



THERMA BRIGHT INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED OCTOBER 31, 2020
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim financial statements of Therma Bright Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Therma Bright Inc.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at October 31, 2020	As at July 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 328,515	\$ 1,061,767
Inventory (note 3)	51,200	17,200
Other receivables and prepaid expenses	465,244	22,512
Sales taxes recoverable	11,655	-
Total current assets	856,614	1,101,479
Non-current assets		
Equipment (note 4)	101,912	2,013
Intangible asset (note 5)	244,585	44,791
Total assets	\$ 1,203,111	\$ 1,148,283
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 214,648	\$ 814,382
Loans from directors (note 7)	6,615	55,938
Sales taxes payable	-	13,998
Total current liabilities	221,263	884,318
Non-current liabilities		
Long term debt (note 8)	40,000	40,000
Total liabilities	261,263	924,318
Equity		
Share capital (note 9)	13,465,572	12,107,232
Warrant reserve (note 10)	4,460,218	3,378,218
Share-based payments reserve (note 11)	3,869,636	1,985,451
Equity portion of convertible debentures	271,545	271,545
Deficit	(21,125,123)	(17,518,481)
Total equity	941,848	223,965
Total equity and liabilities	\$ 1,203,111	\$ 1,148,283

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

Nature of operations and going concern (note 1)

Subsequent event (note 15)

Approved on behalf of the Board:

(Signed) "Rob Fia" _____ Director

(Signed) "Joe Heng" _____ Director

Therma Bright Inc.**Condensed Interim Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****Unaudited**

	Three Months Ended October 31, 2020	Three Months Ended October 31, 2019
Revenue	\$ 2,140	\$ 1,089
Operating expenses		
General and administrative	550,152	58,943
Research and development	464,280	-
Stock-based compensation expense	2,586,000	-
Total operating expenses	3,600,432	58,943
Loss from operations	(3,598,292)	(57,854)
Other expenses		
Loss on foreign exchange	(8,043)	-
Accretion expense	-	(4,265)
Amortization	(307)	(744)
Net loss and comprehensive loss for the period	\$ (3,606,642)	\$ (62,863)
Basic and diluted net loss per share (note 12)	\$ (0.02)	\$ (0.00)
Weighted average number of common shares outstanding	196,922,289	163,755,622

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

Therma Bright Inc.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended October 31, 2020	Three Months Ended October 31, 2019
Operating activities		
Net loss for the period	\$ (3,606,642)	\$ (62,863)
Adjustments for:		
Stock-based compensation expense	2,586,000	-
Accretion expense	-	4,265
Shares and warrants issued for Orpheus	347,000	-
Amortization	307	744
Changes in non-cash working capital items:		
Other receivables and prepaid expenses	(30,232)	2,575
Inventory	(34,000)	-
Sales tax recoverable	(25,653)	-
Amounts payable and other liabilities	(229,734)	32,289
Sales tax payable	-	491
Net cash used in operating activities	(992,954)	(22,499)
Investing activities		
Purchase of equipment	(100,000)	-
Purchase of intangible asset	(200,000)	-
Net cash used in investing activities	(300,000)	-
Financing activities		
Loans from directors received (repaid)	(49,323)	-
Proceeds from shares issued	262,625	-
Proceeds from exercise of warrants	80,000	-
Proceeds from exercise of options	280,000	-
Share issue cost	(13,600)	-
Net cash provided by financing activities	559,702	-
Net change in cash and cash equivalents	(733,252)	(22,499)
Cash and cash equivalents, beginning of period	1,061,767	30,397
Cash and cash equivalents, end of period	\$ 328,515	\$ 7,898
Other information		
Non-cash share issuance to settle obligations	\$ 370,000	\$ -

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

Therma Bright Inc.

