)	(1,907,257)
Amortization of transaction costs during the year	-	65,003	-	-	-	-	8,845	73,848
Balance as at October 31, 2019	**$ 335,037**	**$ 4,252,649**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,587,686**
Lease liability as at November 1, 2019	-	-	-	-	-	54,912	-	54,912
Add: present value of modification of leases within the year	-	-	-	-	-	251,061	-	251,061
Deposits and rent prepayments	-	-	-	-	-	(11,321)	-	(11,321)
Drawdown of principal from debt instruments	-	-	500,000	40,000	210,000	-	-	750,000
Amounts recognized in total comprehensive loss as a government grant	-	-	-	(22,323)	(127,929)	-	-	(150,252)
Adjustment during the year	130,785	-	-	-	-	-	-	130,785
Interest accretion during the year	138,122	1,048,261	2,795	1,843	4,625	19,594	-	1,215,240
Principal repaid during the year	-	-	-	-	-	(52,864)	-	(52,864)
Interest paid during the year	-	(537,987)	-	-	-	-	-	(537,987)
Maintenance fees settled in equity during the year	-	(107,560)	-	-	-	-	-	(107,560)
Balance as at October 31, 2020	**$ 603,944**	**$ 4,655,363**	**$ 502,795**	**$ 19,520**	**$ 86,696**	**$ 261,382**	**$ -**	**$ 6,129,700**
Current portion of debt	$ 215,531	$ 645,110	$ 502,795	$ -	$ -	$ 174,404	-	$ 1,537,840
Non-current portion of debt	388,413	4,010,253	-	19,520	86,696	86,978	-	4,591,860
Balance as at October 31, 2020	**$ 603,944**	**$ 4,655,363**	**$ 502,795**	**$ 19,520**	**$ 86,696**	**$ 261,382**	**$ -**	**$ 6,129,700**

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

The undiscounted future principal and future accrued interest repayments on each loan are as follows, per fiscal year:

	ACOA loans (a)	Senior Secured Debentures (b)	Promissory note (c)	CEBA loan (d)	RRRF loan (e)	Lease liabilities (f)	BBHLT (g)	Total
2021	$ 215,531	$ 645,110	$ 502,795	$ -	$ -	$ 174,404	$ -	$ 1,537,840
2022	*Note 1*	5,702,528	-	-	-	78,308	-	5,780,836
2023		-	-	30,000	35,000	25,508	-	90,508
2024		-	-	-	42,000	-	-	42,000
2025		-	-	-	42,000	-	-	42,000
2026		-	-	-	42,000	-	-	42,000
2027		-	-	-	42,000	-	-	42,000
2028		-	-	-	7,000	-	-	7,000
Indeterminate	3,021,224	-	-	-	-	-	-	3,021,224
Total	**$ 3,236,755**	**$ 6,347,639**	**$ 502,795**	**$ 30,000**	**$ 210,000**	**$ 278,220**	**$ -**	**$10,605,408**

Note 1: The ACOA repayable funding is based on 10% of prior years' revenue. It is not possible to estimate the future payments at this time.

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

a) ACOA loans

The Corporation entered into two agreements to obtain interest-free loans from ACOA. The liability related to each individual drawdown of each facility was recorded at its fair value as of each respective drawdown date. The ACOA loans were initially recognized at their fair value and are subsequently carried at amortized cost as determined by using a discounted cash flow analysis, which requires a number of assumptions.

The significant assumptions used in determining the discounted cash flows include estimating the amount and timing of future revenue for the Corporation and the discount rate. As the ACOA loans are repayable based on a percentage of gross revenue, the determination of the amount and timing of future revenue significantly impacted the initial fair value of the loans, as well as the carrying value of the loans at each reporting date. The Corporation is in the commercialization and early-revenue stages for its products; accordingly, determination of the amount and timing of revenue requires significant judgment by management. Management's estimate of future revenues assumes some revenue growth in the near future. The discount rate determined on initial recognition of the loans is used to determine the present value of estimated future cash flows expected to be required to settle the debt. In determining the appropriate discount rates, the Corporation considered the interest rates of similar long-term debt arrangements, with similar terms. The loans are repayable based on a percentage of gross revenue, accordingly finding financing arrangements with similar terms is difficult and management was required to use significant judgment in determining the appropriate discount rates.

