



Ocumetics™
TECHNOLOGY CORP

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JULY 31, 2021 AND 2020

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Ocumetics Technology Corp.

Opinion

We have audited the financial statements of Ocumetics Technology Corp. (the "Company") which comprise the statements of financial position as at July 31, 2021 and 2020, and the statements of loss and comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which is comprised of the information included in the Management's Discussion and Analysis to be filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and do not and will not express any form of assurance conclusion thereon. In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indicators that the other information appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Michael Ryan Ayre.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
November 26, 2021

OCUMETICS TECHNOLOGY CORP.Statements of Financial Position
(Expressed in Canadian dollars)

As at	July 31, 2021 \$	July 31, 2020 \$
ASSETS		
Current assets		
Cash and cash equivalents	83,900	840
Amounts receivable	28,745	547
Prepaid expenses and deposits	–	–
Total current assets	112,645	1,387
Non current assets		
Intangible assets (Note 4)	622,186	581,201
Other assets (Note 4)	90,424	–
Total assets	825,255	582,588
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	226,431	33,701
Due to related parties (Note 5)	369,324	108,309
Total current liabilities	595,755	142,010
Non current liabilities		
Due to related parties (Note 5)	500,000	500,000
Total liabilities	1,095,755	642,010
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 6)	1,508,195	1,121,083
Deficit	(1,778,695)	(1,180,505)
Total shareholders' equity (deficiency)	(270,500)	(59,422)
Total liabilities and shareholders' equity (deficiency)	825,255	582,588

Nature of operations and going concern (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on November 26, 2021:

/s/ Garth Webb

Garth Webb, Director

/s/ Roger Jewett

Roger Jewett, Director

(The accompanying notes are an integral part of these financial statements)

OCUMETICS TECHNOLOGY CORP.Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the year ended	July 31, 2021	July 31, 2020
	\$	\$
Expenses		
Amortization	83,511	73,134
Consulting (Note 5)	69,000	41,236
Office and general	1,037	101
Patent fees	48,873	–
Professional fees (Note 5)	384,208	58,014
Transfer agent and filing fees	11,561	–
Total expenses	598,190	172,485
Net loss and comprehensive loss for the year	598,190	172,485
Loss per share, basic and diluted	0.03	0.01
Weighted average shares outstanding	22,713,440	22,214,384

(The accompanying notes are an integral part of these financial statements)

OCUMETICS TECHNOLOGY CORP.

Statements of Changes in Equity (Deficiency)
(Expressed in Canadian dollars)

	Class A		Class B		Preferred Shares	Total Shares		Deficit	Shareholders' Equity	
	Common Shares		Common Shares			Number	\$			\$
	Number	\$	Number	\$						
Balance, July 31, 2020	21,550,000	761,812	800,000	71,854	3,200,000	287,417	25,550,000	1,121,083	(1,180,505)	(59,422)
Shares issued from private placement	1,422,832	387,112	-	-	-	-	1,422,832	387,112	-	387,112
Net loss	-	-	-	-	-	-	-	-	(598,190)	(598,190)
Balance July 31, 2021	22,972,832	1,148,924	800,000	71,854	3,200,000	287,417	26,972,832	1,508,195	(1,778,695)	(270,500)
Balance, July 31, 2019 (Unaudited)	21,400,000	720,562	800,000	71,854	3,200,000	287,417	25,400,000	1,079,833	(1,008,020)	71,813
Shares issued for services	150,000	41,250	-	-	-	-	150,000	41,250	-	41,250
Net loss	-	-	-	-	-	-	-	-	(172,485)	(172,485)
Balance, July 31, 2020	21,550,000	761,812	800,000	71,854	3,200,000	287,417	25,550,000	1,121,083	(1,180,505)	(59,422)

(The accompanying notes are an integral part of these financial statements)

OCUMETICS TECHNOLOGY CORP.Statements of Cash Flows
(Expressed in Canadian dollars)

For the year ended	July 31, 2021	July 31, 2020
	\$	\$
Operating activities		
Net loss	(598,190)	(172,485)
Items not effecting for cash		
Amortization	83,511	73,134
Stock based compensation	–	41,250
Changes in non-cash operating working capital:		
Amounts receivable	(28,198)	(14)
Prepaid expenses and deposits	–	–
Accounts payable and accrued liabilities	192,730	29,798
Due to related parties	261,015	27,500
Net cash used in operating activities	(89,132)	(817)
Investing activities		
Intangible assets	(124,496)	–
Other assets	(90,424)	–
Net cash used in investing activities	(214,920)	–
Financing activities		
Proceeds from issuance of shares	387,112	–
Net cash provided by financing activities	387,112	–
Change in cash	83,060	(817)
Cash and cash equivalents, beginning of the year	840	1,657
Cash and cash equivalents, end of the year	83,900	840
Supplemental Cash Flow Disclosure		
Non cash investing and financing activities:		
Intangible assets included in due to related parties	–	24,771
Intellectual property and		–
Cash and cash equivalents consist of:		
Bank deposits	10,779	840
Held in trust	73,121	–

(The accompanying notes are an integral part of these financial statements)

OCUMETICS TECHNOLOGY CORP.

