

BIOVAXYS

BioVaxys Technology Corp.
(formerly Lions Bay Mining Corp.)

Consolidated Financial Statements
For the Years Ended October 31, 2020 and 2019

(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Opinion

We have audited the consolidated financial statements of BioVaxys Technology Corp. (formerly Lions Bay Mining Corp., the "Company"), which comprise the consolidated statements of financial position as at October 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial positions 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.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which describes events or conditions, that 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. The other information comprises the information included in Management's Discussion and Analysis.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DJG

**DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC

March 1, 2021



An independent firm
associated with Moore
Global Network Limited

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	October 31, 2020	October 31, 2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,423,095	\$ 228,980
GST receivable	48,316	2,284
Prepaid expenses	590,708	-
Asset held for sale (note 11)	-	75,000
	3,062,119	306,264
Intangible assets (notes 4 and 5)	7,396,821	-
TOTAL ASSETS	\$ 10,458,940	\$ 306,264
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable (note 6)	\$ 753,798	\$ 37,820
Accrued liabilities	50,513	18,332
Due to related parties (note 6)	95,780	60,000
TOTAL LIABILITIES	900,091	116,152
SHAREHOLDERS' EQUITY		
Share capital (note 7)	10,751,647	571,309
Reserves (note 7)	372,988	10,150
Accumulated other comprehensive loss	(1,273)	-
Deficit	(1,564,513)	(391,347)
TOTAL SHAREHOLDERS' EQUITY	9,558,849	190,112
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 10,458,940	\$ 306,264

Going concern (note 2)

Subsequent events (notes 7 and 12)

These consolidated financial statements were authorized for issue by the Board of Directors on March 1, 2021. They are signed on the Company's behalf by:

/s/ James Passin

Director & Chief Executive Officer

/s/ Daren Hermiston

Director

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

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Year ended October 31, 2020	Year ended October 31, 2019
OPERATING EXPENSES		
Advertising and promotion	\$ 84,510	\$ -
General and administrative expenses (note 6)	10,923	4,161
Investor relations	42,075	785
Management and consulting fees (note 6)	105,258	102,731
Professional fees (note 6)	214,874	72,700
Research and development	238,774	-
Share-based payments (note 6 and 7)	347,713	-
Transfer agent, regulatory and listing fees	47,238	32,548
Travel and accommodation	7,020	3,748
	(1,098,385)	(216,673)
OTHER INCOME (LOSS)		
Foreign exchange loss	(4,375)	(209)
Interest income	137	-
	(4,238)	(209)
Net loss from continuing operations	(1,102,623)	(216,882)
Net loss from discontinued operation (note 11)	(71,688)	(13,239)
NET LOSS FOR THE YEAR	\$ (1,174,311)	\$ (230,121)
Other comprehensive loss		
Foreign currency translation adjustment	(1,273)	-
COMPREHENSIVE LOSS	\$ (1,175,584)	\$ (230,121)
Basic and diluted loss per share attribute to continuing operations	\$ (0.039)	\$ (0.021)
Basic and diluted loss per share attribute to discontinued operation	\$ (0.001)	\$ (0.001)
Weighted average number of common shares outstanding, basic and diluted	28,210,647	10,385,123

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

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)
Consolidated Statements of Shareholders' Equity
(Expressed in Canadian dollars)

	Number of outstanding shares ⁽¹⁾	Share capital	Reserves	Accumulated other comprehensive loss	Deficit	Total shareholders' equity (deficiency)
Balance, October 31, 2018	11,020,000	\$ 75,004	\$ 10,305	-	\$ (161,226)	\$ (75,917)
Shares issued pursuant to private placement	10,000,000	500,000	-	-	-	500,000
Share issuance costs	-	(18,170)	5,570	-	-	(12,600)
Exercise of stock options	502,496	11,975	(5,725)	-	-	6,250
Exercise of warrants	50,000	2,500	-	-	-	2,500
Shares cancelled	(117,640)	-	-	-	-	-
Net loss	-	-	-	-	(230,121)	(230,121)
Balance, October 31, 2019	21,454,856	571,309	10,150	-	(391,347)	190,112
Shares issued pursuant to acquisition (note 4)	31,100,000	6,842,000	-	-	-	6,842,000
Shares issued pursuant to private placement, net	13,738,235	2,951,130	21,902	-	-	2,973,032
Exercise of stock options	200,000	4,790	(2,290)	-	-	2,500
Exercise of warrants	7,581,520	382,418	(3,342)	-	-	379,076
Share-based payments	-	-	347,713	-	-	347,713
Forfeiture of stock options	-	-	(1,145)	-	1,145	-
Foreign currency translation adjustment	-	-	-	(1,273)	-	(1,273)
Net loss	-	-	-	-	(1,174,311)	(1,174,311)
Balance, October 31, 2020	74,074,611	\$ 10,751,647	\$ 372,988	\$ (1,273)	\$ (1,564,513)	\$ 9,558,849

⁽¹⁾ Numbers of outstanding shares have been retroactively updated for 2:1 share split (note 7).