The difference between the amount received in cash on each drawdown date and the related fair value was considered a government grant and was recognized as an item of income in the respective statements of total comprehensive loss. Subsequent to initial recognition, the liability is carried at amortized cost with interest expense recognized to accrete the liability up to its face value over the estimated term of repayment.

If the weighted average discount rate used in determining the initial fair value and the carrying value at each reporting date of the ACOA loans, with repayment terms based on future revenue, had been determined to be higher by 10% (45%) or lower by 10% (25%), the carrying value of the ACOA loans at October 31, 2020 would have been an estimated $120,967 lower or $210,327 higher, respectively. A 10% increase or decrease in the total forecasted revenue would result in the carrying value at October 31, 2020 being an estimated $33,515 higher or $48,222 lower, respectively. If the total forecasted revenue were reduced to $nil, no amounts would be forecast to be repaid on the non-current portion of the ACOA loans and the ACOA loan at October 31, 2020 would be $215,531, which would be a reduction in the ACOA loan by $388,413.

Under the first agreement, the Corporation drew $2,052,131 of which $32,498 was repaid for a remaining obligation of $2,019,633. Under the second agreement, the Corporation drew $1,334,400 of which $117,278 was repaid for a remaining obligation of $1,217,122.

The Corporation commenced repayment on June 30, 2014. Yearly repayments are capped at 10% of product revenues of the prior year from the resulting product. The next ACOA repayment was originally due on 30 June 2020 and is currently recorded as $97,745 based on OxC-beta product sales of $977,451 in the twelve-month period ended October 31, 2019. Due to COVID-19, ACOA has agreed to delay the repayment to June 30, 2021.

	Project 1	Project 2	Total
Balance as at October 31, 2018	**$ 25,913**	**$ 319,496**	**345,409**
Interest accretion during the year	9,146	120,084	129,230
Adjustment during the year	971	(33,316)	(32,345)
Repayment of loan during the year	(12,547)	(94,710)	(107,257)
Balance as at October 31, 2019	**$ 23,483**	**$ 311,554**	**$ 335,037**
Interest accretion during the year	10,866	127,256	138,122
Adjustment during the reporting year	39,099	91,686	130,785
Balance as at October 31, 2020	**$ 73,448**	**$ 530,496**	**$ 603,944**

	October 31, 2020	October 31, 2019
Current portion of ACOA loans	$ 215,531	$ 97,745
Non-current portion of ACOA loans	388,413	237,292
Total ACOA loans	**$ 603,944**	**$ 335,037**

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

Annual repayments of the ACOA loans are calculated as 10% of the gross revenues resulting from products for Project 1 and Project 2. The current portion of the ACOA liability payable is calculated as follows:

For the year ended October 31, 2019	**Project 1**	**Project 2**	**Total**
Revenues from Project 1	$ 81,106	$ -	$ 81,106
Revenues from Project 2	-	896,345	896,345
Total revenues allocated to each ACOA Project	**81,106**	**896,345**	**977,451**
Current portion of ACOA loans (at 10%)	**$ 8,111**	**$ 89,634**	**$ 97,745**

For the year ended October 31, 2020	**Project 1**	**Project 2**	**Total**
Revenues from Project 1	$ 28,889	$ –	$ 28,889
Revenues from Project 2	-	1,148,968	1,148,968
Total revenues allocated to each ACOA Project	**$ 28,889**	**$ 1,148,968**	**$ 1,177,857**
Current portion of ACOA loans (at 10%)	**$ 2,889**	**$ 114,897**	**$ 117,786**

Current portion of ACOA loans	**Project 1**	**Project 2**	**Total**
For the year ended October 31, 2020	$ 2,889	$ 114,987	$ 117,786
For the year ended October 31, 2019	8,111	89,634	97,745
Total current portion of ACOA loans	**$ 11,000**	**$ 204,621**	**$ 215,531**

The combined ACOA repayment related to revenues for the years ended October 31, 2020 and October 31, 2019 of $215,531 is due on June 30, 2021.

