

Biosenta Inc.

Consolidated Financial Statements
For the years ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the shareholders of Biosenta Inc.

We have audited the accompanying financial statements of Biosenta Inc., which comprise the consolidated statement of financial position as at September 30, 2018, and the consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity (deficiency) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Biosenta Inc. as at September 30, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which highlights existence of material uncertainty relating to the conditions that cast significant doubt on Biosenta Inc.'s ability to continue as a going concern.

Other Matter

The comparative figure as at September 30, 2017 and for the year then ended were audited by another firm of Chartered Professional Accountants who expressed an unqualified opinion on those statements in their audit report dated February 13, 2018.

July 26, 2019
Toronto, Canada

MS Partners LLP

MS Partners LLP
Licensed Public Accountants

Biosenta Inc.**Consolidated Statements of Financial Position**

(Expressed in Canadian dollars, unless otherwise stated)

	September 30 2018 \$	September 30 2017 \$
ASSETS		
Current		
Cash	11,377	1,657
Inventory (Note 6)	-	379
Prepaid expenses	-	2,253
Other receivables	6,565	-
	17,942	4,289
Intangible asset (Note 7)	1	1,606,500
Property and equipment (Note 8)	-	580
Total assets	17,943	1,611,369
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	383,510	454,852
Payable from restructuring proposal (Note 10)	254,092	254,092
Loans and advances (Note 11)	33,477	68,693
Joint venture advances (Note 12)	220,000	-
Secured loan (Note 13)	-	565,682
	891,079	1,343,319
Convertible debentures (Note 15)	30,769	23,975
Total liabilities	921,848	1,367,294
SHAREHOLDERS' (DEFICIT)/EQUITY		
Share capital (Note 16)	9,144,029	9,102,363
Equity reserves (Note 17)	49,810	49,810
Equity component of convertible debentures (Note 15)	30,983	30,983
Deficit	(10,128,727)	(8,939,081)
Total shareholders' (deficit)/equity	(903,905)	244,075
Total liabilities and shareholders' equity	17,943	1,611,369

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 18)

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

Approved by the Board of Directors

Signed "Dene Rogers" DirectorSigned "Ed Korhonen" Director

Biosenta Inc.**Consolidated Statements of Operations and Comprehensive Income (Loss)**

(Expressed in Canadian dollars, unless otherwise stated)

	Year ended September 30 2018 \$	Year ended September 30 2017 \$
Sales	1,167	17,178
Cost of sales	412	8,941
Gross profit	755	8,237
Administrative expenses		
Professional fees	90,947	110,650
Salaries, management and consulting fees (Note 14)	97,043	97,960
Office and general	28,033	44,947
Insurance	20,909	26,412
Product development costs	4,826	19,240
Stock transfer fees	19,812	18,825
Sales and marketing	1,006	13,396
Travel	1,815	308
Amortization	580	1,800
Total expenses	264,971	333,538
Net loss from operations	(264,216)	(325,301)
Other expenses (income)		
Impairment loss (Note 7)	1,606,499	-
Recovery of commissions (Note 13)	-	(153,000)
Interest and accretion expense (Note 15)	15,310	5,022
Bad debt expense	-	35,389
Write-down of equipment (Note 8)	-	756,433
Write-down of inventory and prepaid production expenses	-	65,224
Other gain on settlement	(2,500)	-
Gain from settlement of debts from restructuring proposal (Note 13)	(693,879)	-
Total other expenses	925,430	709,068
Income tax expense (recovery)	-	-
Net loss and comprehensive loss	(1,189,646)	(1,034,369)
Loss per common share - basic and diluted	(0.09)	(0.08)
Weighted average number of common shares - basic and diluted	13,160,649	12,395,997

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

Biosenta Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian dollars, unless otherwise stated)

	Share Capital		Treasury	Equity	Equity component	Accumulated	Total
	Shares	Amount	Shares	reserve	of convertible debentures	deficit	
	#	\$	\$	\$	\$	\$	\$
As at September 30, 2016	12,152,283	9,322,863	(240,000)	201,652	30,983	(8,056,554)	1,258,944
Common shares issued for services (Note 16 (i))	243,714	19,500	-	-	-	-	19,500
Expired options (Note 17)	-	-	-	(151,842)	-	151,842	-
Reclassification	-	(240,000)	240,000	-	-	-	-
Net loss for the year	-	-	-	-	-	(1,034,369)	(1,034,369)
As at September 30, 2017	12,395,997	9,102,363	-	49,810	30,983	(8,939,081)	244,075
Common shares issued for debt (Note 13)	1,666,666	41,666	-	-	-	-	41,666
Net loss for the year	-	-	-	-	-	(1,189,646)	(1,189,646)
As at September 30, 2018	14,062,663	9,144,029	-	49,810	30,983	(10,128,727)	(903,905)

