

**BIOMARK DIAGNOSTICS INC.**

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019 and 2018

(Stated in Canadian Dollars)



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## **INDEPENDENT AUDITORS' REPORT**

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To the Shareholders of  
Biomark Diagnostics Inc.

### **Opinion**

We have audited the consolidated financial statements of Biomark Diagnostics Inc. (the "Company") which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in cash flows and deficiency for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **Basis for Opinion**

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

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 of the accompanying consolidated financial statements, which indicates that the Company incurred a net loss of \$545,612 for the year ended March 31, 2019 and, as of that date, the Company had an accumulated deficit of \$6,281,141. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other Information**

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

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

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

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

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

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

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



### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Fernando Costa.

CHARTERED PROFESSIONAL ACCOUNTANTS

*Manning Elliott LLP*

Vancouver, Canada  
July 26, 2019

**BIOMARK DIAGNOSTICS INC.**  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2019 AND 2018  
(Stated in Canadian Dollars)

	Note	2019	2018
		\$	\$
<b>ASSETS</b>			
Current			
Cash and cash equivalents		19,994	36,632
Amounts receivable		12,571	13,270
Prepaid expenses		437	204
		33,002	50,106
<b>EQUIPMENT</b>		1,640	1,640
		34,642	51,746
<b>LIABILITIES</b>			
Current			
Accounts payable and accrued liabilities		163,873	160,410
Due to related parties	4	1,090,079	791,762
		1,253,952	952,172
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	5	4,197,824	4,086,774
Share subscriptions received	5	52,600	50,000
Contributed surplus		811,407	698,329
Deficit		(6,281,141)	(5,735,529)
		(1,219,310)	(900,426)
		34,642	51,746

Nature and Operations and Going Concern (Note 1)  
Commitments (Note 9)  
Subsequent Events (Note 10)

Approved by the Board on July 26, 2019

“Rashid Ahmed”  
Rashid Ahmed, Director

“Dr. Bram Ramjiawan”  
Dr. Bram Ramjiawan, Director

**BIOMARK DIAGNOSTICS INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**  
(Stated in Canadian Dollars)

	Note	2019	2018
		\$	\$
Expenses:			
Consulting fees	4	330,000	390,806
Professional fees		81,946	58,390
Research and other		56,430	58,200
Office and miscellaneous		35,772	43,175
Travel		20,685	21,843
Filing and transfer agent fees		18,751	66,188
Share-based compensation	5	2,028	88,145
		545,612	726,747
Net loss and comprehensive loss		(545,612)	(726,747)
Basic and diluted loss per share		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding		65,914,915	60,380,651

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

**BIOMARK DIAGNOSTICS INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**  
(Stated in Canadian Dollars)

	2019	2018
	\$	\$
Operating Activities		
Net loss	(545,612)	(726,747)
Items not affecting cash:		
Share-based compensation	2,028	88,145
	(543,584)	(638,602)
Changes in non-cash working capital items related to operations:		
Due to related parties	261,817	67,265
Amounts receivable	699	8,813
Prepaid expenses	(233)	(204)
Accounts payable and accrued liabilities	3,463	(207,689)
Cash used in operating activities	(217,838)	(770,417)
Investing Activities		
Purchase of equipment	-	(1,640)
Cash used by investing activities	-	(1,640)
Financing Activities		
Advances from related parties	60,000	3,150
Repayment of advances to related parties	(23,500)	(15,150)
Issue of common shares, net of issuance costs	222,100	753,200
Share subscriptions received	2,600	50,000
Cash provided by financing activities	201,200	791,200
Change in cash	(16,638)	19,143
Cash, beginning	36,632	17,489
Cash, ending	19,994	36,632
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	-	-
Income taxes	-	-
Non-cash transaction		
Shares issued for services and debt settlements (Note 5)	-	47,000
Finder's warrants issued	-	9,641