Condensed Interim Statements of Changes in Equity

(Expressed in Canadian Dollars)

Unaudited

	Share capital	Share capital	Warrant reserve	Share based payments reserve	Equity portion of convertible debenture	Deficit	Total
Balance, July 31, 2019	10,967,538	\$ -	\$ 3,361,218	\$ 1,985,451	\$ 291,192	\$(16,891,799)	\$ (286,400)
Net loss for the period	-	-	-	-	-	(62,863)	(62,863)
Balance, October 31, 2019	10,967,538	\$ -	\$ 3,361,218	\$ 1,985,451	\$ 291,192	\$(16,954,662)	\$ (349,263)
Balance, July 31, 2020	11,059,857	\$ 1,047,375	\$ 3,378,218	\$ 1,985,451	\$ 271,545	\$(17,518,481)	\$ 223,965
Shares issued	302,000	(987,375)	948,000	-	-	-	262,625
Shares issued for debt settlement	370,000	-	-	-	-	-	370,000
Share issuance cost	(13,600)	-	-	-	-	-	(13,600)
Shares and warrants issued for Orpheus	175,000	-	172,000	-	-	-	347,000
Stock options exercised	1,454,315	(60,000)	-	(701,815)	-	-	692,500
Warrants exercised	118,000	-	(38,000)	-	-	-	80,000
Stock-based compensation expense	-	-	-	2,586,000	-	-	2,586,000
Net loss for the period	-	-	-	-	-	(3,606,642)	(3,606,642)
Balance, October 31, 2020	13,465,572	\$ -	\$ 4,460,218	\$ 3,869,636	\$ 271,545	\$(21,125,123)	\$ 941,848

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

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2020

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern

Therma Bright Inc. (the "Company") was incorporated under the Business Corporations Act (Alberta) on March 5, 2001. The Company is a progressive medical device technology company focused on providing consumers and medical professionals with quality medical devices that address their medical and healthcare needs. The Company's initial breakthrough proprietary technology delivers effective, non-invasive and pain-free skincare. Therma Bright received a Class II medical device status from the FDA for its platform technology that is indicated for the relief of the pain, itch, and inflammation of a variety of insect bites or stings. The Company received clearance for the above claims from the US FDA in 1997.

Going concern

During the three months ended October 31, 2020, the Company incurred a loss of \$3,606,642 (October 31, 2019 - loss of \$62,863) and as of October 31, 2020, the Company had an accumulated deficit of \$21,125,123 (July 31, 2020 - \$17,518,481) and a net working capital of \$635,351 (July 31, 2020 - \$217,161).

To this point, all operational activities and the overhead costs have been funded from the available cash and by equity and debt issuances, as well as loans from directors. The Company has been working, through third party service providers in marketing, sales, engineering and distribution, to sell its products online.

The revenue from the sale of the existing inventory of InterceptCS™ will have a positive impact on the income statement and balance sheet due to the low cost base for that inventory. This revenue will create a source of capital for the Company to allow the Company to run its business, expand sales and meet reporting and disclosure requirements.

The Company has re-launched its corporate website and a new sale and marketing website with e-commerce capabilities. The e-commerce website has created another channel for the Company to sell its inventory utilizing a third-party marketing specialist, which incorporates social media. The Company expects to generate meaningful sales from this direct to consumer approach and will use the cash flow generated to expand sales within this sales channel.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company will continue to secure new cash resources to meet its obligations. Management is currently evaluating and pursuing funding alternatives, including new equity, debt issuances and business line. While management has so far been successful in raising the required equity and debt financing, there is no assurance that these initiatives will continue to be successful. Uncertainty in global capital markets could have a negative impact on the Company's ability to access capital in the future.

The Company entered into a binding letter of intent with Orpheus Medica Inc. ("Orpheus") to partner in the development of a rapid saliva test for the detection of the virus (SARS-CoV-2) causing COVID-19. Subsequent to the period end, the Company has terminated its co-development agreement with Orpheus.

The Company's ability to continue as a going concern is dependent upon its ability to reach a profitable level of operations and obtain adequate financing. The accompanying condensed interim financial statements do not include any adjustments relating to the recoverability of assets and to the re-classification of assets and liabilities amounts that might be necessary should the Company be unable to continue its operations. These adjustments could be material.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2020

(Expressed in Canadian Dollars)

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2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRS's issued and outstanding as of December 30, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended July 31, 2020. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending July 31, 2021 could result in restatement of these unaudited condensed interim financial statements.

New accounting standards adopted

IFRS 3, Business Combinations ("IFRS 3")

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's unaudited condensed interim financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1")

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim financial statements.

New accounting standards and interpretations not adopted yet

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2020

(Expressed in Canadian Dollars)

Unaudited

3. Inventory

Inventory consists solely of finished goods. Since 2009, the Company has taken a cumulative inventory write-down of \$8,020.

