

Avivagen Inc.

Unaudited Interim Financial Statements

January 31, 2021

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim financial statements of the Corporation have been prepared by management and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review or an audit of these interim financial statements.

Management's Statement of Responsibility

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

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

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

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

- i) Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and/or reported within the time periods specified in securities legislation; and
- ii) A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS reporting.

APPROVED BY

(Signed)

Kym Anthony CEO

(Signed)

Chris Boland CFO (CPA, CA, CMA)

Unaudited Interim Statements of Financial Position
As at January 31, 2021 and October 31, 2020 (Expressed in Canadian dollars)

	Note	January 31, 2021 (Unaudited)	October 31, 2020 (Audited)
Assets			
Current Assets			
Cash and cash equivalents	12(A)(i)	\$ 475,193	\$ 664,169
Trade and other receivables	12(A)(ii)	219,319	610,752
Inventories	10	245,249	405,765
Prepaid expenses		124,617	101,114
Total Current Assets		1,064,378	1,781,800
Non-current Assets			
Equipment and right-of-use assets	11	360,549	394,342
Total Non-current Assets		360,549	394,342
Total Assets		\$ 1,424,927	\$ 2,176,142
Liabilities and Shareholders' Equity (Deficiency)			
Current Liabilities			
Accounts payables and accrued liabilities	12(B)(i)	\$ 712,316	\$ 788,227
Investment in associate	13	40,825	25,825
Current portion of debt	12(B)(ii)	1,956,616	1,537,840
Total Current Liabilities		2,709,757	2,351,892
Non-current Liabilities			
Debt	12(B)(ii)	4,766,830	4,591,860
Total Non-current Liabilities		4,766,830	4,591,860
Total Liabilities		7,476,587	6,943,752
Shareholders' Equity (Deficiency)			
Share capital	15	26,490,348	26,555,348
Contributed surplus	9, 16	3,860,988	3,813,738
Accumulated deficit		(36,402,996)	(35,136,696)
Total Shareholders' Equity (Deficiency)		(6,051,660)	(4,767,610)
Total Liabilities and Shareholders' Equity (Deficiency)		\$ 1,424,927	\$ 2,176,142

Going Concern – Note 2

Commitments – Note 18

Events After the End of the Reporting Period – Note 19

Unaudited Interim Statements of Total Comprehensive Loss
For the three-month periods ended January 31, 2021 and January 31, 2020
(Expressed in Canadian dollars, except share amounts)

	Note	3 months ended January 31, 2021	3 months ended January 31, 2020
Revenues	4	\$ 261,987	\$ 247,805
Cost of products sold	10	158,882	146,510
Gross margin		103,105	101,295
Salaries, board fees, and benefits		389,315	340,590
Professional fees and other		534,985	700,048
Share-based payments	9	47,250	58,464
Government grants	5	(23,275)	-
Depreciation of equipment and right-of-use assets	11	33,793	31,234
Investment loss in associate	13	15,000	25,000
Total operating expenses before finance cost and income taxes		997,068	1,155,336
Total operating loss before finance cost and income taxes		(893,963)	(1,054,041)
Finance cost, net	6	372,337	277,739
Total loss before income taxes		(1,266,300)	(1,331,780)
Income taxes			
Current and deferred income tax	7	-	-
Total comprehensive loss for the period		\$ (1,266,300)	\$ (1,331,780)
Loss per share, basic and diluted	8	\$ (0.03)	\$ (0.04)
Weighted average common shares issued and outstanding basic and diluted		41,766,212	36,285,391

Unaudited Interim Statements of Cash Flows
For the three-month periods ended January 31, 2021 and January 31, 2020
(Expressed in Canadian dollars)

	Note	3 months ended January 31, 2021	3 months ended January 31, 2020
Cash Flows from (used in) Operating Activities			
Net loss		\$ (1,266,300)	\$ (1,331,780)
Items not affecting cash and non-cash adjustments:			
Depreciation of equipment and right-of-use asset	11	33,793	31,234
Share-based payments	9	47,250	58,464
Government grants	5	(13,275)	-
Finance cost, net of deposit interest	6	372,576	279,302
Equity investment in associate	13	15,000	-
Net effect of foreign exchange rates on cash and cash equivalents	14	3,149	(716)
Changes in operating working capital items:			
Trade and other receivables	12(A)(ii)	391,433	(44,310)
Inventories	10	160,516	(165,136)
Prepaid expenses		(23,503)	29,078
Accounts payable and accrued liabilities	12(B)(i)	(75,911)	174,419
Net Cash Flows used in Operating Activities		(355,272)	(969,445)
Cash Flows used in Investing Activities			
Purchase of equipment	11(ii)	-	(23,334)
Net Cash Flows used in Investing Activities		-	(23,334)
Cash Flows from (used in) Financing Activities			
Proceeds from the issuance of private placement units	15	-	3,000,000
Share issuance cost	15	(65,000)	(236,472)
Proceeds from the issuance of debt	12(B)(ii)	350,000	-
Proceeds from government loans and grants	5, 12(B)(ii)	20,000	-
Repayment of interest on debt	12(B)(ii)	(135,555)	(135,373)
Payment of lease liabilities	12(B)(ii)(f)	-	(43,035)
Net Cash Flows from (used in) Financing Activities		169,445	2,585,120
Increase (decrease) in cash and cash equivalents during the period		(185,827)	1,592,341
Net effect of foreign exchange rate changes on cash and cash equivalents	14	(3,149)	716
Cash and cash equivalents, beginning of period	12(A)(i)	664,169	1,085,945
Cash and cash equivalents, end of period	12(A)(i)	\$ 475,193	\$ 2,679,002