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

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

	Number of Shares	Share Capital	Share Subscriptions Received	Contributed Surplus	Deficit	Total
		\$	\$	\$	\$	\$
Balance, March 31, 2017	54,436,543	3,249,024	47,191	647,543	(5,008,782)	(1,065,024)
Shares issued for cash	8,220,909	822,091	(47,191)	-	-	774,900
Shares issued for services	470,000	47,000	-	-	-	47,000
Shares cancelled	(333,333)	-	-	-	-	-
Share issuance costs	-	(31,341)	-	9,641	-	(21,700)
Shares subscriptions received	-	-	50,000	-	-	50,000
Share-based compensation	-	-	-	41,145	-	41,145
Comprehensive loss	-	-	-	-	(726,747)	(726,747)
Balance, March 31, 2018	62,794,119	4,086,774	50,000	698,329	(5,735,529)	(900,426)
Shares issued for cash	2,221,000	111,050	-	111,050	-	222,100
Shares subscriptions received	-	-	2,600	-	-	2,600
Share-based compensation	-	-	-	2,028	-	2,028
Comprehensive loss	-	-	-	-	(545,612)	(545,612)
Balance, March 31, 2019	65,015,119	4,197,824	52,600	811,407	(6,281,141)	(1,219,310)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

**BIOMARK DIAGNOSTICS INC.**  
Notes to Consolidated Financial Statements  
For the years ended March 31, 2019 and 2018  
(Stated in Canadian Dollars)

## **1. Nature and Operations and Going Concern**

Biomark Diagnostics Inc. (“Biomark Diagnostics” or the “Company”) was incorporated on June 19, 2014 under the Business Corporation Act of British Columbia. The head office of the Company is 165 – 10551 Shellbridge Way, Richmond, British Columbia, V6X 2W8. The ultimate parent of Biomark Diagnostics is Biomark Technologies Inc. (“BTI”), which is located at the same address as the Company.

The Company is in developing an advanced stage cancer diagnostic business. It is developing proprietary, non-invasive, and accurate cancer diagnostic solutions to help detect, monitor and assess treatment for cancer early and cost effectively.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. As at March 31, 2019, the Company had accumulated deficit of \$6,281,141. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. The Company’s ability to continue its operations is uncertain and is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company’s assets may be adversely affected.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a forced liquidation. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

## **2. Basis of Preparation**

### *Statement of Compliance*

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The consolidated financial statements were authorized for issue by the Board of Directors on July 26, 2019.

### *Basis of Measurement and Consolidation*

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Biomark Cancer Systems Inc. (“Biomark Cancer”). Biomark Cancer was incorporated on February 27, 2014 under the Business Corporation Act of British Columbia. All material inter-company balances and transactions have been eliminated upon consolidation.

The consolidated financial statements are presented in Canadian dollars which is also the functional currency for both Biomark Diagnostics and Biomark Cancer.

**BIOMARK DIAGNOSTICS INC.**  
Notes to Consolidated Financial Statements  
For the years ended March 31, 2019 and March 31, 2018  
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### 3. Significant Accounting Policies

#### *Significant Estimates and Assumptions*

The preparation of these consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The more significant areas are as follows:

- the estimates and assumptions used in the share-based payments; and
- the fair value measurements for financial instruments

#### *Significant Judgements*

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. Actual results may differ from these estimates.

Significant areas where management's judgment has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, Financial instruments: recognition and measurement;
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, Provisions, contingent liabilities and contingent assets; and
- The assessment of the Company's ability to continue as a going concern, which is described in Note 1.

#### *Cash and cash equivalents*

The Company considers unrestricted cash on hand, in trust, in banks, in term deposits and commercial paper with original maturities of three months or less as cash and cash equivalents.

#### *Comprehensive loss*

Comprehensive loss is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders. Other comprehensive income/loss includes items that would not normally be included in comprehensive loss but excluded from net loss, such as unrealized gains and losses on available-for-sale investments.

#### *Loss per share*

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

#### *Share issue costs*

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

**BIOMARK DIAGNOSTICS INC.**  
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**3. Significant Accounting Policies** (continued)

*Intellectual properties*

Intellectual properties consist of patents and trademarks acquired from Biomark Technologies. Research costs are expensed as incurred. Development costs are expensed as incurred unless they meet certain criteria for deferral and amortization. The Company assesses whether it has met the relevant criteria for deferral and amortization at each reporting date.