Under the agreements, the Corporation must maintain a minimum shareholders' equity and other conditions. The Corporation was in compliance with the covenant agreements as at October 31, 2020 and October 31, 2019. Under the terms of the ACOA repayable funding agreements, no dividends may be paid until the ACOA obligations are fully repaid.

b) Senior Secured Debentures

On March 28, 2019, the Corporation closed an offering of Senior Secured Debentures (the "First Closing Debentures") in the aggregate principal amount of $5,264,000 for gross proceeds in the same amount. A second closing of Senior Secured Debentures (the "Second Closing Debentures" and together with the First Closing Debentures the "Senior Secured Debentures") took place on April 9, 2019 in the aggregate principal amount of $114,000 for gross proceeds in the same amount. The Senior Secured Debentures will bear interest at 10% per year, payable quarterly in cash. The Corporation will also pay an annual credit maintenance fee of 2% (in cash or shares at the Corporation's discretion). The First Closing Debentures will mature on March 27, 2022 and the Second Closing Debentures will mature on April 8, 2022, at which time the principal amount and all accrued and unpaid interest will be repayable in cash.

Purchasers of First Closing Debentures also received an aggregate of 1,316,000 common shares of the Corporation, being an amount equal to 20% of the principal amount of the First Closing Debentures divided by $0.80 per share.

The principal amount of the First Closing Debentures and any accrued and unpaid interest may be repaid in full after March 28, 2020. Between March 28, 2020 and March 28, 2021 an early repayment is subject to a 2% fee and between March 28, 2021 and March 27, 2022 an early repayment is subject to a 1% fee. The early repayment fee may be paid in cash or shares at the Corporation's discretion.

The Corporation paid agent fees in connection with the First Closing Debentures of $180,300 and issued 225,375 agent warrants. Each agent warrant entitles the agent to purchase one common share of the Corporation for two years at $0.80. The warrants were recognized at a fair value of $72,796 using a Black-Scholes-Merton calculation with the following inputs: stock price of $0.74, exercise price of $0.80, expected life of 2 years, annual risk-free interest rate of 1.49% based on the Bank of Canada benchmark 2-year bond yield, and expected annualized volatility of 84.6%. The warrants were charged to the contributed surplus account until such time as the warrants are exercised or expired.

Under IAS 32 *Financial Instruments: Presentation*, an entity is required to separate a financial instrument that contains a financial liability and an equity component using the residual method. The common shares are considered to be an equity component and the First Closing Debentures are considered a financial liability. Therefore, the financial liability is measured at the discount rate that a market participant would require without the equity component. Initial recognition of the debt component of the First Closing Debentures was at its fair value at a discount rate of 20.8%. $4,211,200 was recognized as debt and $1,052,800 was recognized as equity. Subsequent recognition of the debt component will use the effective interest method at a rate of 23.6% to also account for transaction costs allocated on a pro-rata basis to the debt portion of the First Closing.

Purchasers of Second Closing Debentures also received an aggregate of 26,206 common shares of the Corporation, being an amount equal to 20% of the principal amount of the Second Closing Debentures divided by $0.87 per share. The principal amount of the Second Closing Debentures and any accrued and unpaid interest may be repaid in full after April 9, 2020. Between April 9, 2020 and April 9, 2021 an early repayment is subject to a 2% fee and between April 9, 2021 and April 8, 2022 an early repayment is subject to a 1% fee. The early repayment fee may be paid in cash or shares at the Corporation's discretion.

The Corporation paid agent fees in connection with the Second Closing Debentures of $6,840 and issued 7,862 agent warrants. Each agent warrant entitles the agent to purchase one common share of the Corporation for two years at $0.87. The warrants were recognized at a fair value of $3,137 using a Black-Scholes-Merton calculation with the following inputs: stock price of $0.87, exercise price of $0.87, expected life of 2 years, annual risk-free interest rate of 1.60% based on the Bank of Canada benchmark 2-year bond yield, and expected annualized volatility of 84.5%. The warrants were charged to the contributed surplus account until such time as the warrants are exercised or expired.

Under IAS 32 *Financial Instruments: Presentation*, an entity is required to separate a financial instrument that contains a financial liability and an equity component using the residual method. The common shares are considered to be an equity component and the Second Closing Debentures are considered a financial liability. Therefore, the financial liability is measured at the discount rate that a market participant would require without the equity component. Initial recognition of the debt component of the Second Closing Debenture was at its fair value at a discount rate of 20.2%. $91,200 was recognized as debt and $22,800 was recognized as equity. Subsequent recognition of the debt component will use the effective interest method to also account for transaction costs allocated on a pro-rata basis to the debt portion of the Second Closing.