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

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

For the year ended	October 31, 2020	October 31, 2019
OPERATING ACTIVITIES		
Net loss from continuing operations	\$ (1,102,623)	\$ (216,882)
Non-cash items		
Share-based payments	347,713	-
Unrealized foreign exchange gain	(6,301)	-
Net changes in non-cash working capital items:		
GST receivable	(46,032)	944
Prepaid expenses	(567,011)	14,862
Accounts payable and accrued liabilities	183,463	(13,448)
Due to related parties	(19,406)	(3,000)
Cash used in operating activities of continuing operations	(1,210,197)	(217,524)
INVESTING ACTIVITY		
Cash acquired in share exchange agreement	41,364	-
Cash provided by investing activity of continuing operations	41,364	-
FINANCING ACTIVITIES		
Repayment of advances from former parent	-	(52,060)
Proceeds from shares issued in private placement, net	2,973,032	496,150
Proceeds from warrants exercised	379,076	-
Proceeds from stock options exercised	2,500	-
Cash provided by financing activities of continuing operations	3,354,608	444,090
Net cash used in operating activities of discontinued operation	(16,688)	(13,235)
Net cash used in investing activities of discontinued operation	20,000	-
Net change in cash, discontinued operation	3,312	(13,235)
Net change in cash, continuing operations	2,185,775	226,566
Net change in cash, discontinued operation	3,312	(13,235)
Net change in cash	2,189,087	213,331
Effect of foreign exchange rate change on cash	5,028	-
Cash, beginning of the year	228,980	15,649
Cash, ending of the year	\$ 2,423,095	\$ 228,980
Non-cash transactions		
Shares issued to acquire BioVaxys Inc.	\$ 6,842,000	\$ -
Warrants issued for finders' service	21,902	-

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

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

1. NATURE OF OPERATIONS

BioVaxys Technology Corp (formerly Lions Bay Mining Corp.) (the "Company") was incorporated on April 25, 2018 pursuant to the provisions of the Business Corporations Act of BC and was a wholly owned subsidiary of Bearing Lithium Corp. ("Bearing"). The Company develops antiviral and anticancer vaccine platforms to treat SARS-CoV-2 and other viral infections, as well as ovarian cancer and other solid tumor types. Prior to the share exchange agreement described below, the Company was a mineral exploration company. The Company's shares are traded on the Canadian Securities Exchange (the "CSE") under the symbol "BIOV". The registered and records office is located at Suite 503, 905 West Pender Street, Vancouver, British Columbia, V6C 1L6.

Share Exchange

On June 2, 2020, the Company and BioVaxys Inc. ("BioVaxys") entered into a share exchange agreement ("Share Exchange Agreement") (note 4). Pursuant to the Share Exchange Agreement, the Company acquired all the shares issued and outstanding of BioVaxys by way of a share exchange with BioVaxys' shareholders on September 30, 2020 ("Transaction"). Upon completion of the Transaction on September 30, 2020, BioVaxys became a wholly-owned subsidiary and the Company changed its name to "BioVaxys Technology Corp."

Covid-19 Impact

In March 2020, the World Health Organization declared corona virus Covid-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

The Company has adopted to the needs of society and the demand from the market for corona virus vaccine products. It has initiated the study and development of BVX-0320, its proprietary vaccine candidate for Covid-19.

The extent to which the corona virus may further impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in the United States, Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

These consolidated financial statements were approved and authorized by the Board of Directors on March 1, 2021.

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

2. BASIS OF PREPARATION (continued)

(b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. Certain comparative figures on statements of financial statements and statements of loss and comprehensive loss were reclassified in order to conform with current year presentation.

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

The legal subsidy of the Company as of October 31, 2020 is as follows:

Name of Subsidiary	Place of Incorporation	Ownership Interest	Functional Currency
BioVaxys Inc.	USA	100%	US Dollar

(d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. The functional currency of the Company's subsidiary is noted above and the financial statement balances and transactions of the subsidiary are measured using that functional currency.