*Share-based compensation*

Stock options granted to employees, consultants or directors are measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. Upon the exercise of the stock options, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

*Warrants issued in equity financing transactions*

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and included in the share warrant reserve. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

*Impairment of tangible and intangible assets*

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

*Financial instruments*

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

Financial assets are subsequently measured at either:

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

**BIOMARK DIAGNOSTICS INC.**  
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**3. Significant Accounting Policies** (continued)

*Financial instruments (continued)*

Financial liabilities are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

The following table summarizes the classification of the Company's financial instruments under IAS 39 and the new measurement under IFRS 9:

	IAS 39 Classification	IFRS 9 Classification
<b>Financial assets</b>		
Cash and cash equivalents	FVTPL	FVTPL
<b>Financial liabilities</b>		
Accounts payable	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

IFRS 9 uses an expected credit loss impairment model as opposed to an incurred credit loss model under IAS 39. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. The adoption of the new expected credit loss impairment model had a negligible impact on the carrying amounts of financial assets recognized at amortized cost.

*Impairment*

**Financial assets**

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the assets impaired. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Non-financial assets**

Non-financial assets with finite lives are tested for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. Any impairment loss is recognized in earnings or the results of discontinued operations, as appropriate, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The Company evaluates impairment losses other than goodwill impairment, for potential reversals, when events or changes in circumstances warrant such consideration.

**BIOMARK DIAGNOSTICS INC.**  
Notes to Consolidated Financial Statements  
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**3. Significant Accounting Policies** (continued)

*Provisions*

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

*Income taxes*

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the period end date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for temporary differences in assets and liabilities arising in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, transactions relating to investments in jointly controlled entities to the extent that they will not reverse in the foreseeable future, and transactions arising on the initial recognition of goodwill. Deferred tax is recognized at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax assets is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

*New accounting standards adopted effective April 1, 2018*

*IFRS 9 Financial Instruments*

IFRS 9, "Financial Instruments" replaced IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39") and all previous versions of IFRS 9. The Company elected to apply IFRS 9 using a full retrospective approach. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification, and measurements of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how the Company manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The application of IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities, and there was also no impact to the carrying value of any of the Company's financial assets or liabilities on the date of transition.

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**3. Significant Accounting Policies** (continued)

*New accounting standards issued but not yet effective*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 16: Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

Based on current expectations, the Company expect that the lease described in Note 9 will be required to be set up as a right to use asset and a corresponding lease liability of approximately \$20,000.

**4. Related Parties Transactions and Balances**

During the year ended March 31, 2019, the Company has the following transactions with and balances owed to BTI:

	<b>\$</b>
Balance, March 31, 2017	198,375
Expenses paid on behalf of the Company	6,577
Cash advance	150
Cash repayments	(32,306)
Balance, March 31, 2018	172,796
Cash repayments	(13,683)
Balance, March 31, 2019	159,113

On May 14, 2014, the Company entered a General Service Agreement (the "Service Agreement") with BTI. Both the Company and BTI are managed by the CEO of the Company. According to the Service Agreement, the Company engaged BTI to provide important services that include continuation of research and development, establishing a framework quality management system, intellectual property refinement and filing, establish protocols with key investigators, linking platforms that the Company can leverage, engage in territorial business development from relationships that BTI developed over the years, supplier validation and review, operating capital and other related functions (the "Services"). BTI uses subcontractors to perform some of its services. The Company will pay management fees equivalent to cost plus a 25% administration fee to BTI and payable upon completion of the Services. For the year ended March 31, 2019, the Company paid \$nil to BTI as administration fees (2018 - \$1,174). BTI holds approximately 63.07% of the common shares of the Company as at March 31, 2019 (2018 - 65.3%). The CEO owns more than 10% interest in the Company. The term of this Service Agreement will remain in full force and effect indefinitely until terminated as provided in the Service Agreement. In the event that either party wishes to terminate this Service Agreement, that each party will be required to provide 30 days' notice to the other party.

**BIOMARK DIAGNOSTICS INC.**  
Notes to Consolidated Financial Statements  
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**4. Related Parties Transactions and Balances (continued)**

**Key Management Compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members. Short-term key management compensation consists of the following:

	2019	2018
	\$	\$
<b>Transactions</b>		
Consulting fees:		
CEO and a company controlled by the CEO	240,000	240,000
Interim CFO	90,000	90,000
BTI	-	1,174
	330,000	331,174
Share-based compensation:		
CEO	737	6,549
CFO	277	18,934
Directors	369	3,274
	1,383	28,757

As at March 31, 2019, the Company has \$703,946 due to the Chief Executive ("CEO") (2018 - \$522,946). The balance owing to the CFO as at March 31, 2019 is \$227,020 (2018 - \$96,020). During the year ended March 31, 2019 the CFO advanced \$36,500 (2018 - \$8,200) to the Company. The balances due to related parties are unsecured, non-interest bearing and without fixed repayment terms.

