

GENERAL

Set out below is a review of the activities, results of operations and financial position of Eastwood Bio-Medical Canada Inc. (“EBMC” or the “Company”). This Management’s Discussion and Analysis (“MD&A”), dated as of February 26, 2021 should be read in conjunction with the audited financial statements of the Company for the year ended October 31, 2020, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The presentation and functional currency of the Company is the Canadian dollar, unless otherwise stated. The Company is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario in Canada and is listed on the TSX Venture Exchange under the symbol “EBM”. Additional information related to the Company is available on SEDAR at www.sedar.com.

CAUTIONARY NOTES REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively “forward-looking statements”). Forward-looking information may include financial and other projections, as well as statements regarding future events, plans, objectives or economic performance, or the assumption underlying any of the foregoing. The use of any of the words “may”, “would”, “could”, “will”, “likely”, “except”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate”, and other similar expressions are intended to identify forward-looking statements.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. In evaluating these statements, the prospective purchasers should not place undue reliance on any such forward-looking information and should specifically consider various factors, including the risks outlined under ‘Risk Factors’. Further, any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Impact of COVID-19

The Company’s operations have been significantly adversely affected by the effects of a widespread global outbreak of the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the ultimate impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, the health crisis could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations.

As at October 31, 2020, the Company has working capital deficit of \$278,291 and has incurred accumulated loss of \$4,237,616 since incorporation. The Company possesses \$122,656 in cash. The continuation of the Company as a going concern is dependent upon its ability to attain profitable operations. In the event that the cash flow from operations are insufficient to meet the Company’s current operating expenses, the Company will be required to scale back and re-evaluate its planned expenditures and allocate its resources in such a manner as the Board of Directors and the management deems to be in the Company’s best interest. To the extent that the Company is unable to cover its ongoing cash requirements through operations, additional financing will be needed. However, there can be no assurance that such financing will occur in the amounts and with the terms expected in favor of the Company.

BUSINESS OVERVIEW AND OPERATIONS

Eastwood Bio-Medical Canada Inc. (the "Company") was incorporated under the provincial Business Corporations Act (British Columbia) on December 10, 2010 and its registered office is at Unit 1130-4871 Shell Road, Richmond, BC, Canada, V6X 3Z6. The Company was formerly 100% owned by Eastwood Bio-Medical Research Inc. ("EBMR"), a privately owned Canadian company engaged in the development and commercialization of safe and effective treatment for non-insulin dependent diabetes mellitus (NIDDM-Type II diabetes). EBMR has commenced commercial operations to market and distribute its core technology, Eleotin[®], to facilitate the management of metabolic disorders such as diabetes. The Company was listed on the TSX Venture Exchange (the "Exchange") as "EBM" on September 5, 2014.

On July 4, 2013, EBMR subdivided the one issued and outstanding common share of the Company into 48,000,000 common shares of the Company. All share and per share information presented in these financial statements has been adjusted to reflect the impact of the stock split.

During the year ended October 31, 2014, the Company successfully completed its initial public offering. Jordan Capital Markets Inc. acted as agent in connection with the offering. Pursuant to the offering, the Company issued 3,135,400 common shares of the Company at 25 cents per common share for gross proceeds of \$783,350. In addition to the common shares sold under the offering, the distribution of 16,220,569 common shares issued upon the conversion of 15,062,270 special warrants previously distributed by the Company was qualified under the prospectus prepared in connection with the initial public offering. The Company now has 68,885,969 common shares issued and outstanding. The full disclosure concerning the Company's share capitals is included and discussed in Note 6.

Effective on November 1, 2012, the Company entered into a Distribution and Licensing Agreement with its EBMR Company ("License Agreement"), pursuant to which the Company became the exclusive distributor in Canada and non-exclusive distributor in the US for sales and distributing the EBMR Company's products. Pursuant to the Distribution and Licensing Agreement, the Company shall purchase the products from the EBMR Company at pre-agreed upon purchase prices. The agreement will be valid for a period of ten years, and will automatically renew for subsequent terms of five years. Effective March 17, 2014, the Company amended and restated the License Agreement. Pursuant to this Amended and Restated Distribution and License Agreement (the "Current Agreement"), the pre-agreed upon purchase price was amended to pre-agreed upon percentage of the suggested retail price set by EBMR on products sold.

On December 12, 2012, the Company entered into Management and Administrative Service Agreement with the EBMR Company ("Management Agreement"), pursuant to which the Company will make a payment of \$253,000 per year to the EBMR Company in return for the management and support services provided by EBMR to the Company. This amount will cover the general administration expenses that would otherwise be incurred by EBMC, including payroll and related employee expenses, office premise and equipment rental, meals and entertainment expenses, bank charges, depreciation expenses, general insurance and general office expenses, etc. EBMR has the right to change the management fee amount from time to time on 30 days notice. There has been no change to the Management Agreement since 2012.

On June 19, 2015, the Company entered into a Memorandum of Understanding with EBMR ("MOU"), pursuant to which the Company is permitted to sell certain products to selected sub-distributors located in Asia. The Company shall purchase the products from EBMR at pre-agreed upon purchase price. EBMR retains the right to revoke the MOU at any time.

Pursuant to the loan agreement, EBMR has granted the Company the right to purchase the manufacturing business, comprising the land, buildings, equipment, manufacturing licenses, permits and other rights, operations, and know-how.

During the year ended October 31, 2018, the Company has entered into an asset purchase agreement with EBMR, pursuant to which the Company exercised its right to purchase certain manufacturing assets from EBMR by paying a purchase price of \$325,000. The principal amount of the loan has been reduced by the

purchase price. The manufacturing assets' fair value were assessed to be \$288,200 and \$36,800 was recorded as loss on settlement of loan.

In addition, the Company proposed to settle the remaining outstanding balance of a loan owed by EBMR under the original loan agreement dated June 24, 2016 through the acquisition transaction. The Company's assessed fair value of the assets received in the transaction and as a result, \$332,601 was recorded as loss on settlement of loan.