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

Biosenta Inc.**Consolidated Statements of Cash Flows**

(Expressed in Canadian dollars, unless otherwise stated)

	Year ended September 30 2018 \$	Year ended September 30 2017 \$
Operating activities		
Net loss and comprehensive loss for the year	(1,189,646)	(1,034,369)
<i>Adjustments for items not affecting cash:</i>		
Share-based payments (Note 17)	-	19,500
Recovered commissions (Note 13)	-	(153,000)
Write-down of equipment	-	756,433
Accrued interest on secured loan	-	5,852
Accretion	6,794	4,668
Amortization	580	1,800
Impairment loss	1,606,499	-
Gain from settlement of debts from restructuring proposal (Note 13)	(693,879)	-
Other gain on settlement	(2,500)	-
<i>Changes in working capital items:</i>		
Amounts receivable	-	27,185
Inventory	379	44,063
Prepaid expenses	2,253	28,787
Other receivables	(6,565)	-
Accounts payable and accrued liabilities	51,021	81,625
Cash used in operating activities	(225,064)	(217,456)
Financing activities		
Advances from joint venture (Note 12)	220,000	-
Proceeds from loans and advances (Note 11)	14,784	18,693
Proceeds from secured loan, net of recovered commission (Note 13)	-	190,000
Cash provided by financing activities	234,784	208,693
Net increase (decrease) in cash	9,720	(8,763)
Cash and cash equivalents, beginning of year	1,657	10,420
Cash and cash equivalents, end of year	11,377	1,657

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

Biosenta Inc.

Notes to the Consolidated Financial Statements

For the years September 30, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise stated)

1. Nature of Operations and Going Concern

Biosenta Inc. (the “Company” or “Biosenta”) is a public company, incorporated and domiciled in Canada, whose shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “ZRO”. The Company's registered address is 18 Wynford Drive, Suite 794, Toronto, Ontario, M3C 3S2. In 2011, the Company acquired the intellectual property rights to certain technology and processes relating to anti-microbial products with potential commercial and consumer applications. The Company is currently engaged in developing sales for its Zeromold™ and True product lines and the development for commercial applications of its technology to produce an anti-microbial Tri-Filler product.

Going concern

During the year ended September 30, 2018, the Company reported net loss of \$1,189,646 and a working capital deficit of \$873,137.

The ability of the Company to continue as a going concern is dependent upon the continuing financial support of shareholders or other investors, obtaining new financing on commercial terms acceptable to the Company to enable it to monetize its intellectual property assets, and upon attaining profitable operations once such assets can be monetized, all of which outcomes are uncertain and which represents material uncertainties, cast significant doubt over the ability of the Company to continue as a going concern. These consolidated financial statements do not include any adjustments to the carrying values of the Company's assets, liabilities, and expenses and the related classifications that would be necessary if the going concern assumption were inappropriate. Such adjustments have not been quantified by management, but could be material.

The Company funded its operations for the year ended September 30, 2018 from existing cash and advances from joint venture (See Note 12). The Company also settled its secured loans through the issuance of shares and made a gain on settlement of debts of \$693,879. The Company, however, reported impairment losses of \$1,606,499. The Company may not have sufficient cash reserves to fund its product development programs, administrative costs and other obligations for the coming fiscal year. Management is actively involved in developing and bringing their products to market, as well as seeking new debt and equity financing to enable it to service the Company's liabilities and its ongoing administrative costs. Management believes the Company will continue as a going concern due to the Company's ability to obtain funding through the issuance of debt and equity instruments.

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accounting policies set out below, have been applied consistently to all periods presented in these consolidated financial statements.

The Board of Directors of the Company authorized these consolidated financial statements for issuance on July 26, 2019.

Biosenta Inc.

Notes to the Consolidated Financial Statements

For the years September 30, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise stated)

2. Basis of Presentation (continued)

Basis of preparation and presentation

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Basis of consolidation

These consolidated financial statements include the accounts of the Company, which is incorporated in Canada, and its wholly-owned subsidiary, Biosenta U.S.A. Inc. which is incorporated in the United States. All inter-company balances and transactions are eliminated on consolidation. These consolidated financial statements include all assets, liabilities, expenses, and cash flows of the Company and its subsidiary after eliminating inter-company balances and transactions.