Additionally, on May 14, 2014, the Company entered into an Independent Contractor Agreement (the "Agreement") with the CEO of the Company. According to the Agreement, the CEO will provide consulting services to the Company for one year with a compensation of \$240,000 per year plus benefits. In addition, the CEO will be paid a cash bonus equivalent to 30% of the annual salary at the end of each year if the trading price of the Company shares increased by more than 30% from the trading price at the beginning of the year. For the purpose of this calculation, the starting trading price is \$0.25 per share. The CEO will also be granted stock options for 1,000,000 shares at a price of \$0.25 per share (granted). Finally, if the Company's market capitalization exceeds \$200 million USD, the CEO will be paid an additional cash bonus of \$500,000. The terms of the CEO agreement are on year to year basis unless terminated accordance to the terms and conditions set forth in the agreement. According to the Agreement, the Company engaged CEO service to provide important services that include develop and direct the corporate strategy, resource allocation, review acquisitions or partnerships, drive or generate revenue growth, hire, and retain staff as necessary, support in capital raise rounds, manage past relationships and build business and collaborations.

**BIOMARK DIAGNOSTICS INC.**  
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**5. Share Capital**

a) Authorized  
Unlimited common shares, without par value.

b) Issued

Common shares issued and outstanding – see consolidated Statements of Changes in Equity.

During the year ended March 31, 2018, the Company had the following share transactions:

On June 29, 2017, the Company closed a non-brokered private placement of 6,397,909 units at \$0.10 per unit for total consideration of \$639,791. Each unit is composed of one common share and one-half of a share purchase warrant. Each warrant will entitle the holder to acquire one share at a price of \$0.15 per share for a period of two years. Included in this placement was 50,000 units at \$0.10 per unit issued for consulting services of \$5,000. In connection with the private placement, the Company paid finder's fees of \$21,700 cash and issued 216,000 share purchase warrants at a fair value of \$9,641. Each warrant will entitle the holder to acquire one share at a price of \$0.15 per share for a period of two years.

On September 18, 2017, the Company closed a non-brokered private placement of 1,873,000 units at \$0.10 per unit for total consideration of \$187,300. Each unit is composed of one common share and one-half of a share purchase warrant. Each warrant will entitle the holder to acquire one share at a price of \$0.15 per share for a period of two years.

The Company issued 420,000 common shares for consulting services of \$42,000.

During the year ended March 31, 2019, the Company closed a non-brokered private placement of 2,221,000 units at \$0.10 per unit for total consideration of \$222,100. Each unit is composed of one common share and one-half of a share purchase warrant. Each warrant will entitle the holder to acquire one share at a price of \$0.15 per share for a period of two years. The Company uses the residual value method to allocate proceeds of the unit amongst the common share and the share purchase warrant. A value of \$0.05 per warrant was allocated to the contributed surplus for a total amount of \$111,050.

c) Stock Options:

The Company's current stock option plan (the "**Existing Plan**") was last approved by the shareholders on September 17, 2015. Pursuant to the Existing Plan, the maximum number of common shares of the Company which may be authorized for reservation for the grant of options from time to time shall be 20% of the Company's then issued and outstanding common shares. The plan provides for the granting of options to directors, employees and consultants. The Board of Directors determines the features of the awards, including the exercise price, the term and vesting provisions, provided no stock options will have a term exceeding five years.

On June 15, 2017, the Company granted 250,000 stock options to the interim CFO. The stock options can be exercised at \$0.15 per share for a period of five years and vested immediately. The fair value of the stock options was \$16,802.

On September 15, 2017, the Company granted 1,400,000 stock options to directors, officers, consultants, and employees. Stock options granted to a consultant (300,000) can be exercised at \$0.15 per share until September 15, 2018. The fair value of the stock options is \$6,334. Stock options granted to directors, officers, and consultants (1,100,000 options) vest at 25% at the date of grant and 25% every six months thereafter. These stock options can be exercised at \$0.15 per share for a period of three years. The fair value of the vested options was \$20,656.