Unaudited Interim Statements of Changes in Equity
For the three-month periods ended January 31, 2021 and January 31, 2020
(Expressed in Canadian dollars, except for shares outstanding)

Note Reference	Shares Outstanding	Share Capital	Reserve	Contributed Surplus			Accumulated Deficit	Total Shareholders' Equity (Deficiency)
				Warrants	Stock Options	Total Contributed Surplus		
	15		17	16	9			
Balance as at October 31, 2019	34,907,334	\$ 23,956,537	\$ 350,000	\$ 2,186,907	\$ 1,263,040	\$ 3,449,947	\$ (31,012,699)	\$ (3,256,215)
Loss for the period							\$ (1,331,780)	\$ (1,331,780)
Common shares issued in private placement	6,000,000	\$ 3,000,000						\$ 3,000,000
Investor warrants issued in private placement		\$ (593,986)		\$ 593,986		\$ 593,986		\$ -
Agent warrants issued in private placement		\$ (125,353)		\$ 125,353		\$ 125,353		\$ -
Issuance cost of share capital		\$ (189,410)		\$ (47,062)		\$ (47,062)		\$ (236,472)
Common shares issued	580,645	\$ 350,000	\$ (350,000)					\$ -
Vesting of share-based payments					\$ 58,464	\$ 58,464		\$ 58,464
Warrants expired in the period				\$ (518,323)		\$ (518,323)	\$ 518,323	\$ -
Balance as at January 31, 2020	41,487,979	\$ 26,397,788	\$ -	\$ 2,340,861	\$ 1,321,504	\$ 3,662,365	\$ (31,826,156)	\$ (1,766,003)
Loss for the period							\$ (1,393,497)	\$ (1,393,497)
Common shares issued	165,874	\$ 107,560						\$ 107,560
Vesting of share-based payments					\$ 94,487	\$ 94,487		\$ 94,487
Balance as at April 30, 2020	41,653,853	\$ 26,505,348	\$ -	\$ 2,340,861	\$ 1,415,991	\$ 3,756,852	\$ (33,219,653)	\$ (2,957,453)
Loss for the period							\$ (787,424)	\$ (787,424)
Vesting of share-based payments					\$ 98,751	\$ 98,751		\$ 98,751
Options expired in the period					\$ (37,201)	\$ (37,201)	\$ 37,201	\$ -
Common shares reserved for issuance	112,359		\$ 50,000					\$ 50,000
Balance as at July 31, 2020	41,766,212	\$ 26,505,348	\$ 50,000	\$ 2,340,861	\$ 1,477,541	\$ 3,818,402	\$ (33,969,876)	\$ (3,596,126)
Loss for the period							\$ (1,238,586)	\$ (1,238,586)
Vesting of share-based payments					\$ 67,102	\$ 67,102		\$ 67,102
Options expired in the period					\$ (71,766)	\$ (71,766)	\$ 71,766	\$ -
Common shares issued		50,000	\$ (50,000)					\$ -
Balance as at October 31, 2020	41,766,212	\$ 26,555,348	\$ -	\$ 2,340,861	\$ 1,472,877	\$ 3,813,738	\$ (35,136,696)	\$ (4,767,610)
Loss for the period							\$ (1,266,300)	\$ (1,266,300)
Vesting of share-based payments					\$ 47,250	\$ 47,250		\$ 47,250
Share issuance costs		(65,000)						\$ (65,000)
Balance as at January 31, 2021	41,766,212	\$ 26,490,348	\$ -	\$ 2,340,861	\$ 1,520,127	\$ 3,860,988	\$ (36,402,996)	\$ (6,051,660)

Notes to the Financial Statements

In Canadian dollars, for the three-month periods ended January 31, 2021 and January 31, 2020

1. Corporate information and basis of preparation

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

Basis of preparation and statement of compliance

The unaudited interim financial statements have been prepared on a historical cost basis and in accordance with International Financial Reporting Standards (IFRS) and IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board, London and the Interpretations of the International Financial Reporting Interpretations Committee and in effect on the date when approved by the Board of Directors. The Board of Directors approved the unaudited interim financial statements on March 3, 2021.