3. Significant Accounting Policies

Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions about future events that affect the amounts reported in the audited consolidated financial statements and related notes.

Although these estimates are based on management's best knowledge of the amount, event, or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management considers at the higher of recoverable amount or fair value less costs to sell in the case of assets, and at objective evidence of significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Biosenta Inc.

Notes to the Consolidated Financial Statements

For the years September 30, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise stated)

3. Significant Accounting Policies (continued)

- Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning 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. Estimates of future taxable income is based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Convertible debentures

The Company has issued convertible debentures that are accounted for as compound financial instruments. The fair value of the embedded derivative in the convertible debentures (the conversion option) is estimated at the date of the transaction date using generally accepted valuation techniques. Assumptions are made and judgments are used in applying valuation techniques.

- Commitments and contingencies

Refer to Note 18.

- Going Concern

Refer to Note 1.

- Inventory provision

Management makes estimates of the future customer demand for the Company's products when establishing appropriate provision for inventory. In making these estimates, management considers product life of inventory and the profitability of recent sales of inventory. In many cases, product sold by the Company turns over quickly and inventory on-hand values are lower, thus reducing the risk of material misstatement. To the extent that actual losses on inventory differ from those estimated, both inventory and net earnings will be affected.

Biosenta Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars, unless otherwise stated)

3. Significant Accounting Policies (continued)

(a) Inventory

Inventory is valued at the lower of cost and net realizable value, based on the “first in, first out” principle. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any required provision for obsolescence.

(b) Property and Equipment

Items of equipment are measured at cost less accumulated depreciation and any recognized impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When components of equipment have different useful lives, they are accounted for as separate items of property and equipment.

The Company commences recognition of depreciation when the item of equipment is ready for its intended use. Depreciation is recognized on the following bases:

- Furniture and equipment 20%
- Computer equipment 45%
- Leasehold improvements - lesser of lease term or useful life, straight line

Depreciation methods and useful lives are reviewed at each reporting date.

(c) Intangible Assets

Intangible assets with indefinite lives are not amortized, but are tested for impairment annually. Intangible assets which have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. The Company's perpetual, world-wide, exclusive license is classified as an indefinite life intangible asset.

(d) Impairment

None of the Company's non-financial assets generate independent cash inflows and therefore all non-financial assets are allocated to cash generating units ("CGU") for purposes of assessing impairment. CGUs are defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment losses are recognized when the carrying amount of a CGU exceeds the recoverable amount, which is the greater of the CGU's fair values less cost of disposal and its value in use. Value in use is the present value of the estimated future cash flows from the CGU discounted using a pre-tax rate that reflects current market rates and the risks inherent in the business of each CGU. If the recoverable amount of the CGU is less than its carrying amount, the CGU is considered impaired and is written down to its recoverable amount. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, allocated pro-rata on the basis of the carrying amount of each asset.

Biosenta Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars, unless otherwise stated)

3. Significant Accounting Policies (continued)

Impairment losses of continuing operations are recognized in the consolidated statements of operations. A previously recognized impairment loss for non-financial assets, excluding goodwill, is reversed if there has been a change in the assumptions used to determine recoverable amount since the previous impairment loss was recognized. The carrying amount after the reversal cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

(e) Foreign currency translation

The functional currency of the Company and is the Canadian dollar. Monetary assets and liabilities of the Company are translated into Canadian dollars at exchange rates in effect at the reporting dates and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Transactions in foreign currencies are translated into the currency of measurement at the exchange rates in effect on the transaction date. Foreign exchange gains and losses arising are included in net loss for the year.

(f) Income taxes

Current tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Biosenta Inc.

Notes to the Consolidated Financial Statements

For the years September 30, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise stated)

3. Significant Accounting Policies (continued)

(g) Share capital

Shares issued by the Company are recorded in the amount of the proceeds received, net of the after-tax cost of issuance.

The Company, from time to time, may repurchase its shares. When shares are repurchased, the amount of the consideration paid which includes directly attributable costs and is net of any tax effects, is recognized as a deduction from share capital. Any repurchased shares will be cancelled.

(h) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for its own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. The diluted EPS calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

As at September 30, 2018 and 2017, potentially dilutive securities excluded from the calculation of EPS included all outstanding options as the conversion of these securities at September 30, 2017 and 2016 would be anti-dilutive to earnings.