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**5. Share Capital** (continued)

c) Stock Options (continued):

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

	2019	2018
Assumptions:		
Weighted average share price	\$0.07	\$0.22
Weighted average risk free interest rate (%)	1.66%	1.12%
Expected life (years)	1.51 years	3.5 years
Weighted average expected volatility (%)	65%	78%
Expected dividend	Nil	Nil
Expected forfeiture rate	Nil	Nil

The weighted average fair value of each option granted was \$0.08.

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

	Expiry date	Number of options outstanding	Exercise price
Balance, March 31, 2017		4,490,000	\$0.25
Granted	June 15, 2022	250,000	\$0.15
Granted	September 15, 2018	300,000	\$0.15
Granted	September 15, 2020	1,100,000	\$0.15
Cancelled	October 31, 2019	(1,165,000)	\$0.25
Cancelled	September 15, 2018	(300,000)	\$0.15
Balance, March 31, 2018 and 2019		4,675,000	\$0.22

The number of options exercisable as at March 31, 2019 was 4,675,000 (2018 – 4,125,000 options). The weighted average life remaining for these options was 0.93 years and weighted average exercise price was \$0.22 per option.

d) Warrants:

Information regarding the Company's outstanding warrants is summarized below:

	Expiry date	Number of warrants outstanding	Number of warrants exercisable	Exercise price
Balance, March 31, 2017		545,384	545,384	\$0.17
Issued	June 29, 2019	3,414,955	3,414,955	\$0.15
Issued	September 20, 2019	936,500	936,500	\$0.15
Balance, March 31, 2018		4,896,839	4,896,839	\$0.17
Expired	June 28, 2018	(545,384)	(545,384)	\$0.30
Issued	October 4, 2020	1,110,500	1,110,500	\$0.15
Balance, March 31, 2019		5,461,955	5,461,955	\$0.15

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**6. Financial Instruments**

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recovering basis by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	March 31, 2019
	\$	\$	\$	\$
Cash	19,994	-	-	19,994

*Credit risk*

The Company is not exposed to credit risk.

*Interest rate risk*

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

*Liquidity risk*

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt, loans and related party loans.

**7. Capital Risk Management**

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technologies and to maintain a flexible capital structure for its projects for the benefit of its shareholders. As the Company is in the development stage, its principal source of funds is from the issuance of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash. The Company is not subject to externally imposed capital requirements.

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**8. Income taxes**

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2019	2018
Combined statutory tax rate	27%	26%
	\$	\$
Expected income tax recovery at statutory rate	147,315	188,954
Other items	(1,453)	20,994
Net change in deferred tax assets not recognized	(145,862)	(209,948)
Income tax expense	-	-

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

	2019	2018
	\$	\$
Non-capital loss carry forward	1,196,410	1,045,942
Share issuance costs	3,499	8,105
	1,199,909	1,054,047
Deferred tax assets not recognized	(1,199,909)	(1,054,047)
Net deferred income tax assets	-	-

As at March 31, 2019, the Company has non-capital losses carried forward of approximately \$4,430,000 which are available to offset future years' taxable income. These losses expire as follows:

	\$
2034	15,000
2035	1,171,000
2036	1,317,000
2037	717,000
2038	653,000
2039	557,000
	4,430,000

In assessing the likelihood of realization of deferred tax assets, management considers whether it is probable that some portion of all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the deferred tax asset considered realizable could change materially in the near term based on future taxable income the carry forward period.

**9. Commitments**

- a) The Company is committed to an office lease for its office in Richmond, British Columbia expiring on October 2020. Minimum lease payments of \$15,150 annually are required until October 2020.
- b) The Company is committed to an Independent Contractor Agreement with the CEO as described in Note 4.
- c) The Company is committed to a General Service Agreement with Biomark Technologies Inc. as described in Note 4.

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**10. Subsequent Events**

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

- a) On April 19, 2019 the Company closed a private placement and issued 2,000,000 units for \$200,000. Each unit was sold for \$0.10 and consisted of one common share and one purchase warrant.
- b) On June 17, 2019 the Company settled \$150,000 of debt owed to related parties through the issuance of 1,000,000 common shares at \$0.15 per share.
- c) On June 29, 2019 the Company had 1,130,291 warrants exercised for proceeds of \$169,544.