On September 7, 2018, the Company entered into the following agreements with EBMR for the period from November 1, 2018 to October 31, 2024, to which the funds will be used to settle the remaining outstanding loan receivable balance:

- Leasing agreements where the Company will lease the commercial space in premises owned by EBMR for \$72,000 per year for six years;
- Management and Administrative Service Agreement ("Management Agreement") to reduce the management fee under the Management Agreement dated December 12, 2012 to \$215,050 per year to EBMR in return for management and support services provided by EBMR;
- Consulting agreement where EBMR will manage the production of the Company's natural health products and pass on know-how to the Company related to the production of those products at \$3,000 per month. As part of this process, the Company will develop the expertise necessary to produce natural health products on its own, which will reduce future production costs.

On November 28, 2018, the Company received approval from TSX Venture Exchange for above settlement transaction. Management has assessed this transaction as a business combination under common control and has accounted for this transaction using the acquisition method under IFRS 3. The total consideration for the transaction was \$790,237.

The principal business carried on by the Company is marketing and distributing natural health products in North America. The Company is a licensed distributor of the Eleotin[®] line of products, which include formulations based on natural ingredients that are presented in tea or capsule forms. The Eleotin[®] products include natural remedies for certain metabolic disorders such as blood glucose disorders, hypertension and obesity, and can be used as a dietary supplement. The Company's licensed products which have secured Health Canada product license numbers include (a) Eleotin[®] A 700 (treatment for spleen deficiency, lack of appetite, and fatigue); (b) Eleotin[®] AL88 (laxative); (c) Eleotin[®] Cal20 (bone and teeth maintenance); (d) Eleotin[®] V3D (development and maintenance of bones, teeth and good health); Eleotin[®] G2000 (cardiovascular health); (f) Eleotin[®] H55 (sedative and tension relief); and (g) Eleotin[®] Zn330 (tissue formation and metabolism). Additionally, Eleotin[®] Bentley and Eleotin[®] LBM recently received Health Canada product license numbers. Eleotin[®] Bentley is used to promote healthy glucose levels while Eleotin[®] LBM is recommended for hypertension relief. The Company also manufacture and allocate resources towards research and development of products.

RISK FACTORS

Risks Related to the Business and Industry

Inability to Implement Our Business Strategy

The growth and expansion of EBMC's business is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that EBMC will be successful in the implementation of its business strategy.

Limited Operating History in Marketing

While EBMR has been operating since 1996, EBMC itself has a limited operating history on which to evaluate its business. EBMC's management has limited experience in marketing. EBMC may not be successful in addressing its operating challenges such as developing brand awareness and expanding its

market presence. EBMC's prospects for profitability must be considered in light of its evolving business model. These factors make it difficult to assess EBMC's prospects. There can be no assurance that EBMC will be able to achieve its growth objectives or maintain rates of growth.

Pricing and Marketing Strategies

EBMC has devised a marketing strategy for the next 12 months and has developed product pricing strategies based on past experience and assessment of comparable products in the natural health products sector. Management expects that the Company's marketing and pricing strategies will play a significant role in determining whether the Company can increase sales revenues over the next 12 months. There is no guarantee that the marketing and pricing strategies that will be implemented by the Company will be successful.

Reliance Upon Management

EBMC's success is dependent on key management personnel, as well as the personal efforts and commitment of management. Should EBMC lose the services of one or more key management personnel, the ability of EBMC to achieve its objectives could be adversely affected if EBMC is unable to attract and retain qualified replacements. EBMC does not currently maintain key person insurance on any members of management.

Negative Cash Flow

The Company plans to use the proceeds from the Offering to carry out marketing activities with a view to increasing sales revenues. There is no guarantee that the Company's marketing efforts will be successful or that revenues will increase significantly over the next 12 months. Consequently, there is a risk that the Company will experience negative cash flow as it attempts to increase sales through increased expenditure on more wide-scale marketing of its products.

Competition

EBMC will compete with a number of other companies, suppliers and scientists, including multinational corporations that have established market shares. No assurances can be given that EBMC will be able to effectively compete with its competitors. Market acceptance of the products and services of EBMC will depend up on aggressive efforts on EBMC's part to inform potential customers of the products' distinctive characteristics and attributes. Although EBMC may have products and services offering advantages over the products and services offered by its competitors, there can be no assurance that the necessary market share will be attained. Competitors and potential competitors of EBMC may have substantially greater product development capabilities and financial, scientific, marketing and human resources than EBMC.

Regulation

In both the U.S. and Canadian markets, the labeling, handling, distribution, import, export, licensing, sale and storage of EBMC's products are affected by a body of laws, governmental regulations, administrative determinations, court decisions, and similar constraints. Such laws, regulations and other constraints can exist at the federal, provincial, or local levels in Canada, and at federal, state, or local levels in the U.S. The legal requirements with which EBMC will need to comply relate to the following:

- the formulation, manufacturing, packaging, labelling, distribution, importation, sale, and storage of Eleotin® products;
- the health and safety of dietary supplements, cosmetics and foods;
- trade practice laws and direct marketing laws;
- product claims and advertising by EBMC's independent consultants and distributors; and
- export and import restrictions.

There can be no assurance that EBMC is in compliance with all of these laws, regulations, and other constraints. Failure by EBMC to comply with these laws, regulations and other constraints or new laws, regulations or constraints could lead to the imposition of significant penalties or claims and could negatively impact EBMC's business. In addition, the adoption of new laws, or other constraints in the interpretations of such requirements, might result in significant compliance costs or lead EBMC to discontinue product sales and could have an adverse effect on the marketing of EBMC's products.

There has been an increasing movement in the U.S. and other markets to increase the regulation of dietary supplements, which will impose additional restrictions or requirements. In addition, there has been increased regulatory scrutiny of nutritional supplements and marketing claims under existing and new regulations. For example, the United States Food and Drug Administration has implemented good manufacturing practices for the U.S. nutritional supplement industry. Increased regulatory scrutiny of nutritional supplements as well as new regulations that are being adopted in some markets with respect to nutritional supplements could result in more restrictive regulations and harm EBMC's operations if EBMC's products or advertising activities are found to violate existing or new regulations or if EBMC is not able to affect necessary changes to EBMC's products in a timely and efficient manner to respond to new regulations.