(i) Financial instruments

All financial instruments are classified into one of the following five categories: fair value through profit or loss ("FVTPL"), held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. FVTPL financial instruments are measured at fair value and all changes in those fair values recognized in net loss. Available-for-sale financial instruments are measured at fair value, with changes in those fair values recognized in Other Comprehensive Income ("OCI"). Loans and receivables, investments held-to-maturity and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has made the following classifications:

Cash	Loans and receivables
Amounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Convertible debentures	Other financial liabilities
Secured loan	Other financial liabilities
Payables from Restructuring Proposal	Other financial liabilities

Transaction costs expensed as incurred for financial instruments classified as FVTPL. For other financial instruments, transaction costs are netted against the carrying value and are then recognized over the expected life using the effective interest method.

Biosenta Inc.

Notes to the Consolidated Financial Statements

For the years September 30, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise stated)

3. Significant Accounting Policies (continued)

The Company has determined that it does not have derivatives or embedded derivatives.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of estimated, discounted future cash flows. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognized in the consolidated statements of operations.

(j) Stock-based compensation

Stock-based awards and payments

The Company grants stock options to directors, officers and employees. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. The grant date fair value of options is recognized as share-based payment expense, with a corresponding increase in equity, over the period that the individual becomes unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the number of share options 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 share options that do meet the related service and non-market performance conditions at the vesting date. Charges for options that are forfeited before vesting are reversed from share-based payment reserve. Upon the expiry of unexercised options or warrants, the amount expensed to the expiry date is transferred to retained earnings (deficit).

(k) Revenue recognition policy

Revenue is recognized when it is earned, specifically, when products are shipped to customers, there is clear evidence that an arrangement exists, amounts to be received are fixed or determinable and the ability to collect is reasonably assured. At these points, the risks and rewards of ownership have transferred to the buyer, revenue can be reliably measured and it is probable that the economic benefits will flow to the Company. Sales returns and allowances are treated as reductions to revenue and are provided for based on historical experience and current estimates.

Biosenta Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars, unless otherwise stated)

3. Significant Accounting Policies (continued)

License fees are earned based on the terms of the contract defined there and the non-refundable nature of payments made.

(l) Related party transactions

A party is related to an entity if the party directly or indirectly controls, is controlled by or is under common control with the entity; or if it has an interest in the entity that gives it significant influence over the entity; or if it has joint control over the entity or is an associate or a joint venture of the entity. In addition, members and dependents of the key management personnel of the entity (Board of Directors and Executive Management Board) are also considered related parties.

(m) Joint Venture advances

Joint ventures advances comprise money received from one or more unaffiliated entities. The company invests these advances under terms requiring unanimous consent of all the parties (See Note 12).

The Company's interests in joint ventures are classified as obligation relating to investments in joint ventures and is accounted for using the equity method, with the Company's share of net losses and net liabilities separately disclosed in the statement of net loss and consolidated statement of financial position, in accordance with IFRS 11 'Joint Arrangements'.

Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

4. Recent Accounting Pronouncements

Changes in accounting standards not yet effective

IFRS 9: Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments ("IFRS 9"), which brings together the classification and measurement, impairment, and hedge-accounting phases of the IASB's project to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39").

Classification and measurement – Financial assets are classified and measured based on the business model under which they are managed and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified in a similar manner as under IAS 39, except that financial liabilities measured at fair value will have fair value changes resulting from changes in the entity's own credit risk recognized in Other Comprehensive Income ("OCI") instead of Net Income, unless this would create an accounting mismatch.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit & loss (FVTPL). The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables, and available for sale.

Biosenta Inc.

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(Expressed in Canadian dollars, unless otherwise stated)

4. Recent Accounting Pronouncements (continued)

Changes in accounting standards not yet effective (continued)

Impairment – The measurement of impairment of financial assets is based on an expected credit loss model. It is no longer necessary for a triggering event to have occurred before credit losses are recognized. IFRS 9 also includes new disclosure requirements about expected credit losses and credit risk.

Hedge accounting – The new general hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. It will provide more opportunities to apply hedge accounting to reflect actual risk management activities.

The Company will adopt IFRS 9 from October 1, 2018. Management does not expect the adoption of this standard to have a material effect on the consolidated financial statements.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers.

Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. Management does not expect the adoption of this standard to have a material effect on the consolidated financial statements.

IFRS 16: Leases ("IFRS 16"):

In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16"), which replaces IAS 17 – Leases, and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15.

IFRIC 23, Uncertainty Over Income Tax Treatments

IFRIC 23 was issued in June 2017 and is effective for years beginning on or after January 1, 2019, to be applied retrospectively. IFRIC 23 provides guidance on applying the recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered together or separately based on which approach better predicts resolution of the uncertainty. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements and plans to adopt the requirements in 2019.