Transaction costs associated with the Senior Secured Debentures in the amount of $412,180 have been recorded to equity and long-term debt on a pro-rata basis. The liability's transaction costs are expensed using the effective interest method up to the maturity date of the Senior Secured Debentures.

Except for a $35,000 term deposit for which RBC holds a lien against and which the Corporation can release upon the cancellation of the credit cards, the Corporation has pledged all of the assets of the Corporation in connection with the Senior Secured Debentures.

c) Promissory Note

On October 14, 2020, the Corporation received $500,000 in debt funding via an unsecured promissory note issued by the Bloom Burton Healthcare Lending Trust. The promissory note bears interest at a rate of 12% per annum and is payable on demand. If the Corporation repays the promissory note in full on or prior to November 13, 2020, the interest payable will be fixed at $5,000. The promissory note has no conversion or equity features.

d) Canadian Emergency Business Account (CEBA) loan

On May 11, 2020, the Corporation obtained $40,000 in revolving credit from the Government of Canada under the Canada Emergency Business Account (CEBA) COVID-19 Economic Response Plan. The funding is granted in the form of an interest-free revolving credit line of which up to $40,000 may be drawn. On January 1, 2021, any balance remaining on the revolving credit line will automatically convert to a non-revolving term loan. Effective January 1, 2023, any outstanding balance on the term loan shall bear interest at a rate of 5% per annum. The term loan matures on December 31, 2025. If 75% of the outstanding balance of the non-revolving term loan is repaid on or before December 31, 2022, the remaining 25% of the balance shall be forgiven. The Corporation used the assumption of a 20% discount rate to determine the fair value of the interest-free period. The difference between the amount received in cash and the related fair value was considered a government grant and was recognized as an item of income in the statements of total comprehensive loss.

The Corporation drew the full $40,000 available to it under the CEBA program and intends to repay $30,000 on or before December 31, 2022. Initial recognition of the $40,000 was at its fair value at a discount rate of 20%, representing the Corporation's estimated unsecured credit risk. $17,677 was recognized as debt and $22,323 was recognized as a government grant in the statement of total comprehensive loss.

e) Regional Relief and Recovery Fund (RRRF) loan

On July 23, 2020, the Corporation obtained access to $210,000 in repayable funding from the Federal Economic Development Agency for Southern Ontario through the Regional Relief and Recovery Fund. The funding was granted in the form of an interest-free loan of up to $210,000 to offset fixed operating costs. Repayment of the principal amount of the loan will take place in 60 monthly instalments of $3,500 beginning on January 15, 2023 and concluding on December 15, 2027. The Corporation used the assumption of a 20% discount rate to determine the fair value of the interest-free loan. The difference between the amount received in cash on each drawdown date and the related fair value was considered a government grant and was recognized as an item of income in the statements of total comprehensive loss.

$168,000 was received on July 23, 2020. Recognition of the initial $168,000 drawdown of the loan was at its fair value using a discount rate of 20%, representing the Corporation's estimated unsecured credit risk. $65,439 was recognized as debt and $102,561 was recognized as a government grant in the statement of total comprehensive loss. The remaining $42,000 of funding was received on August 11, 2020, at which time $16,632 was recognized as debt and $25,368 was recognized as a government grant in the statement of comprehensive loss.

f) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments (if any);
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (if any);
- amounts expected to be payable under a residual value guarantee (if any); and
- the exercise price under a purchase option that the Corporation is reasonably certain to exercise, lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early (if any).

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation discounted the lease payments using its incremental borrowing rate as at November 1, 2019 of 8%. The incremental borrowing rate represents management's estimate of the rate of interest that the Corporation would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the corresponding right-of-use asset in a similar economic environment

On May 28, 2020, the International Accounting Standards Board ("IASB") issued an amendment to IFRS 16 *Leases* to make it easier for lessees to account for COVID-19-related rent concessions such as rent holidays and temporary rent reductions. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021.

IFRS 16 specifies how lessees should account for changes in lease payments, including concessions. However, applying those requirements to a potentially large volume of COVID-19-related rent concessions could be practically difficult, especially in the light of the many challenges stakeholders face during the pandemic. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors. The amendment is effective 1 June 2020 but, to ensure the relief is available, lessees can apply the amendment immediately in any financial statements—interim or annual—not yet authorized for issue.