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

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

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

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

Going concern and liquidity risk

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

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

The Corporation has not obtained profitable operations to date. For the three-month period ended January 31, 2021, the Corporation had a net loss from all operations of \$(1,266,300) (three-month period ended January 31, 2020: \$(1,331,780)). Whether and when the Corporation can attain profitability and positive cash flow is uncertain. The accumulated deficit is \$(36,402,996) as of January 31, 2021 (October 31, 2020: \$(35,136,696)). These circumstances represent material uncertainties that cast significant doubt as to the ability of the Corporation to meet its obligations as they come due, and accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern entity. Management is actively pursuing the commercialization of its products and is continuously evaluating the availability of additional debt or equity financing to provide adequate cash resources to carry out its business objectives and was successful in raising additional equity and debt financing in the current and prior fiscal years. Nevertheless, there is no assurance that these ongoing initiatives will continue to be successful.

The Corporation's ability to continue as a going concern is dependent upon the Corporation's ability to obtain the ongoing support of its lenders and investors, obtain profitable operations, generate significant sales and/or raise additional capital. These unaudited interim financial statements do not reflect adjustments in the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material. See Note 19 for details on a \$7,500,000 financing which occurred subsequent to the end of the reporting period.

Capital management

The Corporation manages its capital, which consists of cash provided from equity financing, debt, ACOA loans, and government loans, with the primary objective being safeguarding sufficient working capital to sustain operations.

Notes to the Financial Statements

In Canadian dollars, for the three-month periods ended January 31, 2021 and January 31, 2020

The Corporation is exposed to market risk, interest rate risk, foreign currency risk, credit risk, and liquidity risk. The Board of Directors reviews and agrees upon policies for managing each of these risks. The Board of Directors has not established capital benchmarks or other targets. The Corporation continually assesses the adequacy of its capital structure and capacity and makes adjustments within the context of the Corporation's strategy, economic conditions, and the risk characteristics of the business.

3. Standards issued but not yet effective and standards adopted

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

4. Revenues

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

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

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

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

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

Revenues for the three-month periods ending:	January 31, 2021	January 31, 2020
Philippines	\$ 225,194	\$ 225,152
Thailand	16,291	8,443
United States	-	14,210
Taiwan	20,502	-
	\$ 261,987	\$ 247,805

The Corporation had significant sales to one customer in the three-month period ended January 31, 2021 of \$225,194 or 86% of all revenue. (three-month period ended January 31, 2020: sales to one customer of \$225,152 or 91% of all revenue).

5. Government grants

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

Grants received include the Government of Canada ACOA loans, refundable Scientific Research and Experimental Development (SRED) tax credits, and the Canada Emergency Business Account Loan (CEBA Loan).

Notes to the Financial Statements

In Canadian dollars, for the three-month periods ended January 31, 2021 and January 31, 2020

Details of the grants are as follows:

<i>For the three-month periods ended:</i>	January 31, 2021	January 31, 2020
CEBA loan (Note 12(A)(ii)(c))	\$ 13,275	\$ -
SRED refundable tax credits	10,000	-
Total government grants	\$ 23,275	\$ -

6. Finance cost, net

Finance cost consists of the following amounts:

<i>For the three-month periods ended:</i>	January 31, 2021	January 31, 2020
Interest accretion on ACOA loans	\$ 54,401	\$ 30,179
Interest accretion on debenture long-term debt	286,187	243,474
Interest accretion on lease liabilities	3,529	5,649
Interest accretion on government loans	5,511	-
Interest accretion on promissory note	22,948	-
Deposit interest on short-term investments and demand accounts	(239)	(1,563)
Total finance cost, net	\$ 372,337	\$ 277,739

7. Income taxes

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

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

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

2026	\$ 544,416
2027	911,198
2028	437,970
2029	1,369,413
2030	1,955,638
2031	2,857,669
2032	2,079,046
2033	1,056,010
2034	1,862,826
2035	2,453,329
2036	2,410,118
2037	4,762,281
2038	3,561,659
2039	4,276,719
2040	3,742,722
2041	977,229
Indefinite ¹	2,261,267
	\$ 37,519,510

Note 1: The Corporation has \$2,261,267 of unclaimed Canadian federal and provincial Scientific Research and Experimental Development (SRED) expenditures which will not expire in future periods.

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

Notes to the Financial Statements

In Canadian dollars, for the three-month periods ended January 31, 2021 and January 31, 2020

Deferred tax assets not realized

Non-capital loss carry-forwards
Cumulative capital cost and PP&E
SRED tax credits and investment tax credits
Share issue costs
Total deferred income tax assets not recognized
Deferred income tax assets on the statement of financial position

	January 31, 2021	October 31, 2020
	\$ 8,318,708	\$ 8,019,183
	449,424	448,442
	724,753	700,262
	143,441	154,964
	9,636,326	9,322,851
	\$ Nil	\$ Nil

Deferred tax assets realized

ACOA loans temporary differences
Senior Secured Debentures temporary difference
Government loans temporary difference
Non-capital losses
Deferred income tax liabilities on the statement of financial position

	January 31, 2021	October 31, 2020
	\$ (683,279)	\$ (697,695)
	(175,770)	(208,503)
	(40,160)	(38,103)
	889,209	944,301
	\$ Nil	\$ Nil