4. Equipment

Cost	Equipment	Total
Balance, July 31, 2019 and July 31, 2020	\$ 3,081	\$ 3,081
Additions	100,000	100,000
Balance, October 31, 2020	\$ 103,081	\$ 103,081

Accumulated Depreciation	Equipment	Total
Balance, July 31, 2019	\$ 565	\$ 565
Depreciation for the year	503	503
Balance, July 31, 2020	\$ 1,068	\$ 1,068
Depreciation for the period	101	101
Balance, October 31, 2020	\$ 1,169	\$ 1,169

Carrying Value	Equipment	Total
Balance, July 31, 2020	\$ 2,013	\$ 2,013
Balance, October 31, 2020	\$ 101,912	\$ 101,912

5. Intangible assets

Cost	Patents and trade marks	Domain name	Total
Balance, July 31, 2019 and July 31, 2020	\$ -	\$ 49,490	\$ 49,490
Additions	200,000	-	200,000
Balance, July 31, 2020 and October 31, 2020	\$ 200,000	\$ 49,490	\$ 249,490

Accumulated Amortization	Patents and trade marks	Domain name	Total
Balance, July 31, 2019	\$ -	\$ 2,224	\$ 2,224
Amortization for the year	-	2,475	2,475
Balance, July 31, 2020	\$ -	\$ 4,699	\$ 4,699
Amortization for the period	-	206	206
Balance, October 31, 2020	\$ -	\$ 4,905	\$ 4,905

Carrying Value	Patents and trade marks	Domain name	Total
Balance, July 31, 2020	\$ -	\$ 44,791	\$ 44,791
Balance, October 31, 2020	\$ 200,000	\$ 44,585	\$ 244,585

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2020

(Expressed in Canadian Dollars)

Unaudited

6. Accounts payable and accrued liabilities

	As at October 31, 2020	As at July 31, 2020
Accounts payable and accrued liabilities	\$ 173,719	\$ 549,767
Amounts due to related parties	40,929	264,615
Total accounts payable and accrued liabilities	\$ 214,648	\$ 814,382

During the three months ended October 31, 2020, the Company settled \$370,000 (period ended July 31, 2020 - \$nil) of accounts payable balances by the issuance of common shares.

7. Loans from directors

	As at October 31, 2020	As at July 31, 2020
Notes payable	\$ 6,615	\$ 55,938

8. Long term debt

	As at October 31, 2020	As at July 31, 2020
Canada Emergency Business Account (CEBA) loan ⁽ⁱⁱ⁾	40,000	40,000

i) 8% convertible debentures

On April 27, 2018, the Company completed a first tranche closing of its convertible debenture ("Debenture") financing for gross proceeds of \$250,000. The Company offered three-year debentures in principal amounts of \$1,000 per Debenture, with 8% interest payable thereon. A minimum of 12 months' interest on the full principal amount would be payable, regardless of whether the Debenture was converted prior to such time. Subject to prior TSX Venture Exchange ("TSXV") approval, interest might be paid in shares at the market price of the Company's common shares at the time of conversion. A finder's fee of \$17,500 cash, and 150,000 finder's warrants were paid in relation to this issuance of convertible debenture and these financing fees were allocated pro-rata between the equity portion of the convertible debenture and against the debenture payable.

The Debentures would be convertible into Units of the Company at a conversion price of \$0.05 per unit if converted in the first year and thereafter at \$0.10 per unit. Each Unit would be comprised of one common share and one-fifth (1/5) of one common share purchase warrant. Each whole warrant would be exercisable for one common share for a period of two years from the date of issue of the warrant at an exercise price of \$0.05 if exercised on or before the date that was one year from the date of issuance of the Debenture or thereafter at an exercise price of \$0.10.

The subscriber might convert the Debenture at any time until the maturity date. The Company might convert the Debenture on the earlier of, and at any time thereafter: (a) at any time after the date that was 12 months after the date of issue of the Debentures until the maturity date; and (b) the 16th day after the closing price of the Company's common shares on the TSXV exceeds \$0.075 for fifteen (15) consecutive trading days, provided such conversion date was at least six (6) months after the date of issue of the Debentures. The Company may, at its option, subject to providing not more than 60 and not less than 30 days prior notice, redeem the Debentures in whole or in part.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2020

(Expressed in Canadian Dollars)