As of the reporting period and the date of issue of the financial statements, the Corporation has not entered into any COVID-19 related rent concessions. Management will continue to assess.

Expenses related to short-term leases for the year ended October 31, 2020 were $26,331.

g) Bloom Burton Healthcare Lending Trust

On October 30, 2015, the Corporation entered into an agreement with the Bloom Burton Healthcare Lending Trust (the "Trust") for a secured drawdown credit facility of up to $1.8 million. Amounts drawn on the credit facility accrue interest at 12% annually, with 7% repayable each calendar quarter and the remaining 5% accruing to be repaid at maturity. On March 28, 2019, the Corporation fully repaid the $1.8 million principal of the credit facility and $234,929 in accrued interest.

In consideration for the credit facility, the Trust has been issued 500,000 warrants to purchase common shares of the Corporation at an exercise price of $1.10. The warrants expired on November 13, 2019.

Under IAS 32 *Financial Instruments: Presentation*, an entity is required to separate a financial instrument that contains a financial liability and an equity component using the residual method. The warrants are considered to be an equity component and the credit facility is considered a financial liability. Therefore, the financial liability is measured at the discount rate that a market participant would require without the equity component. The discount rate was determined to be 16%. As the credit facility is drawn, the financial liability was recorded at its discounted value of 16% with the difference, being the value of the warrants, accounted for as an equity transaction.

Initial recognition of the facility was at its fair value at a discount rate of 16%. Subsequent recognition will use the effective interest method. Transaction and legal costs associated with the facility in the amount of $99,023 have been recorded to equity and long-term debt on a pro-rata basis. The liability's transaction costs were expensed using the effective interest method up to the date the facility was repaid.

13. Investment in associate

On June 13, 2019, the Corporation signed a Shareholder's Agreement with Mimi's Rock, Corp. ("MRC") to create a joint venture, Centre Beach, Inc. ("Centre Beach") for the purposes of marketing and selling Vivamune™ Health Chews or a similar brand through internet sales world-wide. MRC and the Corporation each hold 50% of the outstanding shares of Centre Beach. Centre Beach's main office is located at 610 Chartwell Road, Oakville, Ontario, Canada L6J 4A5.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The financial results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the joint venture. When the Corporation's share of losses of a joint venture exceeds the Corporation's interest in that joint venture the Corporation discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Corporation has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Centre Beach is a joint venture and equity accounting is applied under IAS 28 *Investments in Associates and Joint Ventures*. For year ended October 31, 2020 the Corporation recognized $27,277 (2019: $nil) in expenses related to the activity of the joint venture and its financial obligation to fund the joint venture.

The requirements of IFRS 9 *Financial Instruments* are applied to determine whether it is necessary to recognize any impairment loss with respect to the Corporation's investment in a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

When an entity transacts with a joint venture of the Corporation, profits and losses resulting from the transactions with the joint venture are recognized in the Corporation's financial statements only to the extent of interests in the joint venture that are not related to the Corporation.

Centre Beach's fiscal year-end is December 31, 2020. Selected items from the financial statements of the joint venture for the nine-month period ended September 30, 2020 are presented below.

Total assets	USD$	19,606
Total liabilities & equity	USD$	19,606
Revenue	USD$	42,632
Gross profit	USD$	24,063
Expenses	USD$	(85,079)
Net loss	**USD$**	**(61,016)**

14. Foreign Currency

The financial statements are presented in Canadian dollars, which is also the functional currency of the Corporation. Transactions in foreign currencies are initially recorded at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of total comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation's exposure to the risk of changes in foreign exchange rates relates primarily to the Corporation's operating activities, when revenues or expenses are denominated in a different currency from the Corporation's functional currency. The Corporation is exposed to foreign exchange fluctuations as the majority of its revenues and some of its expenses are denominated in U.S. dollars, while the majority of expenditures are denominated in Canadian dollars. For the year ended October 31, 2020, the Corporation's foreign exchange losses were $28,396 (year ended October 31, 2019: losses of $8,127). The U.S. Dollar to Canadian Dollar foreign exchange rate as at October 31, 2020 was $1.3318 (October 31, 2019: $1.3160).