Biosenta Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars, unless otherwise stated)

5. Accounts receivable

	As at September 30 2018	As at September 30 2017
	\$	\$
Accounts receivable	-	86,078
Provisions for impairment	-	(86,078)
	-	-

6. Inventory

	As at September 30 2018	As at September 30 2017
	\$	\$
Finished goods	-	379
Raw materials	-	-
	-	379

7. Intangible assets

The intangible assets are comprised as follows:

	As at September 30 2018	As at September 30 2017
	\$	\$
Opening balance	1,606,500	1,606,500
Less: Impairment loss during the year	(1,606,499)	-
Closing balance	1	1,606,500

On June 7, 2011, the Company entered into an exclusive world-wide interim license agreement with Marcus Martin, a Director of the Company, with respect to certain intellectual property rights held by Mr. Martin relating to a process for the manufacture of anti-microbial filler product (the “MM License Agreement”). Effective October 3, 2011, the License Agreement was amended and restated to add Edward Pardiak, a former Director of the Company, as a co-licensor and was again amended and restated on April 10, 2012, to add 2320696 Ontario Inc. and 2262554 Ontario Inc., as co-licensors. Marcus Martin and Edward Pardiak, control 2320696 Ontario Inc. and 2262554 Ontario Inc, respectively through holding companies controlled by them.

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7. Intangible assets (continued)

The Company exercised its right to convert the interim license granted on June 7, 2011, as amended and restated, into an assignable, transferable, perpetual, world-wide exclusive license (the "License"). In connection with the exercise of the right to acquire the License, and in accordance with the terms of the MM License Agreement as amended, the Company issued fully paid and non-assessable Class A shares of the Company to the Licensors, valued at \$1,606,500. The effective date for the issuance of the Class A shares and the acquisition of the License was April 10, 2012. The License was subject to royalties payable equal to 7% to 25%, based on gross margin, actually received by the Company on the sale of the licensed goods.

The shares were released in fiscal 2015. Under the terms of the license agreement, all patents, know-how and patent applications were assigned to the Company. All provisions of the License to which the Company is obligated to make payments to any of the licensors, including royalty payments, are void and the parties acknowledge that no further payments will be made in respect of the License. If the Company had failed to obtain adequate funding to build the Parry Sound production facility by December 31, 2015, the patents could revert to the licensors, however as at September 30, 2015, management believes this requirement has been met as the plant was finished such that material was produced from the plant for testing by prospective customers. As at September 30, 2017, the Company had written-off the value of the corresponding equipment and leasehold improvements associated with this agreement (note 8).

As at September 30, 2018, management, based on its assessment of the recoverability of the carrying value of the intangible assets associated with this agreement, decided to write-down the asset value to \$1 from \$1,606,500. The impairment loss arising as a result of this, has been reported on the Statement of Operations and Comprehensive Income (loss).

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8. Property and equipment

Property and equipment consist of the following:

	Furniture and equipment	Leasehold improvement	Computer equipment	Total
	\$	\$	\$	\$
Cost				
As at September 30, 2016	506,304	259,476	9,739	775,519
Write down	(496,957)	(259,476)	-	(756,433)
As at September 30, 2017	9,347	-	9,739	19,086
Write-off	(9,347)	-	9,739	(19,086)
As at September 30, 2018	-	-	-	-
Depreciation				
As at September 30, 2016	6,967	-	9,739	16,706
Depreciation	1,800	-	-	1,800
As at September 30, 2017	8,767	-	9,739	18,506
Depreciation	580	-	-	580
Write-off	(9,347)	-	9,739	(19,086)
As at September 30, 2018	-	-	-	-
Net book value				
As at September 30, 2017	580	-	-	580
As at September 30, 2018	-	-	-	-

During the year ended September 30, 2017, the Company wrote-off the production assets and leasehold improvements located at the Parry Sound facility as a result of changing the method in production.