Notes to the Financial Statements

For the Year Ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

Ocumetics Technology Corp. (the "Company") was incorporated on April 12, 2012 under the Business Corporations Act of British Columbia. Its current focus is to develop an accommodating intraocular lens to eliminate the need for corrective lenses, especially for people over 45 years of age. The Company's registered office is located at 1250, 639-5th Avenue SW, Calgary, Alberta T2P 0M9.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at July 31, 2021, the Company has not generated any revenues from operations, has a working capital deficiency of \$483,110, and has an accumulated deficit of \$1,778,695. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability to raise equity or debt financing, and the attainment of profitable operations from the Company's future business (see Note 10). The March 2020 pandemic outbreak of COVID-19 could have a negative impact on the Company's ability to raise new capital. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Basis of Presentation

(a) Statement of compliance

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

These financial statements were authorized for issue by the Board of Directors on November 26, 2021.

(b) Basis of measurement

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial assets and liabilities measured at fair value. The functional and presentation currency of the Company is the Canadian dollar.

3. Significant Accounting Policies

(a) Significant accounting estimates and judgments

The preparation of these financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

OCUMETICS TECHNOLOGY CORP.

Notes to the Financial Statements
For the Year Ended July 31, 2021 and 2020
(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(a) Significant accounting estimates and judgments (continued)

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Going concern

The assessment of the Company's ability to continue as a going concern involves management judgement about the Company's resources and future prospects.

Impairment of intangible assets

The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Information about assumptions and estimation uncertainties that have a risk of resulting in significant adjustments are as follows:

Share-based payment transactions

The Company uses the Black-Scholes Option Pricing Model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss) and equity reserves.

Useful lives of intangible assets

Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value. As at July 31, 2021, the estimated remaining useful life of the intangible assets was 7 years. The estimates are reviewed at least annually and are updated if expectations change as a result of technical obsolescence or legal and other limits to use.

(b) Intangible assets

Intangible assets including a license agreement and intellectual property (see Note 4) are measured at cost less accumulated amortization and accumulated impairment losses. Initial costs and subsequent costs that increase the expected future economic benefits incurred under the license agreement and intellectual property are capitalized and amortized from the date of capitalization on a straight-line basis over their estimated useful lives determined based on the expiry of the key patents underlying the intellectual property. Patent maintenance costs are expensed as incurred. Patent application fees and related legal costs are capitalized as other assets and reclassified to intangible assets upon the grant of a patent and expensed if the application is abandoned or not approved. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. If, after expenditures are capitalized, events or changes in circumstances indicate that the carrying amount may not be recoverable, the amount capitalized is written off in profit or loss in the period the new information becomes available.

OCUMETICS TECHNOLOGY CORP.

Notes to the Financial Statements

For the Year Ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(c) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

(d) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Financial assets

The Company will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:

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

The Company does not have any financial assets measured at amortized cost.

Fair value through other comprehensive income ("FVTOCI") - financial assets are classified and measured at FVTOCI if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The Company does not have any financial assets classified as FVTOCI.

Fair value through profit or loss ("FVTPL") - any financial assets that are not held in one of the two business models mentioned are measured at FVTPL. The Company's cash and cash equivalents are classified as FVTPL.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

OCUMETICS TECHNOLOGY CORP.

Notes to the Financial Statements

For the Year Ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(d) Financial instruments (continued)

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For the years presented, the Company did not record any expected credit loss.

Financial liabilities

The Company's financial liabilities include accounts payable and due to related parties. The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

FVTPL – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss. The Company does not have any financial liabilities measured at FVTPL.

Amortized cost – Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company's accounts payable and due to related parties are classified at amortized cost.

After initial recognition, an entity cannot reclassify any financial liability.

(e) Foreign currency translation

The functional and reporting currency is the Canadian dollar. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Revenue and expenses are translated at average rates for the periods. Foreign exchange gains and losses are included in the statements of loss and comprehensive loss.