Regulations Governing Product Claims and Advertising

The Company intends to use the proceeds of the Offering in part to carry out marketing activities to promote the sale of its products. The Company will strive to comply with applicable regulations in relation to claims regarding its products in its marketing efforts, on its website and in product packaging and promotional material. Nonetheless, it is possible that the Company could unknowingly violate regulations applicable to claims it makes regarding its products. The Company's failure to comply with regulations that cover product claims and advertising may result in enforcement actions and imposition of penalties or otherwise materially and adversely affect the distribution and sale of the Company's products.

Technological and Product Development Risks

The industry in which EBMC operates is characterized by intense competition, and rapid and substantial change. There can be no assurance that developments by others will not render EBMC's products or technologies non-competitive or that EBMC will be able to keep pace with technological developments. EBMC's competitors may have developed or may be developing product candidates that could become the basis for competitive products.

Some of EBMC's larger competitors may have greater financial and other resources, more products that have received regulatory approvals, greater pricing flexibility, greater knowledge of local market conditions where it seeks to increase sales; stronger brand recognition, and larger sales and distribution networks. As a result, EBMC may be unable to market its products as effectively as its competitors or otherwise respond successfully to competitive pressures.

Consumer Preferences and Discretionary Spending

EBMC is subject to changing consumer trends and preferences, including rapid and frequent changes in demand for products, new product introductions, and enhancements. The failure to accurately predict these trends could negatively impact consumer opinions of EBMC products, which in turn could harm EBMC's relationships with independent consultants and cause a loss of sales. The success of new product offerings and enhancements depends upon a number of factors, including the ability to accurately anticipate consumer needs, innovate and develop new products or product enhancements that meet these needs, successfully commercialize new products or product enhancements in a timely manner, price Eleotin[®] products competitively, manufacture and deliver products in sufficient volumes and in a timely manner, and differentiate Eleotin[®] product offerings from those of its competitors.

Adverse or Negative Publicity

EBMC's business will depend, in part, on the public's perception of its integrity and the safety and quality of its products. Any adverse publicity could negatively affect the public's perception about the company's products or the reputation of EBMC could result in a significant decline in EBMC's operations. Specifically, EBMC is susceptible to adverse or negative publicity regarding skeptical consumers, competitors, the safety and quality of Eleotin[®] products and/or ingredients, regulatory investigations of Eleotin[®] products or competitors' products, and the actions of EBMC's distributors.

Product Liability Insurance

EBMC has obtained insurance covering liabilities that may result from the use of its products. But there can be no assurance that it will be able to obtain such insurance or, if obtained, that such insurance can be acquired in sufficient amounts to protect EBMC against liability or at a reasonable const. The obligation to pay any product liability or related claim in excess of whatever insurance EBMC is able to acquire, or the recall of any of its products, could have a material adverse effect on the business, financial condition, and future prospects of EBMC.

Product Liability Claims

As a retailer and marketer of products designed for human consumption, the Company may be subject to product liability claims if the use of its products is alleged to have resulted in injury. The Company's products could contain contaminated substances and even if this is not the case, previously unknown adverse reactions resulting from human consumption could occur. The Company's products are sourced by a third-party. As a result, the Company may be liable for various product liability claims for products it does not manufacture. The Company may in the future be subject to various product liability claims, including, among others, that the Company's products include inadequate instructions for use or inadequate warnings concerning possible side effects and interactions with other substances.

A product liability claim against the Company could result in increased costs and could adversely affect its reputation with its customers, which in turn could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Product Recalls

The Company may be exposed to product recalls and adverse public relations if its products are alleged to cause injury or illness or if the Company is alleged to have violated governmental regulations. A product recall could result in substantial and unexpected expenditures, which would reduce operating profit and cash flow. In addition, a product recall may require significant management attention. Product recalls may hurt the value of the Company's brand and lead to decreased demand for its products. Product recalls may also lead to increased scrutiny by federal, provincial or international regulatory agencies of the Company's operations and increased litigation and could have a have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Failure to Expand Business in Existing Markets

EBMC's current market is in Asia, U.S. and Canada. Failure to further penetrate existing markets may negatively impact EBMC's operating results. The ability to further penetrate existing markets is subject to numerous factors, many of which are beyond the control of EBMC, including government regulations, and the finite number of individuals in a given area inclined to pursue direct marketing opportunities. Growth will depend upon improved training and other activities that enhance retention of independent consultants in EBMC's current markets.

Limited Product Line

The Company currently offers a limited number of products under the Eleotin[®] brand. If demand for any of these products decreases significantly, government regulation restricts the sale of these products, the Company is unable to adequately source or deliver these products, or ceases offering any of these products for any reason without a suitable replacement, its business, financial condition and results of operations could be materially and adversely affected.

Reliance on Suppliers

All of the Company's products are currently sourced by a third-party. Raw materials are supplied by specialized growers of natural compound bearing plants in China. There is no assurance that EBMR's current manufacturer and suppliers will continue to reliably supply products to EBMR at the level of quality the Company requires. If any of these third parties suffer liquidity or operational problems, the supply of the Company's products by EBMR could be affected. If the manufacturer becomes insolvent or is forced to lay off employees assisting with the production of the Company's products, the Company's business could be adversely affected. In the event any of EBMR's suppliers or product manufacturer becomes unable or unwilling to continue to provide the products in required volumes and quality levels at

acceptable prices, EBMR will be required to identify and obtain acceptable replacement manufacturing or supply sources. There is no assurance that reliable manufacturers or suppliers could be located and retained on a timely basis. An extended interruption in the supply of the Company's products would result in a substantial loss of sales. In addition, any actual or perceived degradation of product quality as a result of the Company's reliance on third party manufacturers and suppliers may have an adverse effect on sales or result in increased product returns and buybacks. The risk related to supply is mitigated by the fact that EBMR sources raw materials from suppliers in bulk and retains healthy supplies. The Company intends to mitigate the risk related by manufacturing by eventually carrying out its own production.