(e) Going concern of operation

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company's ability to continue as a going concern and realize the carrying value of its assets is dependent on its ability to raise capital through equity and debt financing, the outcome of which cannot be predicted at this time. These matters indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- i. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.
- ii. The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 2.
- iii. The determination of whether a set of assets acquired and liabilities assumed in an acquisition constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The acquisition of BioVaxys was determined to constitute an asset acquisition.
- iv. Impairment of intangible assets or cash-generating units ("CGU") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's intangible assets.

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- a) Significant accounting estimates and judgments (continued)

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

- i. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.
 - ii. The measurement of identifiable assets acquired pursuant to the Transaction, assumed at fair value on the date of acquisition and the allocation of the purchase consideration over the fair value of the assets acquired is subject to management estimation and judgment.
- b) Income taxes

Deferred income tax is recognized using the liability method on temporary differences arising between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect either accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

- c) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and expensed over the vesting periods. Share-based payments to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services cannot be reliably measured, and is recorded at the date the goods or services are received. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to reserves.

- d) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to reserves. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in reserves is transferred to share capital. Charges for options or warrants that are cancelled, forfeited, or expired are reclassified from reserves to deficit.

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

f) Assets held for sale and discontinued operations

Assets and liabilities held for sale are no longer depreciated and are presented separately in the statement of financial position at the lower of their carrying amount and fair value less costs to sell. An asset is regarded as held for sale if its carrying amount will be recovered principally through a sale transaction, rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable.

A discontinued operation represents a major line of business or geographic area of operations for the Company that either has been disposed of or is classified as held for sale. The items in the statement of financial position related to these discontinued operations are presented on specific lines in the annual consolidated financial statements. Profit or loss items related to these discontinued operations are shown separately in the consolidated financial statements for all periods presented if they are material to the Company.

g) Intangible assets

Intangible assets are recorded as cost less accumulated amortization and any accumulated impairment losses. Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful lives of intangible assets are assessed as either finite or indefinite. The amortization method and amortization period of an intangible asset with a finite useful life is reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method as appropriate and are treated as a change in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of loss and comprehensive loss.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually, either individually or at the cash generating unit ("CGU") level. The assessment of indefinite use life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Research and development costs

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

- i. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ii. its intention to complete the intangible asset and use or sell it;
- iii. its ability to use or sell the intangible asset;
- iv. how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- vi. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are capitalized as soon as the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. They are amortized on a straight-line basis over their useful life, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount.

i) Impairment of long-lived assets

The recoverable amount of a non-financial asset or a CGU is the higher of its fair value less costs to sell and its value in use. Value in use is determined on the basis of profit or loss projections over its useful life using management's forecast tools (for the three first years) and an estimate over the subsequent years based on long-term market trends for the asset or CGU involved. The calculation takes into account net cash flows to be received on disposal of the asset or CGU at the end of its useful life based on the growth and profitability profile of each asset or CGU.

An impairment loss is recognized when the carrying amount of any non-financial asset or its CGU exceeds its estimated recoverable amount. Impairment losses are allocated to first reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Moreover, when goodwill and another asset (or asset group) of a CGU are tested for impairment at the same time, the other asset (or asset group) is tested for impairment before goodwill. When the other asset (or asset group) is impaired, the impairment loss is recognized prior to goodwill being tested for impairment.

An impairment loss recognized in prior periods for a non-financial asset or a CGU other than goodwill is reversed when there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount, without exceeding the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior periods. An impairment loss recognized for goodwill cannot be reversed.

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Foreign currency translation

(i) Translation of foreign currency transactions

Transactions in foreign currencies are translated using the exchange rate prevailing at the date of the transaction. At each reporting date, foreign currency denominated monetary assets and liabilities are translated at year-end exchange rates. Exchange differences arising from the transactions are recorded in profit or loss for the period, except for exchange differences relating to borrowings hedging net investments denominated in the consolidated subsidiaries' currency. These differences are recognized in other comprehensive income as currency translation differences until the disposal of the net investment. Exchange differences arising from operating transactions are recorded in operating profit for the period; exchange differences related to financing transactions are recognized as finance costs or income, or in other comprehensive income.