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Notes to the Consolidated Financial Statements

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9. Accounts Payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	As at September 30 2018	As at September 30 2017
	\$	\$
Trade payables	223,526	302,242
Payroll taxes payable	34,470	19,852
Sales tax (recoverable) payable	(6,389)	(3,607)
Accrued liabilities and other	131,903	136,365
	383,510	454,852

10. Payable from restructuring proposal

On June 13, 2016, the Company announced it had completed the Restructuring Proposal as approved by the Ontario Court. The financial impact of the Restructuring Proposal transaction is reflected in the accompanying consolidated financial statements, and is summarized as follows:

- i. The settlement of \$3.8 million of debt was completed through the issuance of 6,607,762 common shares (pre-consolidation 99,116,431) of the Company. The fair market value of the common shares which was based on the quoted market price of the Company's shares at the December 7, 2015 meeting, including costs for issuing the shares, was \$991,164. The difference between the book value of the debt and the fair market value of the common shares issued was included in the Gain on Debt Settlement from Restructuring Proposal in fiscal 2016;
- ii. The settlement of approximately \$725,000 of debt was completed through the cash settlement option of the Restructuring Proposal. The cash option only paid a portion of the debt outstanding at the time of the settling of the debt, and in return the vendor had to forgive 50% of the balance, which was included in the Gain on Debt Settlement from Restructuring Proposal for fiscal 2016. The outstanding payables for these vendors was reflected on the consolidated statements of financial position – Payable from Restructuring Proposal. This debt is only payable by the Company upon there being sufficient cash flow over an undefined period of time. The balance of this payable as of September 30, 2018 is \$254,092 (September 30, 2017 - \$254,092). There have been no payments made on this balance since inception; and
- iii. Other debt that was not supported by an eligible claim or claims without merit were approved by the Court to be written down to nil. Since the settlement amount is nil, the full amount of such debt was included in Gain on Debt Settlement from Restructuring Proposal for fiscal 2016.

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11. Loans and advances

Loans and advances payable consist of the following:

	As at September 30 2018	As at September 30 2017
Advance (i)	-	\$50,000
Loans (ii)	33,477	18,693
Total	\$33,477	\$68,693

(i) In January 2013 the Company announced that it had entered into a non-binding contract with New South Biolabs ("Biolabs") pursuant to which Biolabs will pay Biosenta royalties on all products sold and a \$600,000 non-refundable fee, of which \$350,000 has been received to date. Of this amount, \$300,000 was reflected as revenue and the remaining \$50,000 is an advance of the remaining fee which will be earned upon obtaining approval to sell the product in the United States. The amount of \$50,000 was repaid through the issuance of shares in the company (See Note 13).

(ii) Loans to the Company from related parties are unsecured, non-interest bearing with no fixed terms of repayment.

12. Joint venture advances

On February 23, 2018, the Company announced that it had signed a five-year agreement with certain secured creditors to promote, advertise, market, and grow the sales of its dry product Tri-Filler. The entity is based in Parry Sound, Ontario and is owned 51% by the creditors and 49% by the Company. The creditors will contribute funds to operate the entity and provide expertise to launch Tri-Filler, and, in return, the Company will license the intellectual property that pertains to Tri-Filler.

Initially, the investors are to receive 60% of operating profits until the amounts already invested by the investors have been repaid. Thereafter, the operating profits will be split 51% to the investors and 49% to the Company. The investors make monthly advances to the Company of \$20,000, until the entity is able to distribute profits. These advances shall be repaid to the investors, once the Company's share of profits exceeds \$20,000 per month. During the year ended September 2018, the advances from investors received was \$220,000.

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13. Secured Loan

From the Restructuring Proposal process that was completed in fiscal 2016, secured creditors had invested \$655,747 under the terms of a Grid Note. The Grid Note is on a secured basis and the Company has entered into a general security agreement, which include all assets of the Company as security.

The terms of the Grid Note include an interest rate of one per-cent (1%) per annum, calculated daily, paid semi-annually starting April 1, 2016. In fiscal 2016, a portion of the Grid Note was mandatorily converted into Class A shares of the Company, based on the same conversion ratio as applied to unsecured creditors, immediately following the Company giving full effect to the Proposal to Creditors with the final court approval in fiscal 2016. As part of the Restructuring Proposal only \$201,894 of the secured debt was converted to common shares.

During the fiscal 2017, the Company recorded a recovery of \$153,000 from the creditor in commissions earned from private placements completed a few years ago. This was an Ontario Securities Commission judgement that was imposed on individual involved with the private placements at that time. The recovered commissions were applied against the balance owing on the secured loan.

In addition, the total outstanding secured loan of \$566,246 (principal balance of \$557,500 and accrued interest of \$8,746) along with trade payables and advance to the holder of the secured loan in the amount of \$169,300 was repaid through the issuance of 1,666,666 shares in the Company. The number of shares were based on the value of the shares of the Company on the date of the Restructuring Proposal. The fair market value of the shares issued is based on the trading price of the common shares on February 23, 2018 which had a value of \$41,666 and resulted on a gain on \$693,879 from settling the secured debt, which is included in the Statement of Operations.