OCUMETICS TECHNOLOGY CORP.

Notes to the Financial Statements
For the Year Ended July 31, 2021 and 2020
(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(f) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(g) Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(h) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's Common Shares and Preferred Shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

OCUMETICS TECHNOLOGY CORP.

Notes to the Financial Statements

For the Year Ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(i) Loss per share

Basic loss per share is computed using the weighted average number of Common Shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase Common Shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share is the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

(j) Leases

The Company has adopted all of the requirements of IFRS 16 *Leases* (“IFRS 16”) as of August 1, 2019. This standard sets out a new model for lease accounting. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated, and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. The Company has elected not to recognize right - of- use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases are expensed on a straight-line basis over the lease term.

During the year ended July 31, 2021 and 2020, the Company did not have any short-term leases.

(k) Accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended July 31, 2021, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

4. Intangible Assets

On April 12, 2012, the Company entered into an Amended and Restated License Agreement (“License Agreement”) with Ventura Holding Ltd. (“Ventura”), a related party with certain common shareholders (Note 5), for the worldwide and exclusive right to utilize novel technologies, comprising intuitive suspension systems for accommodating and fixed focus lenses and related patents and improvements (the “Intellectual Property”). The License Agreement set out the consideration as follows:

- an initial lump sum payment of \$500,000 which amount shall be paid within 12 months from the achievement of commercialization. Under the License Agreement, commercialization is achieved when Ocumetics has sold at least 1,000 units per month to paying third-party customers for at least nine consecutive months, or at least 6,000 units, in the aggregate, over a nine-month period. (Note 5);
- 1,900,000 Class A Voting Common Shares of the Company all accumulated legal fees and other fees and expenses relating to the development, registration and maintenance of the Intellectual Property prior to April 12, 2012;

OCUMETICS TECHNOLOGY CORP.

Notes to the Financial Statements

For the Year Ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

4. Intangible Assets (continued)

- from time to time as accrued by Ventura, the total amount of all accumulated legal fees and other fees and expenses of relating to the development, registration and maintenance of any Intellectual Property; and
- an annual royalty of 1% of the Company's net income derived from the rights granted under the License Agreement to the Intellectual Property, calculated based on the fiscal year of the Company and payable within 2 months after the end of each fiscal year in immediately available funds.

On January 28, 2021, the Company purchased the Intellectual Property from Ventura pursuant to the Amended and Restated Intellectual Property Transfer Agreement between Ventura and the Company dated January 28, 2021 (the "IP Transfer Agreement") for a purchase price of \$500,000 that was paid through the issuance of a non-interest-bearing promissory note secured against the Intellectual Property (the "Promissory Note") repayable 12 months after the achievement of commercialization. Under the Promissory Note, commercialization is achieved when the Company has sold at least 1,000 units per month to paying third-party customers for at least nine consecutive months, or at least 6,000 units, in the aggregate, over a nine-month period. Upon the occurrence of an event of default under the Promissory Note, the Principal Amount shall be immediately due and payable in full and Ventura shall be entitled to enforce its security. The Company and Ventura also entered into royalty agreement for the payment to Ventura of royalties of 2% of net sales derived from the Intellectual Property (the "Royalty Agreement"). The License Agreement was terminated upon the transfer of the Intellectual Property under the IP Transfer Agreement. The \$500,000 that was due under the License Agreement was replaced by the Promissory Note and the 1% royalty that was due under the License Agreement was replaced by the 2% royalty payable under the Royalty Agreement.

The following is a continuity schedule of intangible assets:

	Licenses	Intellectual Property	Total
	\$	\$	\$
Costs:			
Balance, July 31, 2020	1,039,447	–	1,039,447
Reclassification	(1,039,447)	1,039,447	–
Additions	–	124,496	124,496
Balance, July 31, 2021	–	1,163,943	1,163,943
Accumulated Amortization:			
Balance, July 31, 2020	458,246	–	458,246
Reclassification	(458,246)	458,246	–
Additions	–	83,511	83,511
Balance, July 31, 2021	–	541,757	541,757
Net book value:			
Balance, July 31, 2020	581,201	–	581,201
Balance, July 31, 2021	–	622,186	622,186

5. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

OCUMETICS TECHNOLOGY CORP.