(ii) Translation of foreign operations

The assets and liabilities of a foreign operation, including goodwill and fair value adjustments arising from the acquisition, are translated in Canadian dollars at year-end exchange rates. Income and expenses, and cash flows of a foreign operation are translated in Canadian dollars using average exchange rates. Differences resulting from translating foreign operations are reported as translation differences in equity. When a foreign operation is disposed of, the translation differences previously recognized in equity are reclassified to profit or loss.

k) Financial instruments

(i) Classification

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

The following table shows the classification under IFRS 9:

Financial assets/liabilities	IFRS 9 classification
Cash	FVTPL
Accounts payable	Amortized cost
Due to related parties	Amortized cost

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments (continued)

(ii) Measurement

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

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

(iii) Impairment of financial assets at amortized cost.

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

I) Changes in significant accounting policies and adoption of a new accounting standard

IFRS 16 Leases

The Company adopted the requirements of IFRS 16 *Leases* effective November 1, 2019. This new standard replaces IAS 17 *Leases* and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets.

Upon adoption, the Company has elected to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight-line basis for short-term leases (lease term of 12 months or less) and low value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of initial application would be accounted for in the same way as short-term leases.

Upon the adoption of IFRS 16, the Company has applied the short-term lease exemption on its lease of the office premise and therefore was not required to recognize any right-of-use assets and lease liabilities.

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I) Changes in significant accounting policies and adoption of a new accounting standard (continued)

For any new contracts entered on or after November 1, 2019, the Company considers whether a contract is or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition, the Company assesses whether the contract meets three key evaluations, which are whether:

- i. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- ii. The Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- iii. The Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the statement of financial position. The Company depreciates the right-of-use assets on a straight-line basis from the lease 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 Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease, if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company’s incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Other Recently Adopted Accounting Standards

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)**Notes to the Consolidated Financial Statements****For the Years Ended October 31, 2020 and 2019**

(Expressed in Canadian dollars unless otherwise noted)

4. ACQUISITION

On April 17, 2020, the Company entered into a non-binding letter of intent ("LOI") to acquire BioVaxys a private Delaware corporation. On June 2, 2020, the Company and BioVaxys entered into a Share Exchange Agreement (note 1).

Pursuant to the Share Exchange Agreement, the Company acquired all the shares issued and outstanding of BioVaxys by way of a share exchange with the shareholders of BioVaxys on September 30, 2020 ("Transaction"), specifically, each shareholder of BioVaxys transferred their shares of BioVaxys to the Company in exchange for fully paid and non-assessable common shares of the Company. As a result, the Company issued 31,100,000 common shares at an agreed price of \$0.28 per share in exchange for all of the issued and outstanding securities of BioVaxys, which included 6,788,800 common shares issued to certain advisors and 1,160,000 common shares issued to Thomas Jefferson University ("TJU", note 5).

Upon execution of the LOI, the Company agreed to provide BioVaxys with a secured bridge loan facility of up to US\$200,000 bearing interest at a rate of 9% per annum. At the date of the Transaction, \$160,068 (US\$120,000) had been advanced to BioVaxys which was eliminated on consolidation upon the completion of the Transaction as an intercompany balance.

The Company determined that BioVaxys did not meet the criteria for a business primarily due to lack of process and operations and accordingly the transaction was recorded as an asset acquisition under IFRS 2 *Share-based Payments* at the following fair values:

Purchase price:

Consideration paid in shares with fair value of \$0.22 per share	\$ 6,842,000
Legal fees incurred	68,613
Elimination of intercompany balance	160,068
	7,070,681

Assets less liabilities acquired:

Cash	41,364
Prepaid expenses	23,697
Accounts payable and accrued liabilities	(336,015)
Due to related parties	(55,186)
Value allocated to intangible assets (note 5)	7,396,821
	\$ 7,070,681

5. INTANGIBLE ASSETS

The intangible assets comprise of several patents, licensed patents, patent applications and the related in-process research and development work (collectively, "IPR&D") incurred up to the date of the Transaction (note 4). The Company has continued to carry on these in-process research and development projects, therefore these patents are classified as indefinite-lived intangible assets and are not amortized until they are available for use.

Balance as at October 31, 2018 and 2019	\$ -
Additions (note 4)	7,396,821
Balance as at October 31, 2020	\$ 7,396,821

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)

5. INTANGIBLE ASSETS (continued)

The IPR&D intangible assets include the following:

Thomas Jefferson University License

BioVaxys entered into an exclusive license agreement dated April 25, 2018 with TJU for four U.S. patents ("TJU License") related to a hapteneized cancer vaccine using a single haptene vaccine technology ("Licensed Technology"). Pursuant to the agreement, BioVaxys was granted the exclusive right to use the TJU License to develop, make and sell products in the worldwide for the term from the agreement date to five years after the expiry of the patent. As a partial royalty for the license granted by TJU, BioVaxys issued to TJU a warrant at an exercise price of \$10, which was automatically exercised and exchanged for the Company's shares on the date of the Transaction (note 4).