14. Related Party Transactions and Balances

The Company had the following related party transactions for the years ended September 30, 2018 and 2017. These transactions were in the normal course of operations and are measured at the exchange amount, which are the amounts agreed to by the related parties.

(i) Compensation of key management personnel of the Company

The remuneration of directors and other key management personnel for the year ended:

	September 30 2018	September 30 2017
Short-term compensation	-	\$19,500
Total	-	\$19,500

Short-term compensation includes salaries, bonuses, and allowances, employment benefits, and directors' fees.

(ii) Shares and units issued

Shares were issued in fiscal 2017 as per Note 16(i) to certain directors.

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15. Convertible Debentures

The Company completed one convertible debenture financing for \$60,000 in the year ended September 30, 2016. The debenture is non-interest bearing with a term of 5 years. It is convertible into common shares of the Company at a price \$0.30 per share.

The Company used the residual value method to allocate the proceeds between the liability and equity components. Under this method, the fair value of the liability component (the "Debenture Liability") of \$17,847 was computed as the present value of future principal and interest payments discounted at a rate of 25% per annum. The residual value \$42,153 was attributed to the equity component. The resulting fair value of the liability component of the debentures is accreted to their face value through the recording of accretion expense until maturity using the effective interest rate of 23%.

	As at September 30 2018	As at September 30 2017
Face value of debentures	\$60,000	\$60,000
Equity component of debentures	(42,153)	(42,153)
Accumulated accretion	12,922	6,128
Balance	\$30,769	\$23,975

16. Share Capital

Authorized:

The Company is authorized to issue an unlimited number of:

Class A shares, voting and participating.

Class B shares, voting, redeemable at any time at the option of the Company for an amount equal to the fair value of the consideration received at issuance.

Class C preferred shares issuable in series with the following to be fixed with each series: number of shares, designation, rights, privileges, restrictions and conditions including dividend rate and calculation method and payment dates, the redemption, purchase and/or conversion prices, terms of redemption, purchase and/or conversion, any sinking fund or other provisions, may be convertible into Class A shares and voting unless otherwise determined.

Issued and outstanding: Class A Shares

	Number of shares	Amount
Balance, September 30, 2017	12,395,997	\$ 9,102,363
Balance, September 30, 2018	14,062,663	\$ 9,144,029

- i) On October 5, 2016, the Company issued 243,714 common shares to two directors as compensation for services provided to date. The value of shares was \$19,500.
- ii) On February 23, 2018 the Secured Debt was settled through the issue of 1,666,666 common shares at a fair market value of \$41,666. See Note 13 for further details.

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17. Equity Reserves

The Company has a stock option plan (the “Plan”), under which the Company may grant options to directors, officers, employees, and third-party service providers. Under the terms of the Plan that was approved by the shareholders on May 24, 2012, the Company is authorized to issue a maximum of 10% of the issued and outstanding shares.

The purpose of the Plan is to attract, retain and motivate directors, officers, and certain third-party service providers by providing them with the opportunity to acquire a proprietary interest in the Company and benefit from its growth. The options granted under the Plan are non-assignable, have a term of 5 years and vest over periods of up to three years from the date of issue.

Share based payment activity for year ended September 30, 2018 and year ended September 30, 2017 are summarized as follows:

	September 30, 2018		September 30, 2017	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Balance, beginning of the period	13,333	\$3.00	76,667	\$3.00
Expired/Cancelled	-	-	(63,334)	\$3.00
Balance, end of period	13,333	\$3.00	13,333	\$3.00

Options to purchase common shares outstanding at September 30, 2018 carry exercise prices and remaining terms to maturity as follows:

Expiry Date	Exercise Price \$	Options Outstanding	Options Exercisable	Grant Date Weighted Average Fair Value per option \$	Weighted Average Remaining Contractual Life
January 29, 2019	3.00	13,333	13,333	0.81	0.22

During the year ended September 30, 2018, the Company did not grant any new options (year ended September 30, 2017 – nil).

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18. Commitments and Contingencies

Employment Agreements

The Company has an employment agreement with the provision of termination and change of control benefits with an officer of the Company. The agreement for the officer provides that in the event that their employment is terminated by the Company other than for cause then the officer shall be entitled to a lump sum payment amount equal to the annual base salary and an additional one month's salary and bonus for each additional full year of employment after the second year plus \$24,000 compensation for loss of benefits. The change of control provision entitles the officer to 24 months salary plus two additional months of salary for each full year of employment after three years plus \$48,000 and \$2,000 for each year of employment after three years as compensation for loss of benefits and a lump sum of two times the greater of 1) average payments made under the bonus plan in each of the two preceding years and 2) target bonus under the bonus plan for the fiscal year terminated. The additional commitments total approximately \$1,322,000. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

Other Contingencies

The Company is party to various claims and proceedings arising in the normal course of business.