Reconciliation of taxable losses for the three-month periods ended

Loss before income taxes
Income tax (recovery) at the combined federal and provincial tax rate of 26.5%
Non-deductible share-based payments
SRED claimed expenditures
Depreciation on equipment
Interest accretion on long-term debt and government loans
Interest on lease liabilities and depreciation on right-of-use asset
Loss from investment in associate
Share issue costs
Income tax recovery not probable to be utilized
Income tax recovery recognized on the statement of total comprehensive loss

	January 31, 2021	January 31, 2020
	\$ (1,266,300)	\$ (1,331,780)
	(335,570)	(352,922)
	12,521	15,493
	22,552	-
	985	307
	52,276	36,645
	351	1,062
	3,975	-
	(11,523)	(18,888)
	254,433	318,304
	\$ -	\$ -

8. Loss per share

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

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

	Number Outstanding January 31, 2021	January 31, 2020
Options – Share-based payments	2,653,162	2,291,062
Subscriber Warrants	7,804,241	7,804,242
Agent Warrants	622,477	905,557
Total	11,079,880	11,000,861

	Three-month period ended:	
	January 31, 2021	January 31, 2020
Loss attributable to equity holders for basic loss from continuing operations	\$ (1,266,300)	\$ (1,331,780)
Loss attributable to equity holders adjusted for dilution	\$ (1,266,300)	\$ (1,331,780)
Weighted average number of common shares for basic loss per share	41,766,212	36,285,391
Loss per share (basic and diluted)	\$ (0.03)	\$ (0.04)

9. Share-based payments

The Corporation accounts for share-based payments using the fair value method. Under this fair value method, compensation expense for share-based payments granted is measured at the fair value at the grant date, using the Black-Scholes-Merton option valuation model for stock options. This model requires significant management estimates and assumptions, such as the life of the instrument, rate of forfeiture, and volatility. The Corporation

Notes to the Financial Statements

In Canadian dollars, for the three-month periods ended January 31, 2021 and January 31, 2020

recognizes estimated compensation expense related to share-based payments over the vesting period of the options granted on a graded basis, with the related credit being charged to contributed surplus. Consideration paid on the exercise of share-based payments is recorded as share capital and the related share-based payment is transferred from contributed surplus to share capital.

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

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

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

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

	Total	Weighted average exercise price
Balance Outstanding as at October 31, 2019	2,291,062	\$ 0.81
Granted on March 6, 2020	555,000	0.71
Expired on May 19, 2020	(60,000)	0.90
Expired on August 20, 2020	(132,900)	0.65
Balance Outstanding as at October 31, 2020	2,653,162	\$ 0.80
Balance Outstanding as at January 31, 2021	2,653,162	\$ 0.80

Options exercisable as at:	Total	Weighted average exercise price
January 31, 2021	2,170,037	\$ 0.82
October 31, 2020	2,032,537	\$ 0.83

Exercise price	Options Outstanding	Options Exercisable	Weighted average remaining contractual life in months
\$0.80	236,250	236,250	4.7
\$1.00	60,000	60,000	12.9
\$1.10	369,372	369,372	15.9
\$0.90	60,000	60,000	22.7
\$0.90	627,540	627,540	26.3
\$0.57	200,000	200,000	31.4
\$0.61	545,000	408,750	40.1
\$0.71	555,000	208,125	49.2
	2,653,162	2,170,037	

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

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

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

For the three-month period ended January 31, 2021, the Corporation recorded \$47,250 (three-month period ended January 31, 2020: \$58,464) as contributed surplus and compensation expense for the vesting of share-based payments.

10. Inventories

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

As at January 31, 2021 and October 31, 2020, the Corporation valued its inventory as follows:

	January 31, 2021	October 31, 2020
Raw materials	\$ 15,993	\$ 15,993
Work in process	Nil	Nil
Finished goods	229,256	389,772
Total inventories	\$ 245,249	\$ 405,765

The amount of the inventories recognized as an expense in the three-month period ended January 31, 2021 is \$160,516 (three-month period ended January 31, 2020: \$153,444). Inventory expensed in the three-month period ended January 31, 2021 consisted of \$158,882 in cost of products sold and \$1,634 expensed for marketing and trials. Inventory expense in the three-month period ended January 31, 2020 consisted of \$146,510 in cost of products sold and \$6,934 expensed to marketing and trials.

11. Non-current assets

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

	Right-of-use assets (i)	Equipment (ii)	Total
Cost:			
At October 31, 2019	\$ -	\$ 178,743	\$ 178,743
Acquisition of equipment	-	44,295	44,295
Right-of-use assets as at November 1, 2019	54,912	-	54,912
Add: present value of modification of leases within reporting period	251,061	-	251,061
At October 31, 2020	\$ 305,973	\$ 223,038	\$ 529,011
At January 31, 2021	\$ 305,973	\$ 223,038	\$ 529,011

Depreciation:

At October 31, 2019	\$ -	\$ 7,176	\$ 7,176
Depreciation charge for the period	120,299	7,194	127,493
At October 31, 2020	\$ 120,299	\$ 14,370	\$ 134,669
Depreciation charge for the period	30,075	3,718	33,793
At January 31, 2021	\$ 150,374	\$ 18,088	\$ 168,462

Carrying amount:

At January 31, 2021	\$ 155,599	\$ 204,950	\$ 360,549
At October 31, 2020	\$ 185,674	\$ 208,668	\$ 394,342
At October 31, 2019	\$ -	\$ 171,567	\$ 171,567

Impairment of non-financial assets

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

i) Right-of-use assets

The Corporation has adopted IFRS 16 *Leases* retrospectively from November 1, 2019 but has not restated comparatives for the October 31, 2019 reporting period, as permitted under the specific transition provisions in the

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IFRS 16 *Leases* standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on November 1, 2019.