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

The Canadian dollar carrying value of U.S. dollar financial instruments are as follows:

As at	**October 31, 2020**	**October 31, 2019**
Cash and cash equivalents	$ 769	$ 263,029
Trade and other receivables	502,295	24,591
Accounts payable and accrued liabilities	(605,506)	(25,709)
Total	**$ (102,442)**	**$ 261,911**

For the fiscal year ended October 31, 2020, the impact of a 10% fluctuation in the U.S. dollar exchange rate on the statement of total comprehensive loss and statement of changes in equity would be $10,244.

15. Common Shares

Treasury shares

Own equity instruments which are reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of total comprehensive loss on the purchase, sale, issue, or cancellation of the Corporation's own equity instruments. Any difference between the carrying amount and the consideration is recognized within equity in contributed surplus. The authorized share capital of the Corporation consists of an unlimited number of voting common shares.

On March 28, 2019, the Corporation issued 1,316,000 common shares and on April 9, 2019, the Corporation issued 26,206 common shares in connection with a private placement of Senior Secured Debentures.

On November 25, 2019, the Corporation issued 80,645 common shares at a price of $0.62 per share in settlement of a $50,000 consulting fee.

On January 2, 2020, the Corporation completed a non-brokered private placement, issuing 2,500,000 investor units at an issue price of $0.50 per unit for aggregate gross proceeds of $1,250,000. Each investor unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Corporation at $0.75 for a period of three years. The investor warrants were assigned a relative fair value of $263,238 based on a Black-Scholes-Merton calculation with the following assumptions: share price of $0.58, exercise price of $0.75, time to maturity of 3 years, annual risk-free interest rate of 1.66% based on Canada three-year benchmark bond yield, and a historical 3-year stock volatility of 93.3%.

In connection with the private placement, the Corporation paid cash finder's fees of $100,000 and issued 200,000 compensation finder's warrants. The finder's warrants were assigned a fair value of $83,100 based on a Black-Scholes-Merton calculation with the following assumptions: share price of $0.58, exercise price of $0.50 for the overlying warrants and $0.75 for the underlying warrants, time to maturity of 2 years, annual risk-free interest rate of 1.66% based on Canada two-year benchmark bond yield, and a historical 2-year stock volatility of 87.7%. Each finder's warrant (or the overlying warrant) entitles the holder to purchase one finder unit at $0.50 per finder unit for a period of 2 years. Each finder unit issuable on exercise of the finder's warrants consists of one common share and one-half common share purchase warrant (or the underlying warrant). Each whole warrant underlying the finder units will be exercisable at $0.75 only during the period ending 2 years from January 2, 2020.

On January 27, 2020, the Corporation completed a non-brokered private placement, issuing 3,500,000 investor units at an issue price of $0.50 per unit for aggregate gross proceeds of $1,750,000. Each investor unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Corporation at $0.75 for a period of three years. The investor warrants were assigned a relative fair value of $329,710 based on a Black-Scholes-Merton calculation with the following assumptions: share price of $0.56, exercise price of $0.75, time to maturity of 3 years, annual risk-free interest rate of 1.41% based on Canada three-year benchmark bond yield, and a historical 3-year stock volatility of 82.4%.

In connection with the private placement, the Corporation paid cash finder's fees of $94,620 and issued 189,240 compensation finder's warrants. The finder's warrants were assigned a fair value of $73,709 based on a Black-Scholes-Merton calculation with the following assumptions: share price of $0.56, exercise price of $0.50 for the overlying warrants and $0.75 for the underlying warrants, time to maturity of 2 years, annual risk-free interest rate of 1.44% based on Canada two-year benchmark bond yield, and a historical 2-year stock volatility of 86.9%. Each finder's warrant (or the overlying warrant) entitles the holder to purchase one finder unit at $0.50 per finder unit for a period of 2 years. Each finder unit issuable on exercise of the finder's warrants consists of one common share and one-half common share purchase warrant (or the underlying warrant). Each whole warrant underlying the finder units will be exercisable at $0.75 only during the period ending 2 years from January 27, 2020. The Corporation incurred transaction costs in connection with the January 2, 2020 and January 27, 2020 private placements of $41,852. Two related parties to the Corporation participated in the placement for a total of $54,750.

On March 28, 2020, the Corporation issued 162,122 common shares at $0.6493 per share to holders of the Corporation's Senior Secured Debentures. These shares were issued in settlement of maintenance fees of $105,280 payable on the First Closing Debentures.