Patent Infringement

While management believes that the Company's products and operations do not violate the intellectual property rights of any third parties, other parties could bring legal actions against the Company (or EBMR, from which the Company licenses the right to distribute its products) claiming damages and seeking to enjoin the marketing of the Company's products for allegedly conflicting with patents held by them. Any such litigation could result in substantial cost to the Company and diversion of effort by its management and technical personnel. If any such actions are successful, in addition to any potential liability for damages, EBMR or the Company could be required to obtain a license in order to continue to market the affected products. There can be no assurance that EBMR or the Company would prevail in any such action or that any license required under any such patent would be made available on acceptable terms, if at all. Failure to obtain needed patents, licenses or proprietary information held by others may have a material adverse effect on the Company's business. In addition, if the Company were to become involved in such litigation, it could consume a substantial portion of the Company's time and resources. If EBMR alone, and not the Company, is named in any action involving intellectual property rights, there can be no assurance that EBMR will have the resources, financial or otherwise, to defend against any challenges involving such intellectual property rights.

Infrastructure Capabilities

If EBMC's advertising is extremely successful and results in a large increase in affiliate recruitment, it may be unable to handle the growth from an operational perspective. Increasing demands on its infrastructure could cause long hold times in EBMC's call center as well as delays on its website. In addition, there could be delays in order processing, packaging and shipping. EBMC could run out of a majority of its inventory if growth exceeds its production capacity. If these difficulties are encountered in a period of hyper-growth, then EBMC's operating results could suffer.

Failure of Information Technology System

EBMC's operations could suffer as a result of a failure of its information technology system. EBMC's business is dependent upon an information technology infrastructure to effectively manage and operate several key business functions, including order processing, customer service, commission processing, and payments. These systems and operations are vulnerable to damage and interruption from fires, earthquakes, telecommunications failures, and other events. They are also subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Any such errors or inadequacies in the software that may be encountered could adversely affect operations, and such errors may be expensive or difficult to correct in a timely manner.

Global Economic and Financial Downturn

The economic and financial downturns of recent years, including declining consumer spending and reduced access to credit, is indicative of the risks which may adversely affect EBMC's business. A prolonged downturn in the economy could adversely impact sales of EBMC products and its ability to attract independent consultants. During the recent downturns, consumer purchases of discretionary items such as Eleotin[®] products were adversely affected, which could continue to have an adverse effect on EBMC's business, financial condition, profitability and cash flows.

Economic deterioration may limit EBMC's access to capital. Any significant reduction in sales or of the number of affiliates could materially and adversely impact EBMC's results of operations, financial condition and liquidity, which, in turn, could adversely affect its access to additional capital. There can be

no assurance that the current economic and financial crisis will not require EBMC to obtain additional capital or financing or that such capital or financing will be available on commercially reasonable terms.

Currency Exchange Rates

Fluctuations in currency exchange rates could reduce the overall profits of EBMC. There is a risk EBMC's reported sales, operating expenses, and net income could significantly fluctuate according to the changes in value of the U.S. and Canadian dollars. EBMC is not able to predict the degree of exchange rate fluctuations, nor can it estimate the effect any future fluctuations may have upon its future operations.

Other Risks

Acts of God, war, sabotage and terrorist attacks or any similar risk may affect EBMC's operations in unpredictable ways, including disruptions of the shopping and commercial behaviour of customers, changes in the insurance markets and disruptions of financial markets. Circumstances and conditions may change. Accordingly, additional risks and uncertainties not currently known, or that are not currently deemed material, may also adversely affect business operations.

OVERALL PERFORMANCE

As at October 31, 2020, the Company has working capital deficit of \$278,291 compared to a positive working capital of \$452,700 as at October 31, 2019, a decrease of \$730,991. The Company has incurred accumulated loss of \$4,237,616 since incorporation. The Company possesses \$122,656 in cash. During the years ended October 31, 2020 and 2019, the Company generated a total of \$718,336 and \$1,292,894 in total revenue, respectively, a decrease of \$574,558. The decrease in revenue is due to the Company experiencing a reduced demand the products as result of the global Covid-19 pandemic and economic downturn in Asia and North America. The Company reported higher general and administrative expenses for the year ended October 31, 2020. These expenses amounted to \$1,206,181 and \$1,161,082 for the years ended October 31, 2020 and 2019, respectively, an increase in expenses of \$45,099. The increase in expenses was primarily driven by the consulting fees, insurance, shipping expenses and wages & salaries. The Company recorded net loss and comprehensive loss of \$852,433 for the year ended October 31, 2020 compared to \$577,328 for the year ended October 31, 2019.

SUMMARY OF COMPARATIVE FINANCIAL INFORMATION

For the Year Ended	Year Ended October 31, 2020 \$	Year Ended October 31, 2019 \$
Total Revenue	718,336	1,292,894
Net Loss and Comprehensive Loss	852,433	577,328
Loss Per Common Shares	0.01	0.01
Cash	122,656	625,350
Purchase Deposits and Prepaid Expenses	151,444	487,234
Total Assets	933,378	1,647,439
Due to Related Parties	384,548	287,305
Total Liabilities	474,104	335,732
Long-Term Liabilities	23,211	N/A

RESULTS OF OPERATIONS

Sales

Effective on November 1, 2012, the Company entered into a Distribution and Licensing Agreement with EBMR, pursuant to which the Company became the exclusive distributor in Canada, and non-exclusive distributor in the US for EBMR's products. On June 19, 2015, the Company entered into a Memorandum of Understanding with EBMR ("MOU"), pursuant to which the Company is permitted to sell certain

products to selected sub-distributors located in Asia. The Company shall purchase the products from EBMR at pre-agreed upon purchase price. EBMR retains the right to revoke the MOU at any time.