Under IFRS 16 *Leases*, the Corporation recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are recognized on the unaudited statement of financial position.

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

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

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

Impacts on financial statements

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

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

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

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

Operating lease commitments as at October 31, 2019	\$	70,167
Subtract: exemption for short-term leases		(14,100)
Operating lease commitments less exemption as at October 31, 2019		56,067
Effect of discounting at the incremental borrowing rate of 8%		(1,155)
Discounted lease liability as at November 1, 2019 before deposits and rent prepayments		54,912
Subtract: deposits and rent prepayments		(11,321)
Lease liability as at November 1, 2019		43,591
Add: present value of modification of leases within the reporting period		251,061
Add: interest accretion during the reporting period		19,594
Subtract: lease payments during the reporting period		(52,864)
Lease liability as at October 31, 2020	\$	261,382
Add: interest accretion during the reporting period		3,529
Lease liability as at January 31, 2021	\$	264,911

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Right-of-use assets as at November 1, 2019 (see above liability before deposits and prepayments)	\$	54,912
Add: present value of modification of leases within the reporting period		251,061
Subtract: depreciation charge during the reporting period		(120,299)
Right-of-use assets as at October 31, 2020	\$	185,674
Subtract: depreciation charge during the reporting period		(30,075)
Right-of-use assets as at January 31, 2021	\$	155,599

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

Short-term leases and leases of low value assets

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

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

ii) Equipment

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

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

iii) Intangible assets

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

12. Financial instruments

Financial instruments – initial recognition and subsequent measurement

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

Financial Assets

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

Financial Assets at Amortized Cost

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

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

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

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

Financial Liabilities

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

Offsetting of financial instruments

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

Fair values

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

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

Compound instruments

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

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

Interest rate risk

The Corporation's exposure to interest rate risk is nominal considering the ACOA loans, CEBA loan, and RRRF loan are subject to 0% interest. The Senior Secured Debentures are subject to a 10% fixed interest rate and accordingly is not subject to exposure to interest rate changes. The Corporation invests surplus cash in bank demand deposits

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and short-term investments at its financial institutions at current rates of 0.2% which, due to their short-term nature, do not expose the Corporation to any significant interest rate risks.

(A) Financial assets

i) Cash and cash equivalents

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

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

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

ii) Trade and other receivables

	January 31, 2021	October 31, 2020
Trade receivables	\$ 175,603	\$ 502,295
Receivable from tax authorities for HST input credits	33,716	43,927
Receivable from tax authorities for SRED tax credits	10,000	40,153
Government grants receivable	-	24,377
	\$ 219,319	\$ 610,752

Impairment

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

Trade receivables are non-interest bearing and are on 30- to 60-day terms. As at January 31, 2021, no trade receivables were impaired (October 31, 2020: Nil). The ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired (days)		
			< 30	30-90	91-180
January 31, 2021	\$175,603	\$5,751	\$5,751	\$18,409	\$145,692
October 31, 2020	\$502,295	\$249,586	\$2,877	\$249,832	\$-

Credit and collection risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation provides credit to its customers in the normal course of operations. The Corporation sells its products primarily to mid-sized corporations with payment due in 30 to 60 days, on receipt, or in advance. The carrying amount of cash and cash equivalents and trade and other receivables represents the maximum exposure to credit risk and at January 31, 2021 this amounted to \$694,512 (October 31, 2020 - \$1,274,921).

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

(B) Financial liabilities

i) Accounts payables and accrued liabilities

As at the periods ended	January 31, 2021	October 31, 2020
Accounts payables and accrued liabilities	\$ 627,260	\$ 710,054
Staff and board compensation and vacation payable	85,056	78,173
Total	\$ 712,316	\$ 788,227

Accounts payables are normally settled on 30-day terms.