Under the agreement, BioVaxys is also required to pay to TJU the following payments when achieving the corresponding milestones ("Milestone Payment"):

- US\$25,000 following enrollment of the first patient in a phase 3 clinical trial (or foreign equivalent if outside US) for a product utilizing the Licensed Technology;
- US\$25,000 following FDA allowance for a product utilizing the Licensed Technology; and
- US\$100,000 once BioVaxys reaches US\$5,000,000 in net sales of a product utilizing the Licensed Technology.

In addition, BioVaxys is required to pay to TJU a running royalty ("Royalty Payment") based on 2% of net sales of products under TJU License, and 0.25% of net sales of such products during the period after the expiry of the patent.

As at October 31, 2020, BioVaxys has not made any payments towards either Milestone Payment or Royalty Payment. Among the four patents under TJU License, two had expired and the other two expire in 2023 and 2026, respectively.

Bihaptenized Cancer Vaccines Patent

On September 24, 2018, Dr. David Berd, Chief Medical Officer of the Company, filed a patent application for bihaptenized autologous vaccines and the use thereof. The application, together with another application amended from it on October 16, 2018, form the technology platform for "bihaptenized cancer vaccines". On October 4, 2019, Dr. Berd assigned these patent applications to BioVaxys for \$nil consideration, which form part of the intangible assets acquired in the Transaction (note 4)

Diagnostic Patent Application

In August 2020, BioVaxys began preparing a provisional patent application with the United States Patent and Trademark Office (USPTO) for a novel diagnostic platform invented by BioVaxys (the "Diagnostic Platform"). The Diagnostic Platform is designed to screen for an immune system T-cell response in patients who may have been exposed to SARS-CoV-2, and a T-cell response in those patients who have received a vaccine for SARS-CoV-2 (not limited to the SARS-CoV-2 Vaccine Candidate), to evaluate viral infection status, vaccine efficacy, etc. BioVaxys filed the U.S provisional patent application on October 28, 2020.

Haptenized Viral Protein Vaccine Patent Application

On March 3, 2020, BioVaxys filed another U.S provisional patent application which is the basis of BXV-0320, BioVaxys' SARS-CoV-2 vaccine candidate.

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)**Notes to the Consolidated Financial Statements****For the Years Ended October 31, 2020 and 2019***(Expressed in Canadian dollars unless otherwise noted)***6. RELATED PARTY TRANSACTIONS****Key management compensation**

Key management consists of the Officers and Directors who are responsible for planning, directing and controlling the activities of the Company. The following expenses were incurred to the Company's key management:

For the year ended	October 31, 2020	October 31, 2019
Management and consulting fees	\$ 91,166	\$ 54,000
Professional fees	52,796	-
Rent	6,000	-
Share-based payments	299,241	-
	\$ 449,203	\$ 54,000

As at October 31, 2020, the Company was indebted to the related parties for a total of \$95,780 (2019 - \$60,000) for management fees and reimbursable expenses. The amount is non-interest bearing and has no terms of repayments.

As at October 31, 2020, accounts payable included \$8,262 (2019 - \$nil) due to related parties relating to professional fees and reimbursable expenses.

7. SHARE CAPITAL**(a) Authorized**

Unlimited number of common shares without par value authorized for issue.

(b) Stock split

Effective April 29, 2020, the Company completed a forward split of its issued and outstanding common shares on the basis of two-for-one stock split of the Company's common shares. Shareholders received two new common shares for every one common share held. All references to share and per share amounts in these consolidated financial statements have been retroactively restated to reflect the effect from the stock split.