For the years ended October 31, 2020 and 2019, the Company generated a total of \$718,336 and \$1,292,894 in total revenue, respectively, a decrease of \$574,558. The decrease in revenue is due to the Company experiencing a reduced demand the products as result of the global Covid-19 pandemic and economic downturn in Asia and North America. Sales consisted of sales revenue, freight revenue and manufacture sales. Canadian sales accounted for 15.5%, US sales accounted for 29.2% and Asia sales accounted for 55.3% of the total sales revenue. Sales to date have been generated mostly through word of mouth and Internet sales, with limited additional sales made through conventional distributors.

The Company has almost 18,000 registered clients in the US and Canada who became the clients of the Company mostly through word of mouth and referrals. Given the significant historical success with referral sales, the Company expects to capitalize on this within the natural health products industry, by also offering its products through direct marketing companies. As people are most comfortable trying health related products recommended by family and friends rather than products initially brought to their attention through traditional advertising channels, direct marketing has been a successful medium in the past, for natural health related products.

The Company has moved in the direction of launching a direct marketing program in North America. Occasionally, the Company will be hosting sales parties. Eleotin® products serve the clients better when close personal communications and extensive education about metabolism disorders accompany them. These meetings would not only familiarize potential clients with Eleotin® products, but also with a wide range of lifestyle improvements such as scheduling exercise times into busy lifestyles, and recommending foods to avoid or add to diets.

The Company also plans to hire health care professionals such as licensed nutritionists, nurses, diabetes educators, medical doctors, and alternative medical service providers to give health related opinions and counseling. These professionals would be providing their insight both during and outside the sales events the Company hosts.

Cost of Purchases

Under the terms of the Distribution and Licensing Agreement, EBMR is the supplier of the Eleotin® products and the Company shall purchase the products from EBMR at a pre-agreed price. For the year ended October 31, 2020, the cost of purchases was \$505,027, representing 70.31% of the total sales revenue, compared to \$727,807, representing 56.3% of the total sales revenue for the corresponding year ended October 31, 2019. Cost of purchases consisted of the purchase cost of Eleotin® products, freight expenses as well as the processing fees paid to merchant accounts. The increase in cost of purchases mainly due to the higher shipping costs and costs paid to EBMR for certain custom-made products.

Gross Profit

For the year ended October 31, 2020, the Company recorded a gross profit of \$213,309, representing 26.69% of the total sales revenue, compared to \$565,087, representing 43.71% of the total sales revenue for the year ended October 31, 2019. In comparison, gross profit has fluctuated significantly as a percentage of sales over the reported periods. The decrease in gross profit was driven primarily by the lower margins of certain custom-made products and more promotional events.

Accounting and Audit Fees

Accounting and audit fees were \$78,600 for the year ended October 31, 2020, compared to \$82,000 for the corresponding year ended October 31, 2019. During the year ended October 31, 2020, amount of \$29,500 (2019: \$5,000) accounting fee was paid to former CFO/a director of the Company for accounting service provided. The full disclosure concerning the related party transactions is provided in Note 9 of the audited financial statements for the year ended October 31, 2020. Accounting and audit fees consisted of consultation fees and auditing of the Company's annual financial statements.

Advertising and Marketing Fees

Advertising and marketing activities amounted to \$33,855 and \$29,755 for the year ended October 31, 2020 and 2019, respectively, an increase of \$4,100. New marketing efforts have been introduced and implemented by the Company in year 2020. However, the Company continues to rely heavily on word of mouth, referrals, Internet sales and its current conventional distributors. In addition to the traditional marketing efforts, the Company spent a significant amount of advertising and marketing fees on online social networking such as Facebook. The Company intends to increase its advertising and marketing budgets to bring its sales to the next level by implementing series of strategic marketing plans.

Consulting Fees

Consulting fees for the years ended October 31, 2020 and 2019 were \$79,944 and \$63,392, respectively, an increase of \$16,552. The consulting fees consisted of remuneration paid to the CEO, CFO and directors and EBMR for their services provided to the Company. During the year ended October 31, 2020, amount of \$2,000 (2019: \$6,000) consulting fee was incurred/paid to the CEO and director of the Company for services provided. Information on related party transactions is provided in Note 9 of the financial statements for the year ended October 31, 2020.

Legal Fees

The Company incurred \$26,558 and \$28,286 in legal fees for the year ended October 31, 2020 and 2019, respectively, an increase of \$1,728. The legal fees consisted primarily of the cost of general legal matters, the preparation of legal documents and assistance in connection with the TSX Exchange filings.

Listing Fees

Listing fees amounted to \$25,210 for the year ended October 31, 2020, a decrease of \$28,510 from \$53,720 for the same corresponding year ended October 31, 2019. A decrease was due to the transaction incurred between the Company and EBMR during the year 2019.

Management Fees

In December of 2012, the Company entered into the Management and Administrative Service Agreement pursuant to which the Company will make a payment of \$253,000 per year to EBMR in return for the management and support services provided by EBMR. This amount will cover the general administration expenses that would otherwise be incurred by the Company, including payroll and related employee expenses, office premise and equipment rental, meals and entertainment expenses, bank charges, depreciation expense, general insurance and general office expenses, etc. EBMR has the right to change the management fee amount from time to time on 30 days' notice.

On September 7, 2018, the Company entered into the agreements with EBMR for the period from November 1, 2018 to October 31, 2024. Management and Administrative Service Agreement ("Management Agreement") to reduce the management fee under the Management Agreement dated December 12, 2012 to \$215,050 per year to EBMR in return for management and support services provided by EBMR.

During the year ended October 31, 2020, as per the Management Agreement, the Company incurred \$234,021 in management fee to EBMR. The full disclosure concerning the related party transactions is provided in Note 9 of the audited financial statements for the year ended October 31, 2020.