ii) Debt

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

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	ACOA loans (a)	Senior Secured Debentures (b)	Promissory Note (c)	CEBA loan (d)	RRRF loan (e)	Lease liabilities (f)	Total
Balance as at October 31, 2019	\$ 335,037	\$ 4,252,649	\$ -	\$ -	\$ -	\$ -	\$ 4,587,686
Lease liability as at November 1, 2019	-	-	-	-	-	54,912	54,912
Add: present value of modification of leases within the year	-	-	-	-	-	251,061	251,061
Deposits and rent prepayments	-	-	-	-	-	(11,321)	(11,321)
Drawdown of principal from debt instruments	-	-	500,000	40,000	210,000	-	750,000
Amounts recognized in total comprehensive loss as a government grant	-	-	-	(22,323)	(127,929)	-	(150,252)
Adjustment during the year	130,785	-	-	-	-	-	130,785
Interest accretion during the year	138,122	1,048,261	2,795	1,843	4,625	19,594	1,215,240
Principal repaid during the year	-	-	-	-	-	(52,864)	(52,864)
Interest paid during the year	-	(537,987)	-	-	-	-	(537,987)
Maintenance fees settled in equity during the year	-	(107,560)	-	-	-	-	(107,560)
Balance as at October 31, 2020	\$ 603,944	\$ 4,655,363	\$ 502,795	\$ 19,520	\$ 86,696	\$ 261,382	\$ 6,129,700
Drawdown of principal from debt instruments	-	-	350,000	20,000	-	-	370,000
Amounts recognized in total comprehensive loss as a government grant	-	-	-	(13,275)	-	-	(13,275)
Interest accretion during the period	54,401	286,187	22,948	1,104	4,407	3,529	372,576
Interest paid during the period	-	(135,555)	-	-	-	-	(135,555)
Balance as at January 31, 2021	\$ 658,345	\$ 4,805,995	\$ 875,743	\$ 27,349	\$ 91,103	\$ 264,911	\$ 6,723,446
Current portion of debt	\$ 241,730	\$ 645,360	\$ 875,743	\$ -	\$ -	\$ 193,783	\$ 1,956,616
Non-current portion of debt	416,615	4,160,635	-	27,349	91,103	71,128	4,766,830
Balance as at January 31, 2021	\$ 658,345	\$ 4,805,995	\$ 875,743	\$ 27,349	\$ 91,103	\$ 264,911	\$ 6,723,446

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

	ACOA loans (a)	Senior Secured Debentures (b)	Promissory note (c)	CEBA loan (d)	RRRF loan (e)	Lease liabilities (f)	Total
2021	\$ 215,531	\$ 509,805	\$ 875,743	\$ -	\$ -	\$ 174,407	\$ 1,775,486
2022	-	5,702,528	-	-	-	78,308	5,780,836
2023	-	-	-	40,000	35,000	25,508	100,508
2024	-	-	-	-	42,000	-	42,000
2025	-	-	-	-	42,000	-	42,000
2026	-	-	-	-	42,000	-	42,000
2027	-	-	-	-	42,000	-	42,000
2028	-	-	-	-	7,000	-	7,000
Indeterminate (Note 1)	3,021,224	-	-	-	-	-	3,021,224
Total	\$ 3,236,755	\$ 6,212,333	\$ 875,743	\$ 40,000	\$ 210,000	\$ 278,223	\$10,853,054

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

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In Canadian dollars, for the three-month periods ended January 31, 2021 and January 31, 2020

a) ACOA loans

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

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

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

If the weighted average discount rate used in determining the initial fair value and the carrying value at each reporting date of the ACOA loans, with repayment terms based on future revenue, had been determined to be higher by 10% (45%) or lower by 10% (25%), the carrying value of the ACOA loans at January 31, 2021 would have been an estimated \$125,735 lower or \$179,649 higher, respectively. A 10% increase or decrease in the total forecasted revenue would result in the carrying value at January 31, 2021 being an estimated \$40,476 higher or \$44,813 lower, respectively. If the total forecasted revenue were reduced to \$nil, no amounts would be forecast to be repaid on the non-current portion of the ACOA loans and the ACOA loan at January 31, 2021 would be \$241,730, which would be a reduction in the ACOA loan by \$416,615.

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

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

	Project 1	Project 2	Total
Balance as at October 31, 2019	\$ 23,483	\$ 311,554	\$ 335,037
Interest accretion during the year	10,866	127,256	138,122
Adjustment during the reporting year	39,099	91,686	130,785
Balance as at October 31, 2020	\$ 73,448	\$ 530,496	\$ 603,944
Interest accretion during the period	6,616	47,785	54,401
Balance as at January 31, 2021	\$ 80,064	\$ 578,281	\$ 658,345
		January 31,	October 31,
		2021	2020
Current portion of ACOA loans		\$ 241,730	\$ 215,531
Non-current portion of ACOA loans		416,615	388,413
Total ACOA loans		\$ 658,345	\$ 603,944

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

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

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For the year ended October 31, 2020

	Project 1	Project 2	Total
Revenues from Project 1	\$ 28,889	\$ -	\$ 28,889
Revenues from Project 2	-	1,148,968	1,148,968
Total revenues allocated to each ACOA Project	\$ 28,889	\$ 1,148,968	\$ 1,177,857
Current portion of ACOA loans (at 10%)	\$ 2,889	\$ 114,897	\$ 117,786

For the three-month period ended January 31, 2021

	Project 1	Project 2	Total
Revenues from Project 1	\$ -	\$ -	\$ -
Revenues from Project 2	-	261,987	261,987
Total revenues allocated to each ACOA Project	\$ -	\$ 261,987	\$ 261,987
Current portion of ACOA loans (at 10%)	\$ -	\$ 26,199	\$ 26,199

Current portion of ACOA loans

	Project 1	Project 2	Total
For the three-month period ended January 31, 2021	\$ -	\$ 26,199	\$ 26,199
For the year ended October 31, 2020	2,889	114,897	117,786
For the year ended October 31, 2019	8,111	89,634	97,745
Total current portion of ACOA loans	\$ 11,000	\$ 230,730	\$ 241,730

The combined ACOA repayment related to revenues for the years ended October 31, 2020 and October 31, 2019 of \$215,531 is due on June 30, 2021. The Corporation has recognized the repayment related to year-to-date revenues for the 2021 fiscal year as \$26,199, which is due on June 30, 2022.