Unaudited

8 Long term debt (continued)

i) 8% convertible debentures

The Company used the residual value method to allocate the principal amount of the convertible debentures between the liability and equity components. The Company valued the debt component of the convertible debentures by calculating the present value of the principal and interest payments, discounted at a rate of 15.25%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity conversion feature of the convertible debentures comprise the value of the conversion option, being the difference between the face value of the convertible debentures and the liability element calculated above. Based on this calculation, the liability component was \$196,00 (\$178,282 net of transaction costs) and the residual equity component was \$49,118. Net accretion charges attributable to the convertible debentures for the three months ended October 31, 2020 was \$nil (three months ended October 31, 2019 - \$7,352). This amount is added to the liability component on the statements of financial position and is included in accretion expense on the statements of loss and comprehensive loss.

During the year ended July 31, 2019, debentures with a face value of \$100,000 and a carrying value of \$89,557 (net of transaction cost and conversion features) were converted into Units of the Company.

Balance, July 31, 2019	\$ 79,974
Less: Conversion	(89,557)
Less: Coupon interest payable classified under accounts payable	(7,814)
Add: Accretion for the year	17,397
Balance, July 31, 2020 and October 31, 2020	\$ -

ii) Canada Emergency Business Account (CEBA) loan

In April 2020, the Company received \$40,000 in Canada Emergency Business Account (CEBA) loan, funded by the Federal Government. The terms of the loan is: Interest rate is 0% per year, but subject to the interest rate disclosed below in the loan extension section; loan repayment in whole or in part on or after July 1, 2020; \$10,000 (25%) of the \$40,000 loan is eligible for complete forgiveness if \$30,000 is fully repaid on or before December 31, 2022.

Loan extension terms are: If the loan cannot be repaid by December 31, 2022, it will be converted into a 3-year term loan, charging an interest rate of 5%; Interest payments are due monthly and the outstanding principal balance must be fully repaid no later than December 31, 2025. However, you may repay some or all of the loan at any time.

9. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2020

(Expressed in Canadian Dollars)

Unaudited

9. Share capital (continued)

b) Common shares issued

	Number of common shares	Amount
Balance, July 31, 2019 and October 31, 2019	16,355,622	\$ 10,967,538
Balance, July 31, 2020	164,755,622	\$ 12,107,232
Private placement ⁽ⁱ⁾	16,666,667	262,625
Fair value of warrants issued ⁽ⁱ⁾	-	(948,000)
Costs of issuance	-	(13,600)
Warrants exercised	800,000	118,000
Stock options exercised	9,075,000	1,394,315
Shares to Orpheus ⁽ⁱⁱ⁾	1,000,000	175,000
Shares issued for debt settlement ⁽ⁱⁱⁱ⁾	4,625,000	370,000
Balance, October 31, 2020	196,922,289	\$ 13,465,572

i) On August 5, 2020, the Company completed the closing of a non-brokered private placement of 16,666,667 units for gross proceeds of \$1,250,000. Each Unit comprised of one common share of the Company and one half (0.5) of one common share purchase warrant, and each whole warrant will be exercisable for one additional common share of the Company at a price of \$0.15 for a period of 6 months from the closing date of the private placement. The 8,333,333 warrants were assigned a value of \$948,000 using the Black Scholes valuation model with the following assumptions: expected dividend yield of 0%; share price of \$0.20; expected volatility of 189% based on historical trends; risk free interest rate of 0.18%; and an expected average life of 6 months.

No finder's fee was paid in conjunction with the Offering. Insiders of the Company purchased a total of 2,866,667 units under the private placement.

ii) On August 13, 2020, as part of the binding letter of intent with Orpheus to partner in the development of a rapid saliva test for the detection of the virus (SARS CoV 2) causing COVID 19, the Company issued to Orpheus of 1,000,000 common shares and 1,000,000 warrants exercisable at \$0.05 per share with a 5 year expiry. The shares were valued at 175,000 and the warrants were assigned a value of 172,000 using the Black Scholes valuation model with the following assumptions: expected dividend yield of 0%; share price of \$0.175; expected volatility of 189% based on historical trends; risk free interest rate of 0.43%; and an expected average life of 60 months.

iii) On August 14, 2020, the Company settled aggregate debt of \$370,000 outstanding as at June 30, 2020, in consideration for which it issued an aggregate of 4,625,000 common shares at a deemed price of \$0.08 per share.

