Binovi Technologies Corp.

(Formerly Eyecarrot Innovations Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

Years ended February 29, 2020 and February 28, 2019

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BINOVI TECHNOLOGIES CORP.

Opinion

We have audited the consolidated financial statements of Binovi Technologies Corp. (formerly Eyecarrot Innovations Corp.) (the "Company"), which comprise:

- the consolidated statements of financial position as at February 29, 2020 and February 28, 2019;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at February 29, 2020 and February 28, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $7,689,140 during the year ended February 29, 2020 and, as of that date, the Company had an accumulated deficit of $25,136,725. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on 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. The other information comprises of Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 report to the related disclosures in the consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
September 10, 2020

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Binovi Technologies Corp. (formerly Eyecarrot Innovations Corp.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes	February 29, 2020	February 28, 2019
ASSETS			
Current assets			
Cash		$ 230,999	$ 2,156,338
Accounts receivable	5	296,237	296,915
Inventory		268,766	141,420
Prepaid expenses	6	1,145,569	1,159,793
		1,941,571	3,754,466
Non-current assets			
Deposits		4,520	4,520
Equipment	8	21,640	6,866
Right-of-use asset	20	95,144	-
Prepaid expenses	6	565,843	134,651
Intangible assets	9	841,856	999,758
		1,529,003	1,145,795
TOTAL ASSETS		**$ 3,470,574**	**$ 4,900,261**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10,12	$ 1,894,470	$ 977,463
Warranty provision	15	39,608	113,429
Lease obligation	20	58,968	-
Unsecured loan		8,000	-
Unearned revenue		43,034	113,183
		2,044,080	1,204,075
Non-current liabilities			
Lease obligation	20	39,589	-
TOTAL LIABILITIES		**2,083,668**	**1,204,075**
SHAREHOLDERS' EQUITY			
Share capital	11	23,707,450	19,094,784
Reserves		2,816,180	2,048,987
Deficit		(25,136,725)	(17,447,585)
TOTAL SHAREHOLDERS' EQUITY		**1,386,905**	**3,696,186**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 3,470,574**	**$ 4,900,261**

On behalf of the Board:

"Adam Cegielski", Director *"Salim Mithani"*, Director

See accompanying notes to the consolidated financial statements.

Binovi Technologies Corp. (formerly Eyecarrot Innovations Corp.)
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

Years ended	**Notes**	**February 29, 2020**	**February 28, 2019**
Revenue		$ 687,211	$ 666,721
Cost of sales		(102,058)	(290,243)
Gross profit		585,153	376,478
Expenses			
Amortization	8,9,20	185,028	159,459
Bad debt		-	59,123
Bank charges and interest		32,352	10,983
Consulting fees	12,13	1,631,407	1,158,383
Interest accretion on lease obligation		8,375	-
Investor relations services		1,162,656	157,385
Management fees	12	777,167	374,500
Marketing fees		487,578	371,888
Office and rent		190,788	290,134
Professional fees		310,265	99,245
Registration and filing fees		330,162	85,010
Research and product development	12	484,053	439,778
Salaries	12,14	456,487	526,638
Share-based payments	11,12	741,294	619,107
Travel and promotion		423,170	383,106
Warranty provision	15	(44,834)	113,429
		7,175,948	4,848,168
		(6,590,795)	(4,471,690)
Loss on impairment of goodwill	7	-	(107,839)
Loss on impairment of prepaid expenses	6	-	(150,000)
Loss on settlements	21	(1,056,950)	-
Write-off of sales tax receivable		-	(40,108)
Foreign exchange loss		(41,395)	(3,358)
Net loss and comprehensive loss for the year		**$ (7,689,140)**	**$ (4,772,995)**
Loss per share – basic and diluted		**$ (0.42)**	**$ (0.48)**
Weighted average number of common shares outstanding		**18,171,351**	**10,030,649**