(c) Issued

Share capital activities for the year ended October 31, 2020:

- (i) On August 26, 2020 and September 3, 2020, the Company issued 13,738,235 units for gross proceeds for proceeds of \$3,022,412, net with share issuance costs of \$71,282. Each unit is comprised of one common share and one-half of one full warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.50 per common share for 2 years. The Company paid cash commissions of \$37,379 and issued 233,874 brokers' warrants with a fair value of \$21,902.
- (ii) On September 30, 2020, the Company issued 31,100,000 common shares pursuant to the Transaction (notes 1 and 4)

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)**Notes to the Consolidated Financial Statements****For the Years Ended October 31, 2020 and 2019***(Expressed in Canadian dollars unless otherwise noted)***7. SHARE CAPITAL (continued)****(c) Issued (continued)**

- (iii) The Company issued 7,581,520 common shares pursuant to the exercise of warrants for proceeds of \$379,076. Upon the exercise of the warrants, the fair value of \$3,342 was reclassified from reserves to share capital.
- (iv) The Company issued 200,000 common shares pursuant to the exercise of stock options for proceeds of \$2,500. Upon the exercise of the stock options, the fair value of \$2,290 was reclassified from reserves to share capital.

Share capital activities for the year ended October 31, 2019:

- (i) On November 21, 2018, the Company issued 10,000,000 units for proceeds of \$500,000. Each unit consists of one common share and one warrant exercisable for a period of 2 years at an exercise price of \$0.05 per share. The Company paid cash commissions of \$12,210, other share issuance costs of \$390 and issued 244,200 brokers' warrants with a fair value of \$5,570.
- (ii) During the year ended October 31, 2019, 502,496 stock options were exercised for an exercise price of \$0.0125 for proceeds of \$6,250. Pursuant to the exercise, the Company reclassified \$5,725 from reserves to share capital.
- (iii) During the year ended October 31, 2019, 50,000 common share purchase warrants were exercised for an exercise price of \$0.05 for proceeds of \$2,500.
- (iv) Pursuant to the Arrangement, the Company issued 382,892 stock options ("Bearing Options") which would be exercised concurrently with the exercise of the related Bearing stock options.
- (v) During the year ended October 31, 2019, the Company cancelled and returned to treasury 117,640 common shares, which related to the cancellation of Bearing shares.

(d) Stock options

The Company has a stock option plan (the "Plan") that permits the grant of share purchase options up to 10% of the issued and outstanding common shares of the Company to directors, officers, key employees and consultants. Terms and pricing of options are determined at the date of grant in accordance with the Plan. Stock option transactions and the number of stock options outstanding are summarized below:

	Number	Weighted Average Exercise Price (\$)
Balance, October 31, 2018	1,282,892	0.0151
Exercised	(502,496)	0.0125
Expired	(53,416)	0.0140
Cancelled	(9,984)	0.0175
Balance, October 31, 2019	716,996	0.0182
Granted	3,600,000	0.4200
Forfeited	(240,280)	0.0282
Exercised	(200,000)	0.0125
Balance, October 31, 2020	3,876,716	0.3927

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)**Notes to the Consolidated Financial Statements****For the Years Ended October 31, 2020 and 2019**

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7. SHARE CAPITAL (continued)**(d) Stock options (continued)**

Additional information regarding stock options outstanding as at October 31, 2020, is as follows:

Expiry Date	Exercise Price (\$)	Number of Options Issued	Number of Options Exercisable
October 6, 2021	n/a ⁽³⁾	86,860	86,860
October 24, 2021	n/a ⁽³⁾	4,992	4,992
December 2, 2021	n/a ⁽³⁾	12,480	12,480
January 4, 2022	n/a ⁽³⁾	12,480	12,480
January 5, 2022	n/a ⁽³⁾	12,480	12,480
May 4, 2022	n/a ⁽³⁾	32,448	32,448
May 25, 2022	n/a ⁽³⁾	14,976	14,976
July 5, 2023 ⁽¹⁾	0.0125	100,000	100,000
September 3, 2025	0.2800	600,000	-
October 20, 2025	0.4500	3,000,000	1,000,000
Balance, October 31, 2020		3,876,716	1,276,716

⁽¹⁾ Subsequent to October 31, 2020, the Company issued 100,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.0125.

⁽²⁾ Subsequent to October 31, 2020, the Company granted 1,100,000 stock options with a weighted average exercise price of \$0.54 and a maturity date of February 12, 2026. Half of the options vest immediately with the remaining vesting over 6 months.

⁽³⁾ As part of the Arrangement with Bearing, Bearing Options were issued to Bearing stock option holders which are exercised concurrently when the related Bearing stock option is exercised. The related Bearing stock options have exercise prices ranging from \$0.26 to \$0.83.

As of October 31, 2020, the weighted average remaining life for outstanding stock options was 4.71 years (2019 – 2.99 years).