Under the agreements, the Corporation must maintain a minimum shareholders' equity and other conditions. The Corporation was in compliance with the covenant agreements as at January 31, 2021 and October 31, 2020. Under the terms of the ACOA repayable funding agreements, no dividends may be paid until the ACOA obligations are fully repaid.

b) Senior Secured Debentures

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

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

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

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

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

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

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In Canadian dollars, for the three-month periods ended January 31, 2021 and January 31, 2020

between April 9, 2021 and April 8, 2022 an early repayment is subject to a 1% fee. The early repayment fee may be paid in cash or shares at the Corporation's discretion.

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

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

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

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

c) Promissory Note

The Corporation has received a total of \$850,000 in debt funding via an unsecured promissory note issued by the Bloom Burton Healthcare Lending Trust. The promissory note bears interest at a rate of 12% per annum and is payable on demand. The promissory note has no conversion or equity features. The principal amount of the promissory note was drawn down in two instalments: \$500,000 on October 14, 2020 and \$350,000 on November 24, 2020.

d) Canadian Emergency Business Account (CEBA) loan

On May 11, 2020, the Corporation obtained \$40,000 in revolving credit from the Government of Canada under the Canada Emergency Business Account (CEBA) COVID-19 Economic Response Plan. The funding was initially granted in the form of an interest-free revolving credit line of which up to \$40,000 may be drawn. On January 6, 2021, an additional \$20,000 in funding was made available and drawn from the credit line.

On July 1, 2021, any balance remaining on the revolving credit line will automatically convert to a non-revolving term loan. Effective January 1, 2023, any outstanding balance on the term loan shall bear interest at a rate of 5% per annum. The term loan matures on December 31, 2025. If 66 ²/₃% of the outstanding balance of the non-revolving term loan is repaid on or before December 31, 2022, the remaining 33 ¹/₃% of the balance shall be forgiven. The Corporation intends to repay 66 ²/₃% or \$40,000 of the outstanding balance on or before December 31, 2022.

The Corporation used the assumption of a 20% discount rate to determine the fair value of the interest-free period. The difference between the amount received in cash and the related fair value was considered a government grant and was recognized as an item of income in the statements of total comprehensive loss.

The Corporation drew the full \$40,000 initially available to it under the CEBA program on May 11, 2020. Initial recognition of the \$40,000 was at its fair value at a discount rate of 20%, representing the Corporation's estimated unsecured credit risk. \$17,677 was recognized as debt and \$22,323 was recognized as a government grant in the statement of total comprehensive loss. On January 6, 2021, an additional \$20,000 in funding was made available and drawn from the credit line. \$6,725 was recognized as debt and \$13,275 was recognized as a government grant in the statement of total comprehensive loss.

e) Regional Relief and Recovery Fund (RRRF) loan

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

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

f) Lease liability

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

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

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

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

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

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

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

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

As of January 31, 2021, the Corporation has not entered into any COVID-19 related rent concessions. Management will continue to assess. Subsequent to the end of the reporting period, the Corporation entered into certain COVID-19 related rent concessions. See Note 19.

Expenses related to short-term leases for the three-month period ended January 31, 2021 were \$150 (three-month period ended January 31, 2020: \$7,050).

13. Investment in associate

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

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

Notes to the Financial Statements

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

Centre Beach is a joint venture and equity accounting is applied under IAS 28 *Investments in Associates and Joint Ventures*. For the three-month period ended January 31, 2021 the Corporation recognized \$15,000 (three-month period ended January 31, 2020: \$25,000) in expenses related to the activity of the joint venture and its financial obligation to fund the joint venture.

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

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

14. Foreign Currency

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation's exposure to the risk of changes in foreign exchange rates relates primarily to the Corporation's operating activities, when revenues or expenses are denominated in a different currency from the Corporation's functional currency. The Corporation is exposed to foreign exchange fluctuations as the majority of its revenues and some of its expenses are denominated in U.S. dollars, while the majority of expenditures are denominated in Canadian dollars. For the three-month period ended January 31, 2021, the Corporation's foreign exchange losses were \$7,104 (three-month period ended January 31, 2020: losses of \$1,121). The U.S. Dollar to Canadian Dollar foreign exchange rate as at January 31, 2021 was \$1.2780 (October 31, 2020: \$1.3318).