Binovi Technologies Corp. (formerly Eyecarrot Innovations Corp.)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of shares	Share capital	Share subscriptions received	Obligation to issue shares	Reserves: Options	Reserves: Warrants	Deficit	Total
Balance at February 28, 2018	**7,918,997**	**$ 12,249,199**	**$ 105,000**	**$ 17,500**	**$ 1,281,574**	**$ 141,138**	**$ (12,674,590)**	**$ 1,119,821**
Shares issued from private placements	3,385,951	5,849,760	(75,000)	-	-	-	-	5,774,760
Share issuance costs	-	(119,250)	-	-	-	13,193	-	(106,057)
Warrants exercised	737,700	1,115,075	(30,000)	-	-	(6,025)	-	1,079,050
Revaluation of obligation to issue shares	-	-	-	(17,500)	-	-	-	(17,500)
Share-based payments	-	-	-	-	619,107	-	-	619,107
Net loss for the year	-	-	-	-	-	-	(4,772,995)	(4,772,995)
Balance at February 28, 2019	**12,042,648**	**$ 19,094,784**	**$ -**	**$ -**	**$ 1,900,681**	**$ 148,306**	**$ (17,447,585)**	**$ 3,696,186**
Shares issued from private placements	15,000,000	2,250,000	-	-	-	-	-	2,250,000
Shares issued from private placements	13,000,000	1,950,000	-	-	-	-	-	1,950,000
Share issuance costs	-	(81,316)	-	-	-	28,601	-	(52,715)
Warrants exercised	1,627,600	493,982	-	-	-	(2,702)	-	491,280
Share-based payments	-	-	-	-	741,294	-	-	741,294
Net loss for the year	-	-	-	-	-	-	(7,689,140)	(7,689,140)
Balance at February 29, 2020	**41,670,248**	**$ 23,707,450**	**$ -**	**$ -**	**$ 2,641,975**	**$ 174,205**	**$ (25,136,725)**	**$ 1,386,905**

Binovi Technologies Corp. (formerly Eyecarrot Innovations Corp.)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Years ended	**February 29, 2020**	**February 28, 2019**
Operating activities		
Net loss for the year	$ (7,689,140)	$ (4,772,995)
Items not involving cash		
Amortization	185,028	159,459
Bad debt expense	-	59,123
Share-based payments	741,294	619,107
Write off of sales tax receivable	-	40,108
Interest accretion on lease obligation	8,375	-
Warranty provision	(44,834)	113,429
Loss on impairment of goodwill	-	107,839
Unrealized foreign exchange	33,164	(5,233)
Changes in non-cash working capital items:		
Accounts receivable	15,809	(21,319)
Sales tax receivable	(145,172)	(18,635)
Government grant receivable	130,041	(130,041)
Prepaid expenses	(416,968)	(1,287,256)
Inventory	(156,333)	(141,420)
Accounts payable and accrued liabilities	883,843	476,096
Unearned revenue	(70,149)	54,708
Net cash flows used in operating activities	(6,525,042)	(4,747,030)
Investing activity		
Equipment	(16,862)	-
Net cash flows used in investing activity	(16,862)	-
Financing activities		
Issue of shares	4,691,280	6,828,810
Lease payments	(30,000)	-
Share issuance costs	(52,715)	(106,057)
Unsecured loan	8,000	-
Net cash flows from financing activities	4,616,565	6,722,753
(Decrease) increase in cash	(1,925,339)	1,975,723
Cash, beginning of year	2,156,338	180,615
Cash, end of year	**$ 230,999**	**$ 2,156,338**
Supplemental cash flow information		
Non-cash transactions during the year:		
Right-of-use asset additions	$ 120,182	$ -
Fulfillment of warranty obligation	$ 21,915	$ -
Shares issued for subscription receivable	$ -	$ 25,000

See accompanying notes to the consolidated financial statements.

1. Nature of operations and going concern

Binovi Technologies Corp. (formerly Eyecarrot Innovations Corp.), (the "Company") was incorporated under the laws of British Columbia on September 7, 2011 as Nanton Nickel Corp and changed its name to Eyecarrot Innovations Corp. On June 30, 2020, the Company changed its name to Binovi Technologies Corp. The registered and records office is located at Suite 2080 – 777 Hornby Street, Vancouver, V6Z 1S4, Canada. Prior to 2015, the Company was engaged in the business of mineral exploration in British Columbia, Canada. The Company is listed on the TSX Venture Exchange under the symbol VISN. On June 8, 2017, the Company's common shares started trading on the OTCQB Venture Market under the symbol BNVIF.