Share-based payment expense is determined using the Black-Scholes option pricing model. During the year ended October 31, 2020, the Company recognized share-based payment of \$347,713 (2019 - \$nil) in equity reserves, which pertains to options granted to directors, officers and advisors of the Company. The weighted average fair value of options granted during the year ended October 31, 2020, was \$0.26 (2019 - \$nil) per option. Weighted average assumptions used in calculating the fair value of share-based payment expense are as follows:

	2020
Risk-free interest rate	0.36%
Dividend yield	0%
Expected volatility	92.99%
Expected life (years)	5.0
Forfeiture rate	0%

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)**Notes to the Consolidated Financial Statements****For the Years Ended October 31, 2020 and 2019**

(Expressed in Canadian dollars unless otherwise noted)

7. SHARE CAPITAL (continued)**(e) Share purchase warrants**

Share purchase warrants transactions and the number of share purchase warrants outstanding are summarized below:

	Number of Warrants Issued	Weighted Average Exercise Price (\$)
Balance, October 31, 2018	18,492	0.02
Issued	10,000,000	0.05
Exercised	(50,000)	0.05
Expired	(18,492)	0.02
Balance, October 31, 2019	9,950,000	0.05
Exercised	(7,435,000)	0.05
Granted	6,869,116	0.50
Balance, October 31, 2020	9,384,116	0.38

Additional information regarding share purchase warrants outstanding as at October 31, 2020, is as follows:

Expiry Date	Exercise Price (\$)	Number of Warrants Issued and Exercisable
November 21, 2020 ⁽¹⁾	0.05	2,515,000
August 26, 2022	0.50	5,391,825
September 3, 2022	0.50	1,477,291
Balance, October 31, 2020		9,384,116

⁽¹⁾ Subsequent to October 31, 2020, 2,735,636 share purchase warrants were exercised for proceeds of \$236,068.

(f) Brokers' warrants

Brokers' warrants transactions and the number of brokers' warrants outstanding are summarized below:

	Number	Weighted Average Exercise Price (\$)
Balance, October 31, 2018	-	-
Issued	244,200	0.05
Balance, October 31, 2019	244,200	0.05
Granted	233,874	0.50
Exercised	(146,520)	(0.05)
Balance, October 31, 2020	331,554	0.37

Additional information regarding broker's warrants outstanding as at October 31, 2020, is as follows:

Expiry Date	Exercise Price (\$)	Number of Warrants Issued and Exercisable
November 21, 2020 ⁽¹⁾	0.05	97,680
August 26, 2022	0.50	233,874
Balance, October 31, 2020		331,554

⁽¹⁾ Subsequent to October 31, 2020, 97,680 brokers' warrants were exercised for proceeds of \$4,884.

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)**Notes to the Consolidated Financial Statements****For the Years Ended October 31, 2020 and 2019**

(Expressed in Canadian dollars unless otherwise noted)

7. SHARE CAPITAL (continued)**(f) Brokers' warrants (continued)**

The brokers' warrants are exercisable for a period of 2 years at an exercise price of \$0.05 per share. The brokers' warrants were valued using the following Black-Scholes Option Pricing Model assumptions:

	2020	2019
Risk-free interest rate	0.29%	2.23%
Dividend yield	0%	0%
Expected volatility	91.82%	75.55%
Expected life (years)	2	2
Forfeiture rate	0%	0%

(g) Escrow shares

As at October 31, 2020, 23,483,503 shares were subject to escrow conditions and will be released from escrow over time.

(h) Reserves

The reserve records items recognized as share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. INCOME TAX

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2020	2019
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	\$ (317,408)	\$ (62,133)
Tax effect of:		
Permanent differences and other	75,219	158
Unrecognized deferred income tax assets	242,188	61,975
Deferred income tax recovery	\$ -	\$ -

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2020	2019
Deferred income tax assets		
Non-capital losses	\$ 327,786	\$ 101,017
Share issuance costs	15,419	-
Unrecognized deferred tax assets	(343,205)	(101,017)
Net deferred income tax asset	\$ -	\$ -

As at October 31, 2020, the Company has non-capital losses carried forward of approximately \$1,214,000 which are available to offset future years' taxable income expiring between 2038 and 2040.

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

Notes to the Consolidated Financial Statements

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9. FINANCIAL INSTRUMENTS

Fair value

As at October 31, 2020, the Company's financial instruments consist of cash, accounts payable and due to related parties. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).
- Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable market data.

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

Foreign Exchange Risk

The Company is exposed to currency fluctuations. From time to time, the Company has US dollar balances in cash and accounts payable, and is therefore exposed to gains or losses on foreign exchange. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's profit or loss, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations at October 31, 2020.