Notes to the Financial Statements
For the Year Ended July 31, 2021 and 2020
(Expressed in Canadian dollars)

5. Related Party Transactions and Balances (continued)

Key management compensation

The Company has identified its directors and certain senior officers of the Company, who have the authority and responsibility for planning, directing and controlling the activities of the Company, as key management personnel. All related party transactions were measured at the amount of consideration established and agreed to by the related parties.

	July 31, 2021	July 31, 2020
	\$	\$
Professional fees	88,015	21,000
Consulting fees, director	69,000	41,250
Total	157,015	62,250

Summary of related party balances:

During the year ended July 31, 2021, the Company's CEO advanced the Company \$160,000 which remained payable at July 31, 2021. All amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

	July 31, 2021	July 31, 2020
	\$	\$
Due to Ventura (Note 4)	576,754	557,372
Due to companies controlled by a director	72,938	29,937
Due to CEO	175,500	–
Due to CFO	44,132	21,000
	869,324	608,309

As at July 31, 2021, \$500,000 of the amount due to Ventura has been presented as non-current (July 31, 2020 - \$500,000).

6. Share Capital

(a) Authorized:

Common Shares

The Company is authorized to issue the following share capital:

- Unlimited Class A common voting shares without par value (the "Class A Common Shares")
- Unlimited Class B common non-voting shares without par value (the "Class B Common Shares")

Preferred shares

The Company is authorized to issue an unlimited number of non-voting preferred shares without par value (the "Preferred Shares"). The Preferred Shares entitle each holder a preference on dividends and on the distribution of assets over the holders of Class A and Class B Common Shares. The Preferred Shares are cumulative, retractable, and convertible.

The Company may at any time, upon giving notice, redeem all or, from time to time, any part of, the then-outstanding Preferred Shares at the Preferred Redemption Price, defined as the amount added to the capital of the Company together with an amount equal to all declared and unpaid dividends. The holder of Preferred Shares may, by giving notice, require the Company to redeem at any time all or, from time to time, any part of, the Preferred Shares held by that holder at the Preferred Redemption Price.

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6. Share Capital (continued)

As at July 31, 2021 and 2020, the Preferred Redemption Price for all outstanding Preferred Shares in total was \$10.

Upon the occurrence of an Initial Public Offering, the Preferred Shares shall be automatically converted into fully paid and non-assessable Class A Common Shares on the basis of one Class A Voting Common share for each one Preferred Share.

(b) Issued:

Class "A" Common Shares	Number of Shares	Amount \$
Balance, July 31, 2019	21,400,000	720,562
Issuance of common shares for cash	150,000	41,250
Balance, July 31, 2020	21,550,000	761,812
Issuance of common shares for cash	1,422,832	387,112
Balance, July 31, 2021	22,972,832	1,148,924

During the year ended July 31, 2021, the Company issued the following shares:

- On September 25, 2020, the Company issued 589,500 Class A common units at a price of \$0.275 per unit for proceeds of \$162,112. Each unit consisted of one Class A Common share of the Company and one-half of one warrant, with each whole warrant entitling the holder to purchase one additional Class A Common share at a price of \$0.275 for a period of two years. There was no value allocated to the warrants based on the residual method.
- On January 7, 2021, the Company issued 833,332 Class A common units at a price of \$0.30 per unit for proceeds of \$250,000. Each unit consisted of one Class A Common share of the Company and one-half of one warrant, with each whole warrant entitling the holder to purchase one additional Class A Common share at a price of \$0.60 for a period of 18 months. There was no value allocated to the warrants based on the residual method.

During the year ended July 31, 2020, the Company issued the following shares:

- 150,000 Class A Common Shares at a price of \$0.275 per share for a total value of \$41,250 pursuant to a consulting agreement.

Class "B" Common Shares	Number of Shares	Amount \$
Balance, July 31, 2019, 2020 and 2021	800,000	71,854

There were no Class B Common Shares issued during the years presented.

Preferred Shares	Number of Shares	Amount \$
Balance, July 31, 2019, 2020 and 2021	3,200,000	287,417

There were no Preferred Shares issued during the years presented.

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6. Share Capital (continued)

(c) Warrants:

A continuity schedule of outstanding share purchase warrants is as follows:

	Number	Weighted Average Exercise Price \$
Balance, July 31, 2019 and 2020	–	–
Issued	711,416	0.465
Balance July 31, 2021	711,416	0.465

As of July 31, 2021, the Company had share purchase warrants outstanding and exercisable to acquire Common Shares of the Company as follows:

Expiry Date	Number	Exercise Price \$
September 25, 2022	294,750	0.275
July 7, 2022	416,666	0.600
	711,416	

7. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to provide an adequate return to shareholders, to meet external capital requirements on the Company's debt and credit facilities and preserve financial flexibility in order to benefit from potential opportunities that may arise. The Company considers capital to be comprised of all components of shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended July 31, 2021.