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

<i>As at</i>	January 31, 2021	October 31, 2020
Cash and cash equivalents	\$ 329,169	\$ 769
Trade and other receivables	175,603	502,295
Accounts payable and accrued liabilities	(245,806)	(605,506)
Total	\$ 258,966	\$ (102,442)

For the three-month period ended January 31, 2021, the impact of a 10% fluctuation in the U.S. dollar exchange rate on the statement of total comprehensive loss and statement of changes in equity would be \$25,896.

15. Common Shares

Treasury shares

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

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

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

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

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

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

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

On March 28, 2020, the Corporation issued 162,122 common shares at \$0.6493 per share to holders of the Corporation's Senior Secured Debentures. These shares were issued in settlement of maintenance fees of \$105,280 payable on the First Closing Debentures. On April 9, 2020, the Corporation issued 3,752 common shares at \$0.6076 per share to holders of the Corporation's Senior Secured Debentures. These shares were issued in settlement of maintenance fees of \$2,280 payable on the Second Closing Debentures.

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

As at January 31, 2021, the Corporation recognized within equity \$65,000 in accrued share issuance costs related to a "bought deal" financing which was completed on February 16, 2021. See *Events After the End of the Reporting Period*.

16. Warrants

As at January 31, 2021, the Corporation had 8,426,718 warrants outstanding, as follows:

Date of Issue	Subscriber Warrants	Agent Warrants	Term (Years)	Date of Expiry	Exercise Price
1-Jun-2016	2,774,991		4.8	31-Mar-2021 ¹	\$ 0.90
30-Nov-2017	2,029,250		3.6	30-Jun-2021 ²	\$ 1.20
28-Mar-2019		225,375	2.0	28-Mar-2021	\$ 0.80
9-Apr-2019		7,862	2.0	9-Apr-2021	\$ 0.87
2-Jan-2020	1,250,000		3.0	2-Jan-2023	\$ 0.75
2-Jan-2020		200,000	2.0	2-Jan-2022	\$ 0.50
27-Jan-2020	1,750,000		3.0	27-Jan-2023	\$ 0.75
27-Jan-2020 ³		189,240	2.0	27-Jan-2022	\$ 0.50
	7,804,241	622,477			

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

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

Note 3: Each of the 189,240 broker warrants issued on January 27, 2020 entitle the holder to purchase one finder unit, which consists of one common share of the Corporation and one additional half-share purchase warrant. See Note 15 above.

17. Related party disclosures and key management compensation

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

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

	January 31, 2021	January 31, 2020
For the three-month periods ended:		
Short term employee benefits	\$ 183,758	\$ 184,131
Share-based payments	32,910	42,323
Total key management compensation	\$ 216,668	\$ 226,454

China JV wind-up

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

Consulting fees

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

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

18. Commitments

The Corporation has approximately \$457,000 of unrecognized contractual commitments as at January 31, 2021 (October 31, 2020: approximately \$600,000 of unrecognized contractual commitments) due within one year. The Corporation also has unrecognized contractual obligations for which future cash commitments cannot be estimated, up to 7% of certain future revenues.

19. Events after the end of the reporting period

Subsequent to the end of the reporting period, the Corporation collected \$43,949 in outstanding trade receivables.

On February 16, 2021, the Corporation completed a "bought deal" financing, issuing 15,000,000 investor units at an issue price of \$0.50 per unit for aggregate gross proceeds of \$7,500,000. Each investor unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Corporation at \$0.75 for a period of three years.

In connection with the financing, the Corporation paid cash finder's fees of \$525,000 and issued 1,050,000 compensation finder's warrants. Each finder's warrant entitles the holder to purchase one common share of the Corporation at \$0.50 per share for a period of 2 years. The Corporation incurred transaction costs in connection with the financing of approximately \$210,000.

As at January 31, 2021, the Corporation recognized \$65,000 within equity in accrued share issuance costs related to the financing.

On February 17, 2021, 14,000 outstanding broker warrants were exercised at \$0.50 per warrant for proceeds of \$7,000. In settlement of the warrants, the Corporation issued 14,000 common shares and 7,000 underlying broker warrants. The underlying broker warrants have an exercise price of \$0.75 and remain exercisable until January 27, 2022.

In February 2021, the Corporation entered into a commitment agreement with a supplier to purchase \$3,099,150 (USD\$2,425,000) of OxC-Beta for Livestock Premix to fill committed and anticipated purchase orders within the foreseeable future.

In February 2021, the Corporation entered into COVID-19 related rent abatements and deferral agreements with its landlord, the National Research Council of Canada (NRC), for its two lease properties in Ottawa, Ontario and Charlottetown, Prince Edward Island. The Corporation's landlord forgave \$21,000 in deferred lease payments

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related to 2020. In February 2021, the Corporation made a payment of \$73,411 to the NRC related to past and current lease obligations. The lease in Charlottetown, PEI, which expires in March 2021, will be allowed to terminate without renewal.

The undiscounted future lease obligations for the Ottawa, Ontario lease by fiscal year are as follows:

2021	\$	69,656
2022		84,148
2023		32,293
Total	\$	186,097