10. Warrant reserve

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price
Balance, July 31, 2019 and October 31, 2019	13,180,000	\$ 0.09
Balance, July 31, 2020	7,380,000	\$ 0.09
Issued (note 9)	9,333,333	0.14
Exercised	(800,000)	0.10
Balance, October 31, 2020	15,913,333	\$ 0.12

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2020

(Expressed in Canadian Dollars)

Unaudited

10. Warrant reserve (continued)

The following table reflects the actual warrants issued as of October 31, 2020:

Issue date	Expiry date	Exercise price	Number of warrants
April 27, 2018	April 26, 2021	\$0.10	6,000,000
July 11, 2018	July 11, 2021	\$0.10	580,000
August 5, 2020	February 5, 2021	\$0.15	8,333,333
August 13, 2020	August 13, 2025	\$0.05	1,000,000
Weighted average exercise price		\$0.12	15,913,333

Some of the warrants are subject to acceleration in the event the Company's common shares trade at or above certain share prices.

11. Stock options

Under the Company's stock option plan, the Company may grant options to employees, consultants, officers and directors totaling up to 10% of its issued and outstanding common shares. The aggregate number of shares so reserved for issuance to any one person shall not exceed 5% of the issued and outstanding common shares.

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price
Balance, July 31, 2019 and October 31, 2019	13,015,000	\$ 0.09
Balance, July 31, 2020	13,015,000	\$ 0.09
Issued ⁽ⁱ⁾ ⁽ⁱⁱ⁾	14,150,000	0.22
Exercised	(9,075,000)	0.08
Balance, October 31, 2020	18,090,000	\$ 0.19

- i) On August 20, 2020, the Company granted of stock options to its directors, officers and consultants to purchase up to an aggregate of 13,950,000 common shares of the Company. The options are exercisable for a period of five years at a price of \$0.22 per share and the options vested immediately. The estimated fair value of these options at the grant date was \$2,553,000 using the Black-Scholes valuation model. During the three months ended October 31, 2020, \$2,533,333 (three months ended October 31, 2019 - \$nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 0.37%; expected life: 5.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: \$0.19.
- ii) On August 26, 2020, the Company granted of stock options to a director to purchase up to an aggregate of 200,000 common shares of the Company. The options are exercisable for a period of five years at a price of \$0.22 per share. The options vest after 5 years from the date of grant. The estimated fair value of these options at the grant date was \$33,000 using the Black-Scholes valuation model. During the three months ended October 31, 2020, \$33,000 (three months ended October 31, 2019 - \$nil) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 2.0%; expected life: 5.0 years; expected volatility: 189% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: \$0.17.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2020

(Expressed in Canadian Dollars)

Unaudited

11. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of October 31, 2020:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
March 6, 2022	0.10	1.35	1,140,000	1,140,000
January 17, 2023	0.10	2.21	450,000	450,000
January 23, 2023	0.10	2.23	750,000	750,000
March 2, 2023	0.10	2.33	500,000	500,000
May 8, 2023	0.05	2.52	700,000	700,000
July 5, 2023	0.05	2.68	150,000	150,000
September 17, 2023	0.05	2.88	250,000	250,000
August 20, 2025	0.22	4.81	13,950,000	13,950,000
August 26, 2025	0.22	4.82	200,000	200,000
	\$0.19	4.22	18,090,000	18,090,000

12. Loss per share

For the three months ended October 31, 2020, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$3,606,642 (three months ended October 31, 2019 - \$62,863) and the weighted average number of common shares outstanding of 196,922,289 (three months ended October 31, 2019 - 163,755,622). Diluted loss per share did not include the effect of \$18,090,000 stock options (three months ended October 31, 2019 - \$13,015,000) or \$15,913,333 warrants (three months ended October 31, 2019 - \$13,180,000) as they are anti-dilutive.