At October 31, 2020, the Company, through its wholly owned subsidiary, had a foreign currency cash balance of US\$3,956 and accounts payable of US\$434,285. A 10% change in the Canadian dollar versus the US dollar would give rise to a gain/loss of approximately \$57,300, based on the Company's current net exposure. In practice, the actual results may differ from this sensitivity analysis, and the difference may be material. Management considers foreign exchange to be a significant risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The Company does not have significant exposure to credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at October 31, 2020, the Company is not exposed to significant interest rate risk.

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)

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9. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date.

As of October 31, 2020, the Company had cash of \$2,423,095 (2019 - \$228,980), accounts payable of \$753,798 (2019 - \$37,820), accrued liabilities of \$50,513 (2019 - \$18,332) and due to related parties of \$95,780 (2019 - \$60,000). The Company's accounts payable and accrued liabilities are due within 90 days. Amounts due to related parties are due on demand. The Company addresses its liquidity through debt and equity financing obtained through the sale of common shares and the exercise of warrants and options. There is no assurance that it will be able to do so in the future. Liquidity risk is assessed as high.

10. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. As at October 31, 2020, the Company does not have any externally imposed capital requirements. The Company defines its capital as share capital and reserves. The Company has financed its capital requirements primarily through share issuances, option grants, warrant issuances and obtaining loans. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or obtain new loans.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. The Company will need to raise additional funds since its current cash position is not sufficient to cover its anticipated operating budget for the next twelve months. Given these factors, there exists a material uncertainty as to the Company's ability to raise additional funds on favorable terms in order to continue as a going concern.

11. ASSET HELD FOR SALE AND DISCONTINUED OPERATION

On September 27, 2017, Bearing entered into an Option Agreement with FenixOro Gold Corp. ("Fenix"), formerly American Battery Metals Corp, whereby Fenix has the option to acquire a 50% interest in the Fish Lake Project located in central-western Nevada (the "Option Agreement"). Bearing transferred its interest in the Fish Lake Valley Project and the Option Agreement to the Company under the Asset Purchase Agreement dated July 19, 2018.

During the year ended October 31, 2020, the Company initiated a plan to dispose of its interest in the Fish Lake Valley mineral properties. Accordingly, the Company's interest in Fish Lake Valley Project is classified as asset held for sale and the related operating result related to the project is presented as a discontinued operation.

During the year ended October 31, 2020, the Company terminated the Option Agreement with Fenix and impaired the mineral property by \$55,000 as the recoverable amount was determined to be less than the carrying value. The Company then sold the interest in the Fish Lake Valley Project for \$10,000 to Bearing.

BioVaxys Technology Corp. (formerly Lions Bay Mining Corp.)**Notes to the Consolidated Financial Statements****For the Years Ended October 31, 2020 and 2019**

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11. ASSET HELD FOR SALE AND DISCONTINUED OPERATION (continued)

The results of the discontinued operation are as follows:

	Year ended October 31, 2020	Year ended October 31, 2019
Operating expenses:		
General and administrative expenses	\$ -	\$ 111
Management and consulting fees (note 6)	15,400	7,200
Professional fees	250	1,042
Transfer agent, regulatory and listing fees	-	2,514
Travel and accommodation	1,038	2,368
Impairment of mineral property	55,000	4
Net loss from discontinued operation	\$ (71,688)	\$ (13,239)

12. SUBSEQUENT EVENTS

- a) On December 10, 2020, the Company announced that its shares qualify for trading in the United States on the OTC Pink Market under the symbol "LMNGF".
- b) On February 5, 2021, the Company issued 4,417,647 units at a price of \$0.255 per unit for total proceeds of \$1,126,500. Each unit consists of one common share and one whole common share purchase warrant. Each warrant is exercisable to acquire one common share at an exercise price of \$0.50 for a period of 2 years. In connection with the private placement, the Company paid a cash finder's fee equal to \$60,000.
- c) Subsequent to October 31, 2020, the Company issued 103,442 common shares pursuant to a consulting agreement with a Director of the Company.
- d) In February 2021, the Company and Procare Health Iberia, S.L. ("Procare") entered into a collaboration agreement for the Company's vaccines for ovarian and cervical cancer and Procare's certain product. Pursuant to the agreement, both companies agreed to equally share costs associated with engaging European contract research organization and Procare will have exclusive rights to market and distribute the Company's vaccines in the European Union and the United Kingdom.