8. Financial Instruments and Risk Management

Fair values and classification

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumption that market participants would use in pricing.

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8. Financial Instruments and Risk Management (continued)

The Company's financial instruments consist of cash and cash equivalents, accounts payable and due to related parties. The fair values of accounts payable and due to related parties approximates their carrying values due to the relatively short-term maturity of these instruments. Cash is measured at fair value on a recurring basis using level 1 inputs. The following table summarizes the carrying values of the Company's financial instruments as at July 31, 2021 and 2020:

	July 31, 2021	July 31, 2020
	\$	\$
FVTPL (i)	83,900	840
Amortized cost (ii)	1,095,755	642,010

(i) Cash and cash equivalents

(ii) Accounts payable and due to related parties

Financial instrument risk exposure

The Company's financial instruments are exposed to certain financial risks, including credit risk, currency risk, interest risk and liquidity risk.

(a) Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk. The Company's maximum credit risk is equal to the carrying value of cash and cash equivalents at July 31, 2021 and July 31, 2020.

(b) Currency risk

The Company's assets, liabilities, and expenses are denominated primarily in Canadian dollars. The Company's corporate office is based in Canada and current exposure to rate fluctuations is minimal. The Company does not have significant foreign currency denominated monetary liabilities.

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. The Company is not exposed to significant interest rate risk.

(d) 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 currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's accounts payable, and due to related parties have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

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9. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2021	2020
	\$	\$
Net loss before income taxes	(598,189)	(172,485)
Canadian statutory income tax rate	27.00%	27.00%
Expected income tax recovery at statutory rate	(161,511)	(46,571)
Tax effect of:		
Permanent differences and others	-	11,138
Change in unrecognized deferred income tax assets	161,511	35,433
Income tax recovery	-	-

The significant components of deferred income tax assets and liabilities are as follows:

	2021	2020
	\$	\$
Deferred income tax assets:		
Non-capital losses carried forward	247,311	113,748
Intangible assets	146,274	123,726
Share issuance costs	5,400	-
Total gross deferred income tax assets	398,985	237,474
Unrecognized deferred income tax assets	(398,985)	(237,474)
Net deferred income tax assets	-	-

At July 31, 2021, the Company had, for Canadian tax purposes, non-capital losses aggregating approximately \$915,966. These losses are available to reduce taxable income earned by the Canadian operations of future years and expire between 2033 and 2041.

10. Subsequent Events

On August 27, 2021, the Company completed a Qualifying Transaction ("QT") with Quantum Blockchain Technologies Ltd. ("Quantum"). Pursuant to the QT, Quantum and the Company amalgamated (the "Amalgamation").

Each outstanding Common Share and Preferred Share of the Company were exchanged for three Common Shares of Quantum resulting in the issuance of 80,918,502 Common Shares to the shareholders of the Company. Each share purchase warrant that was convertible into the Company's shares were exchanged for three share purchase warrants convertible into Common Shares of Quantum on the same or similar terms.

In connection with the transaction, the Quantum completed a private placement of an aggregate of 21,604,800 Common Shares at a price of \$0.125 per share for total gross proceeds of \$2,700,600 and issued 200,000 to Haywood Securities Inc. in exchange for its services as the sponsor.

On August 27, 2021, the Company also issued an aggregate of 8,870,800 incentive stock options to directors, officers and consultants pursuant to the terms of the Stock Option Plan of the Company. Each option entitles the holder thereof to purchase one common share in the capital of the Company, at an exercise price per common share of \$0.125 for a period of five years. 125,000 of the

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10. Subsequent Events (continued)

stock options vested immediately, 250,000 will vest 50% in 6 months and 50% in 12 months, and the balance will vest over a period of three years, with 15% of the options vesting 6 months after the date of issuance, another 15% vesting after 12 months, another 35% after 24 months and the remaining 35% after 36 months.

The following is the share capital information:

	Number	\$
Balance	26,972,832	1,533,195
Ocumetics shares cancelled in share exchange with shareholders in RTO	(26,972,832)	(1,533,195)
Shares issued in share exchange with shareholders in RTO	80,918,496	1,533,195
Shares deemed to be issued in RTO	5,540,000	692,500
Shares issued from concurrent private placement	21,604,800	2,700,600
Listing costs	–	–
Balance	108,063,296	4,926,295