In Canadian dollars, for the years ended October 31, 2020 and October 31, 2019

On April 9, 2020, the Corporation issued 3,752 common shares at $0.6076 per share to holders of the Corporation's Senior Secured Debentures. These shares were issued in settlement of maintenance fees of $2,280 payable on the Second Closing Debentures.

On August 27, 2020, the Corporation issued 112,359 common at $0.445 per share in settlement of a $50,000 consulting fee.

16. Warrants

As at October 31, 2020, the Corporation had 8,709,798 warrants outstanding, as follows:

Date of Issue	Subscriber Warrants	Agent Warrants	Term (Years)	Date of Expiry	Exercise Price
1-Jun-2016	2,774,991			31-Mar-2021[1]	$ 0.90
30-Nov-2017	2,029,250		3.0	30-Nov-2020	$ 1.20
30-Nov-2017		283,080	3.0	30-Nov-2020	$ 1.00
28-Mar-2019		225,375	2.0	28-Mar-2021	$ 0.80
9-Apr-2019		7,862	2.0	9-Apr-2021	$ 0.87
2-Jan-2020	1,250,000		3.0	2-Jan-2023	$ 0.75
2-Jan-2020		200,000	2.0	2-Jan-2022	$ 0.50
27-Jan-2020	1,750,000		3.0	27-Jan-2023	$ 0.75
27-Jan-2020		189,240	2.0	27-Jan-2022	$ 0.50
	7,804,241	**905,557**			

Note 1: On September 15, 2020, the Corporation received approval from the TSX.V to extend the expiry date of 2,774,991 subscriber warrants from September 30, 2020 to March 31, 2021.

17. Related party disclosures and key management compensation

The Corporation is the ultimate parent entity. The common shares are widely held, with no known controlling shareholder.

Key management consists of the Chief Executive Officer and the Board of Directors. Their compensation is as follows:

For the year ended:	**October 31, 2020**	**October 31, 2019**
Short term employee benefits	$ 739,162	$ 717,802
Share-based payments	224,260	235,164
Total key management compensation	**$ 963,422**	**$ 952,966**

China JV wind-up

On July 24, 2018, the Corporation entered into an agreement to wind up Shaanxi Jintai China-Canada Beta-carotene Oxidation Biological Company, its joint venture in China (the "China JV"). Upon the completion of the wind-up on November 25, 2019, the Corporation issued $300,000 in common shares, being 500,000 common shares of the Corporation at $0.60 per share, as reimbursement to the China JV partner for expenses incurred.

Consulting fees

On July 24, 2018, the Corporation entered into a two-year consulting agreement with the former China JV partner to provide business advice in the China market. Under the terms of the agreement, the consultant was issued common shares of the Corporation equal in value to $50,000 per year, valued at the closing share price on the date of each anniversary of the agreement.

For the fiscal year ended October 31, 2020 and October 31, 2019, the Corporation recognized $50,000 in consulting fees. In settlement of the consulting fees, the Corporation agreed to issue common shares to the consultant. On November 25, 2019, the Corporation issued 80,645 common shares at a price of $0.62 per share in settlement of the 2019 fees. On August 27, 2020, the Corporation issued 112,359 common shares at a price of $0.445 per share in settlement of the 2020 fees.

18. Commitments

The Corporation has approximately $600,000 of unrecognized contractual commitments as at October 31, 2020 (October 31, 2019: $235,000 of unrecognized contractual commitments) due within one year. The Corporation also has unrecognized contractual obligations for which future cash commitments cannot be estimated, up to 7% of certain future revenues.

19. Events after the reporting period

On November 30, 2020, 283,080 agent warrants with an exercise price of $1.00 expired.

On November 17, 2020, the Corporation received approval from the TSX Venture Exchange to extend the expiry date of 2,029,250 subscriber warrants from November 30, 2020 to June 30, 2021.

On November 24, 2020, the Corporation received $350,000 in debt funding via an unsecured promissory note issued by the Bloom Burton Healthcare Lending Trust. The new promissory note bears the same terms, conditions, and interest as the $500,000 promissory note issued on October 14, 2020.

On November 26, 2020, the Corporation collected $43,927 in HST receivable. On November 30, 2020, the Corporation collected $40,153 in refundable SRED tax credits.

Subsequent to October 31, 2020, the Corporation received $267,809 in settlement of certain trade receivables.