Rental Expenses

On September 7, 2018, the Company entered into the agreements with EBMR for the period from November 1, 2018 to October 31, 2024, leasing agreements where the Company will lease the commercial space in premises owned by EBMR for \$72,000 per year for six years.

During the year ended October 31, 2020, the Company incurred \$59,745 (2019: \$61,101) rental expense which has been included in amortization expenses as a result of the adoption of IFRS 16. The full disclosure concerning the rental expense is provided in Note 6 of the audited financial statements for the year ended October 31, 2020.

Other Income

During the year 2020, \$1,369 (2019: \$16,412) interest revenue was included in other income in the statements of loss and comprehensive loss.

During the year 2020, \$138,658 (2019: \$nil) was included in government assistance. During the year, the Company applied CEWS and CEBA loan from government as result of the as the global Covid-19 pandemic and economic downturn.

Loss and Comprehensive Loss

The Company continued to incur losses from operations of \$852,433 and \$577,328 for the years ended October 31, 2020 and 2019, respectively. The increase in loss is due to the Company experiencing a reduced sale as result of the global Covid-19 pandemic and economic downturn in Asia and North America. The Company also reported higher general and administrative expenses in 2020 fiscal year. The management of the Company intends to invest heavily in the sales and marketing of Eleotin® and related products. Marketing new products that are unknown to the selected markets is expected to be very expensive and will lead to increased losses for an indeterminate amount of time before revenues and profits grow enough to offset these new expenditures. As a result, further losses are anticipated for the foreseeable future.

SUMMARY OF QUARTERLY RESULTS

Period Ended	31-Oct-20	31-Jul-20	30-Apr-20	31-Jan-20	31-Oct-19	31-Jul-19	30-Apr-19	31-Jan-19
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenue	203,039	184,854	193,661	136,782	282,950	211,250	318,643	480,051
Net Income (Loss)	(276,255)	(73,381)	(258,857)	(243,940)	(187,705)	(106,231)	(287,029)	3,637
Loss per Share	(0.01)	(0.00)	(0.00)	(0.00)	0.00	(0.01)	0.00	0.00
Due to (from) Related Parties	(384,548)	(135,004)	(218,000)	(255,392)	(287,305)	406,600	400,366	300,471
Total Assets	933,378	1,000,810	1,112,372	1,435,971	1,647,439	1,938,879	2,078,111	2,243,610
Total Liabilities	474,104	265,282	303,464	368,204	335,732	439,467	472,465	350,937
Long-Term Liabilities	23,211	40,000	20,000	N/A	N/A	N/A	N/A	N/A
(Deficit)	(4,237,616)	(3,961,362)	(3,887,982)	(3,629,123)	(3,385,183)	(3,197,478)	(3,091,244)	(2,804,218)

FOURTH QUARTER EVENTS,

Results for the three months ended October 31, 2020 and 2019 are as follows:

The loss in the quarter ended October 31, 2020 was \$276,255 compared to \$187,705 in same period in fiscal 2019. This \$88,550 increase in net loss was primarily attributed to the decreased sales in FY2020 compared to FY2019.

LIQUIDITY

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. At October 31, 2020, the Company had accounts payable and accrued liabilities of \$59,331 (October 31, 2019: \$41,004), which are due in the short term (0 - 3 months) and due to investors of \$100 (October 31, 2019: \$100), and due to related parties of \$384,548 (October 31, 2019: \$287,305), which are due on demand.

CAPITAL RESOURCES

As the Company is still in the early stage of business and does not have strong operating cash flows, the Company has had to rely on the external financing. However, the Company has no intention to rely on debt financing. The Company has been successful since incorporation in attracting potential investors who subscribed for Share Purchase Warrants. There can be no assurance, however, that the Company will be able to attract more potential investors in the future to fulfill its business objectives, or that the terms will be favourable to the Company. In the event that cash flow from operations, together with the proceeds for any future financing, if any, are insufficient to meet the Company's operating expenses, the Company will be required to re-evaluate its planned expenditures and allocate its total resources in such a manner as the Board of Directors and management deem to be in the Company's best interest.

The authorized share capital of the Company consists of an unlimited number of Common Shares. On July 4, 2013, EBMR subdivided the one issued and outstanding common share of the Company into 48,000,000 common shares of the Company. All outstanding common shares are owned by EBMR. The incorporation share is subject to the Escrow Agreement dated June 16, 2014 as well as the Performance Escrow Agreement dated June 16, 2014. Pursuant to the Performance Escrow Agreement dated June 16, 2014, the performance shares will be released from escrow pool upon the achievement of certain financial performance targets by the Company. As of the date of reporting, the Company has NIL outstanding Share Purchase Warrants. 15,062,270 share purchase warrants have been exercised and converted into common shares of the Company. In connection with the initial public offering, the Company issued 3,135,400 common shares of the Company at a price of \$0.25 per share. As of the date of reporting, the Company has 68,885,969 common shares issued and outstanding.

As at October 31, 2020, the Company possesses \$122,656 in cash and has a working capital deficit of \$278,291. The Company's objectives when managing capital is to ensure that there is adequate working capital to sustain operations and to continue as a going concern.

COMMITMENTS AND AGREEMENTS

In November 2012, the Company entered into the Distribution Agreement with EBMR whereby the Company acquired certain rights to market and sell Eleotin[®] products and related products in North America. Pursuant to the Distribution Agreement, the Company was appointed the exclusive distributor of Eleotin[®] products in Canada, and an initial distributor of Eleotin[®] products in the United States, with a right to become the exclusive distributor upon the Company achieving an agreed annual quota. Under the terms of the Distribution Agreement, EBMR is the supplier of the Eleotin[®] products and the Company purchases the products from EBMR at a pre-agreed upon price. The agreement will be valid for a period of ten years, and will automatically renew for subsequent terms of five years. Effective March 17, 2014, the Company amended and restated the License Agreement.

On June 19, 2015, the Company entered into a Memorandum of Understanding with EBMR ("MOU"), pursuant to which the Company is permitted to sell certain products to selected sub-distributors located in Asia. The Company shall purchase the products from EBMR at pre-agreed upon purchase price. EBMR retains the right to revoke the MOU at any time.