19. Financial Risk Factors

The Company's financial instruments mainly comprise of cash, prepaid and other receivables, accounts payable and accrued liabilities, payable from restructuring proposal, loans and advances and joint venture advances.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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19. Financial Risk Factors (continued)

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 inputs are observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability that reflect the reporting entity's own assumptions and are not based on observable market data.

The classification of financial instruments at their carrying and fair values is as follows:

Financial assets	Carrying values		Fair values	
	FVTPL	Other assets	Total	Total
September 30, 2018	\$	\$	\$	\$
Cash	11,377	-	11,377	11,377
Other receivables	6,565	-	6,565	6,565
	17,942	-	17,942	17,942
September 30, 2017	\$	\$	\$	\$
Cash	1,657	-	1,657	1,657
Prepaid and other receivables	2,253	-	2,253	2,253
	3,910	-	3,910	3,910

Financial liabilities	Carrying values		Fair values	
	FVTPL	Other liabilities	Total	Total
September 30, 2018	\$	\$	\$	\$
Accounts payable and accrued liabilities	-	383,510	383,510	383,510
Payable from restructuring proposal	-	254,092	254,092	254,092
Loans and advances	-	33,477	33,477	33,477
Joint venture advances	-	220,000	220,000	220,000
Secured loan	-	-	-	-
	-	891,079	891,079	891,079
September 30, 2017	\$	\$	\$	\$
Accounts payable and accrued liabilities	-	454,852	454,852	454,852
Payable from restructuring proposal	-	254,092	254,092	254,092
Loans and advances	-	68,693	68,693	68,693
Joint venture advances	-	-	-	-
Secured loan	-	565,682	565,682	565,682
	-	1,343,319	1,343,319	1,343,319

The Company's financial instruments are classified as Level 2 under the hierarchy. The Company has determined that there have been no transfers between levels in the hierarchy by re assessing categorization at the reporting date.

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19. Financial Risk Factors (continued)

The company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. There have been no changes to the Company's exposure to risks in respect of its financial instruments, and there have been no changes in respect of management's objectives, policies and processes in the management of its financial instruments from that of prior reporting period.

Credit risk

The Company's credit risk is primarily attributable to other receivables and receivable from the refund of sales taxes. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in other is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet current liabilities when due. As at September 30, 2018, the Company had a cash balance of \$11,377 (September 30, 2017 - \$1,657) to settle current liabilities of \$891,079 (September 30, 2017 - \$1,343,319). The Company does not have sufficient cash reserves to fund its product development programs, administrative costs and other obligations for the coming fiscal year. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms (See Note 1).

Market risk - Interest rate risk

The Company's current policy is to invest excess cash in investment-grade, short-term deposit certificates issued by its banking institutions. Interest rate risk is the risk that the value of financial instruments will fluctuate due to change in market interest rates. As at September 30, 2018, all of the company's financial instruments are either non-interest bearing or bear interest at fixed rates.

20. Capital Management

Capital is defined as share capital and equity reserve. The Company's objectives when managing capital are to maintain an appropriate balance between holding a sufficient amount of capital to support its operations as a going concern, and providing shareholders with a prudent amount of leverage, as and when required, to enhance returns. There have been no changes since the prior year.

The intellectual property in which the Company has acquired through a license agreement is currently in the development stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner. The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major Canadian financial institutions.

The Company is not subject to any regulatory or contractual capital obligations of material consequence.

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21. Income Taxes

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2017 - 26.5%) were as follows:

	2018	2017
Loss before recovery of income taxes	\$ (1,189,646)	\$ (1,034,369)
Expected income tax (recovery) expense	\$ (315,256)	\$ (274,110)
Increase (decrease) in taxes resulting from:		
Share-based compensation and non-deductible expenses	-	(1,460)
Tax benefits not realized	315,256	275,570
Deferred income tax (recovery) expense	\$ -	\$ -

b) Deferred Income Taxes Assets

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2018	2017
Equipment	\$ -	\$ 893,300
Non-capital losses	8,325,780	8,048,380
Share issue costs	64,832	81,040
Intangible assets	-	1,793,000
Other temporary differences	-	-

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company and its subsidiary will be able to utilize the benefits.

As at September 30, 2018, non-capital losses will expire at various dates between 2033 through 2038.

All other temporary differences can be carried forward indefinitely under certain circumstances.