13. Related party transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the amount established and agreed to by the related parties.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2020

(Expressed in Canadian Dollars)

Unaudited

13. Related party transactions (continued)

(a) The Company entered into the following transactions with related parties:

	Three Months Ended October 31,	
	2020	2019
Marrelli Support Services Inc. ("Marrelli Support") (i)	\$ 4,798	\$ 442
Intelvest Inc. ("Intelvest") (ii)	31,250	-

i) For the three months ended October 31, 2020, the Company expensed \$4,798 (three months ended October 31, 2019 - \$442) to Marrelli Support for the services of Vic Hugo to act as Chief Financial Officer of the Company. In addition, Marrelli Support also provides bookkeeping services to the Company. Vic Hugo is an employee of Marrelli Support. As at October 31, 2020, Marrelli Support was owed \$10,929 (July 31, 2020 - \$50,364) and this amount was included in accounts payable and accrued liabilities.

ii) For the three months ended October 31, 2020, the Company expensed \$31,250 (three months ended October 31, 2019 - \$nil) to Intelvest, a company controlled by a director and officer of the Company, for the management services of Rob Fia to act as Chief Executive Officer of the Company.

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

	Three Months Ended October 31,	
	2021	2020
Salaries and benefits	\$ -	\$ 2,500
Share-based payments	1,899,710	-
Total remuneration	\$ 1,899,710	\$ 2,500

Payments to directors and key management personnel of the Company include certain transactions with related parties in (a) above, and (b) remuneration to directors and key management personnel of the Company. As at October 31, 2020, directors and key management personnel of the Company were owed \$nil (July 31, 2020 - \$184,251) for remuneration and reimbursable expenses, excluding amounts disclosed in (a) above.

(c) Insider shareholdings

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

As of October 31, 2020, directors and officers of the Company, with individual control of less than 10% of the total common shares outstanding, collectively control 16,073,744 common shares of the company or approximately 8% of the total common shares outstanding. To the knowledge of the directors and officers of the Company, the remaining common shares of the Company were widely held.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2020

(Expressed in Canadian Dollars)

Unaudited

14. Contingencies and commitments

- a) The Company has offered a "Risk Free Guarantee" on sales of InterceptCS™ product allowing consumers if they are not satisfied with the product, within 90 days of the date of purchase, to return product directly to the Company for a full refund. While returns have been insignificant to date, there can be no assurance that the Company will not receive an increased level of returns in the future.
- b) On November 2, 2016, the Company entered into an exclusive license agreement (the "License") with Luminar Media Group Inc. ("Luminar") of Aventura, Florida, United States to market the Company's next generation thermal therapy insect device (the "Device") in US, Europe and Asia. The Company would receive an aggregate of US\$250,000 from November 2016 to February 2017. In addition, the Company would receive a royalty payment equal to 10% of gross sales of the Device up to the first 100,000 units sold and 5% of gross sales of the Device thereafter. The royalty was payable quarterly. Luminar was required to meet the various sales targets over the next 5 years after signing the agreement. In return, the Company committed to obtaining all regulatory approvals with the FDA of United States and other regulatory requirements in jurisdictions outside of the U.S. deemed necessary to market the product. On October 2, 2017, the Company announced that it had formally terminated its exclusive agreement with Luminar to distribute TherOZap™ globally outside of Canada for reasons of non-performance of fees payable as outlined in the agreement.
- c) On March 30, 2017, the Company announced that it signed a service agreement with University Health Network (UHN), whereby UHN would develop testing methodology protocols for the TherOZap™ technology to determine the effectiveness of TherOZap at inactivating the Zika and West Nile viruses. On August 17, 2017, the Company made an amendment to the above service agreement to expand the testing.
- d) On May 30, 2017, the Company signed a design services agreement, the objective of which is to produce prototypes of Activators with a pre-configured number of activations in relation to InterceptCS™.

15. Subsequent event

- a) Subsequent to the three months ended October 31, 2020, the Company announced that it has created a new venture, called Torion Biosciences Inc. ("Torion") with a mandate to develop, license and commercialise a rapid antigen test for screening of both symptomatic and asymptomatic individuals, infected or suspected of being infected with the COVID-19 virus. Therma Bright will control 50% of Torion with the remaining 50% controlled by others including a number of veteran biotech executives as the primary shareholders of Torion. The Company has terminated its co-development agreement with Orpheus and key personnel from Orpheus will be consulted by Torion.
- b) Subsequent to the three months ended October 31, 2020, investors have exercised a total of 1,999,999 warrants and options to add \$300,000 to the Company's treasury. Included in this sum is 1,200,000 warrants (\$175,000) exercised by directors and officers of the Company. The Company also granted incentive stock options to consultants of the Company to purchase up to an aggregate of 450,000 common shares of the Company. These options are exercisable for a period of 5 years at a price of \$0.22 per share.