In December of 2012, the Company entered into the Management and Administrative Service Agreement with EBMR, pursuant to which the Company will make a payment of \$253,000 per year to the EBMR Company in return for the management and support services provided by EBMR.

During the year ended October 31, 2017, the Company entered into loan extension agreements with EBMR for another 12 months, for a total loan amount of \$1.44 million. The loan is secured against EBMR's real estate assets, repayable in 12 months and bears interest at 2 per cent per annum, payable annually in arrears. Pursuant to the original loan agreement, EBMR has granted the Company the right to purchase the manufacturing business, comprising the land, buildings, equipment, manufacturing licenses, permits and other rights, operations, and know-how. The purchase right may be exercised at any time up to 24 months from the advance of the loan, at the market price of the business determined at the time of purchase.

During the year ended October 31, 2017, the Company arranged a financial loan in the amount of \$40,000 to EBMR. The loan bears the same interest of 2% per annum with a maturity date of June 24, 2018 and is secured against EBMR's real estate assets.

During the year ended October 31, 2018, the Company has entered into an asset purchase agreement with EBMR, pursuant to which the Company exercised its right to purchase certain manufacturing assets from EBMR by paying a purchase price of \$325,000. The principal amount of the loan has been reduced by the purchase price. The manufacturing assets' fair value were assessed as \$288,200 and \$36,800 was recorded as loss on settlement of loan.

On September 7, 2018, the Company entered into the following agreements with EBMR for the period from November 1, 2018 to October 31, 2024, to which the funds will be used toward reducing the remaining outstanding loan receivable balance:

- Leasing agreements where the Company will lease the commercial space in premises owned by EBMR for \$72,000 per year for six years;
- Management and Administrative Service Agreement ("Management Agreement") to reduce the management fee under the Management Agreement dated December 12, 2012 to \$215,050 per year to EBMR in return for management and support services provided by EBMR.
- Consulting agreement where EBMR will manage the production of the Company's natural health products and pass on know-how to the Company related to the production of those products at \$3,000 per month. As part of this process, the Company will develop the expertise necessary to produce natural health products on its own, which will reduce future production costs.

CONTINGENT LIABILITIES

There has been an increasing movement in the U.S. and other markets to increase the regulation of dietary supplements, which will impose additional restrictions or requirements. In addition, there has been increased regulatory scrutiny of nutritional supplements and marketing claims under existing and new regulations. It is not possible to estimate the future impact on operating results, if any, as a result of future governmental regulations of dietary and nutritional supplements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not aware of any off-balance sheet transactions requiring disclosure.

TRANSACTIONS WITH RELATED PARTIES

(i) Transactions and balances with EBMR during the year

	October 31, 2020	October 31, 2019
	\$	\$
Management and administrative services fee	234,021	235,705
Rent per leasing agreements	59,745	61,101
Consulting fee per consulting agreement	18,044	19,642
Purchase cost for purchase of products at pre-agreed upon price	312,496	392,193

During the year ended October 31, 2020, the Company received \$37,333 (2019: \$16,856) in manufacturing orders from EBMR.

As of October 31, 2020, amount of \$370,106 (2019: \$306,914) was due to EBMR, at zero interest and due on demand.

(ii) As at October 31, 2020, \$14,442 (2019: \$17,567) was due to the CEO and CFO of the Company for business expenses paid by her on behalf of the Company

(iii) Compensation of key management personnel

During the year ended October 31, 2020, amount of \$2,000 (2019: \$nil) director fee was incurred/paid to a director of the Company for the services provided.

During the year ended October 31, 2020, amount of \$29,500 (2019: \$5,000) accounting fee and director fee was incurred/paid to former CFO and director of the Company for accounting and consulting services provided.

During the year ended October 31, 2020, amount of \$36,000 (2019: \$36,000) salaries was incurred/paid to the CFO and director of the Company for services provided.

During the year ended October 31, 2020, amount of \$5,000 (2019: \$nil) salaries was incurred/paid to the CEO and director of the Company for services provided.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended October 31, 2020 and 2019.

PROPOSED TRANSACTIONS

The Company is not aware of any proposed transactions requiring disclosure.

SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcomes could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Areas of Judgments

(i) Revenue

The Company assesses its revenue arrangement against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. Determining whether the Company acts as principal or agent is based on an evaluation of which party has substantial risks and rewards of ownership under the terms of an arrangement. The most significant factors that the Company considers include identification of the primary obligor, as well as which party has credit risk, general and inventory risk (or equivalent) and latitude in establishing prices.

(ii) Evaluation of the Company's ability to continue as a going concern

Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing these financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The assessment of the Company's ability to execute its strategy and finance the operations through achieving positive cash flow from operations or by obtaining additional funding through debt or equity financing involves judgments. Management monitors future cash requirements to assess the Company's ability to realize assets and discharge its liabilities in the normal course of operations.

Areas of Assumptions and Estimates

(i) Deferred Taxes

The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in the future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

(ii) Useful Lives of Depreciable Assets

The useful lives of depreciable assets have been determined based on management's estimated utility of the assets. Uncertainties in these estimates relate to technological obsolescence and wear and damage of assets.

(iii) Business combination

For business combinations, the Company must make assumptions and estimates to determine the purchase price accounting of the business being acquired. To do so, the Company must determine the acquisition date fair value of the identifiable assets acquired. The determination of the fair market values involves the use of discounted cash flow analyses. These assumptions and estimates have an impact on the asset and liability amounts recorded in the statement of financial position on the acquisition date.

(iv) Interest Rate on Government Loan

The government loan is measured at fair value based on management's best estimate of the effective interest rate at initial recognition. This estimate has an impact on the fair value of the loan recognized in the statement of financial position on the recognition date.

FINANCIAL INSTRUMENTS

Classification

On initial recognition, the Company determines the financial instruments classification as per the following categories:

- instruments measured at amortized cost;
- instruments measured at fair value through other comprehensive income (FVOCI) or through net income (FVTPL).

The financial instruments' classification under IFRS 9 is based on the business model in which a financial asset is managed and on its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial instrument in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments held for trading are classified as FVTPL. For all other equity investments that are not held for trading, the Company, on initial recognition, may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at FVTPL (such as derivatives) or if the Company elects to measure them at FVTPL.

Measurement

Financial instruments at amortized cost

Financial instruments at amortized cost are initially measured at fair value, and subsequently at amortized cost, using the effective interest method, less any impairment loss. Interest income, foreign exchange gains and losses and impairment are recognized in the statements of loss and comprehensive loss.

Financial instruments at fair value

Financial instruments are initially and subsequently measured at fair value and transaction costs are accounted for in the statements of loss and comprehensive loss. When the Company elects to measure a financial liability at FVTPL, gains or losses related to the Company's own credit risk are accounted for in the statements of loss and comprehensive loss.

Impairment

Since November 1, 2018, the Company prospectively estimates the expected credit losses associated with the debt instruments accounted for at amortized cost. The impairment methodology used depends on whether there is a significant increase in the credit risk or not. For trade receivables, the Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL) as allowed by IFRS 9 under the simplified method.

Derecognition

Financial assets

The Company derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred.

Financial liabilities

The Company derecognizes a financial liability when, and only when, it is extinguished, meaning when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of the extinguished financial liability and the consideration paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive income loss.

FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Overview

The Company's financial instruments consist of cash, accounts receivable and other receivables, due from related parties, accounts payable and accrued liabilities and due to investors. The fair value of these financial instruments approximates their carrying value due to short term nature.

Credit Risk

Credit risk refers to the risk of losses due to failure of the Company's customers and counterparties to meet their payment obligations. In the normal course of business, the Company is exposed to credit risk from its end-users and distributors. The Company performs ongoing credit evaluations of new and existing customers' financial condition, and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses. The Company has accounts receivable outstanding greater than 90 days past due and maintains an allowance for doubtful accounts relating to specific losses estimated on individual exposure. Average accounts receivable days sales outstanding for the year is consistent with historic trends. The Company views credit risk on accounts receivables as minimal.

Furthermore, the Company's cash is held with reputable institutions in Canada. The Company views credit risk on cash as minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. At October 31, 2020, the Company had accounts payable and accrued liabilities of \$59,331 (October 31, 2019: \$41,004), which are due in the short term (0 - 3 months) and due to investors of \$100 (October 31, 2019: \$100), and due to related parties of \$384,548 (October 31, 2019: \$287,305), which are due on demand.

Interest Risk

The Company will be subject to fluctuations in interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Market Risks

The Company will be subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. The Company has net financial assets of approximately \$1,974 (2019: \$83,752) that are denominated in US dollars. A 10% change in the US dollars to the Canadian dollar exchange rate would impact the Company's net loss and comprehensive loss by \$197 (2019: \$8,375).

The Company also has net financial assets of approximately \$72,658 (2019 – \$42,133) that are denominated in South Korean Won. A 10% change in the South Korean Won to the Canadian dollar exchange rate would impact the Company's net loss and comprehensive loss by \$7,266 (2019 - \$4,213).

CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management for the year ended October 31, 2020.

CHANGES IN ACCOUNTING POLICIES & NEW ACCOUNTING STANDARDS

The following new accounting standards adopted for the fiscal year ended October 31, 2020.

i. IFRS 16 Leases

On November 1, 2019, the Company adopted IFRS 16 – Leases (“IFRS 16”) which replaced IAS 17 – Leases (“IAS 17”) and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease liabilities related to its lease commitments for its leases. The lease liabilities will be measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate as at November 1, 2019, the date of initial application, resulting in no adjustment to the opening balance of deficit. The associated right-of-use assets will be measured at the lease liabilities amount made by the Company.

As at November 1, 2019, the Company recognized \$298,724 in right-of-use assets and \$nil in lease liabilities. The right-of-use assets were transferred from prepaid expense to right-of-use assets on November 1, 2019.

The following is the accounting policy for leases as of November 1, 2019 upon adoption of IFRS 16:

At inception of a contract, the Company 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. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

ii. IFRIC 23 Uncertainty over Income Tax Treatments

In June 2017, the IFRS Interpretation Committee issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 Income Taxes are applied where there is uncertainty over income tax treatments. IFRIC 23 becomes effective for annual periods beginning on or after November 1, 2019 and is to be applied retrospectively with early adoption permitted. The adoption of this standard to have no significant impact on the Company's financial statements.

OTHER MD&A REQUIREMENTS

(a) Additional Information

Additional information relating to the Company may be available upon request.

OTHER MD&A REQUIREMENTS (CONTINUED)

Additional relevant disclosure, such as sales, general and administration expenses, share capitals, significant accounting policies adopted are disclosed in the Company's audited financial statements for the year ended October 31, 2020.

(b) Disclosure of Outstanding Share Data

Security in Number	October 31, 2020	As of reporting date February 26, 2021
Each class and series of voting or equity securities for which there are securities Common Shares Outstanding:	68,885,969	68,885,969
Each class and series of securities for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities Special Purchase Warrants	-	-
Each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities above		
Common Shares	68,885,969	68,885,969
Fully diluted	68,885,969	68,885,969

The Company's authorized share capital consists of an unlimited number of voting Common Shares. As of the date of this report, the Company had 68,885,969 Common Shares issued and outstanding and 400 Special Warrants outstanding. The incorporation share is subject to the Escrow Agreement dated June 16, 2014 as well as the Performance Escrow Agreement dated June 16, 2014.

(c) Disclosure Controls and Procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures for the Company and has designed such disclosure controls and procedures, or caused them to be designed under the Company management's supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to management by others within those entities particularly during the period covered by this MD&A.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures for the period covered by this MD&A and based on that evaluation, Management has concluded that the disclosure controls and procedures are effective.