The Company is focused on the development and commercialization of visual and neuro-cognitive processing products and manufactures hardware and software for diagnosing and remediating visual perception disorders.

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Several conditions cast significant doubt on the validity of this assumption. The Company reported a net loss of $7,689,140 for the year ended February 29, 2020 (2019 - $4,772,995) and has an accumulated deficit of $25,136,725 as at February 29, 2020 (2019 - $17,447,585). The Company's ability to continue as a going concern is dependent on its ability to raise equity financing, however, there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. Management expects the Company to incur significant additional expenditures to continue development of its technologies and launch of its new products.

If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments may be necessary to the carrying values of assets and liabilities and the reported revenue and expenses. These consolidated financial statements do not give effect should there be any adjustments necessary. Such adjustments could be material.

2. Basis of preparation

These consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments measured at fair value, and are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Statement of compliance

The 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"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Except as described in note 4 and below, significant accounting policies have been consistently applied in the presentation of the consolidated financial statements.

Effective March 1, 2019, the Company adopted IFRS 16 *Leases* using the modified retrospective approach and accordingly the information presented for 2019 comparative financial statements has not been restated. It remains as previously reported under IAS 17 *Leases* and related interpretations as described in Note 4.

2. Basis of preparation (Continued)

These consolidated financial statements were approved for issue by the Board of Directors on September 10, 2020.

3. Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated statement of financial position, and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates appear throughout the consolidated financial statements and may require adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other relevant factors that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position reporting date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Recoverability of receivables

Provisions are made against accounts that, in the estimation of management, may be uncollectible. The recoverability assessment of trade and other receivables is based on a range of factors, including the age of the receivable and the creditworthiness of the customer. Determining the recoverability of an account involves estimation as to the likely financial condition of the customer and their ability to subsequently make payments. To the extent that future events impact the financial condition of the customers these provisions could vary significantly and affect future results of operations.

Amortization of prepaid expenses

The Company estimates that their marketing and consulting contracts are amortized on a straight-line basis over the term of the contract. As prepaid expenses are material and no terms are stated in the contracts, the amortization of the prepaid amounts is subject to estimation.

Inventories

The Company estimates the net realizable value of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices. A change to these assumptions could impact the Company’s inventory valuation and gross margins during the current and future periods.

3. Critical accounting estimates and judgments (Continued)

Useful lives of intangible assets

Amortization of the Company's intangible assets incorporate estimates of useful lives. These estimates may change as market conditions change and the future economic benefits from the use of the asset changes, thereby impacting the useful life of the intangible asset. Any revisions to useful life are accounted for prospectively.

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. As the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Warranty provision

The Company estimates the likelihood that products that have been sold will experience warranty claims and estimates the cost to resolve the claims. The provision is assessed as sales are recorded, considering the Company’s past and projected experience with the products as well as management best estimates of the costs.

Interest rates

The Company estimates a market interest rate in determining the fair value of its right-of-use asset and lease obligation. The determination of the market interest rate is subjective and could materially affect the fair value estimate.

Critical accounting judgments

Management must make judgments for items included in the consolidated financial statements. Judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made. A summary of items involving management judgment include, but are not limited to:

Functional currency

The functional currency for the Company and its subsidiary is the currency of the primary economic environment in which the entity operates. The Company has determined its functional currency and that of its subsidiaries is the CAD. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

3. Critical accounting estimates and judgments (Continued)

Research and development expenditures

The application of the Company's accounting policy for research and development expenditures requires judgment in determining whether an activity is determined to be research or development, and if deemed to be development, whether it is probable 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 new information becomes available indicating that it is unlikely that future economic benefits will flow to the Company, the amount capitalized is written off to profit or loss in the period the new information becomes available.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its tax assets and liabilities and applies tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Determination of cash-generating units ("CGU")

CGUs are defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash flows of other assets or groups of assets. The classification of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, external users and the way in which management monitors the Company's operations.

Impairment of goodwill

Determining the amount of impairment of goodwill requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Application of IFRS 16

The Company applies judgement in determining whether the contract contains an identified asset, whether the Company has the right to control the asset and the lease term. The lease term is based on considering the facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options.

4. Significant accounting policies

The Company's accounting policies outlined below have been applied consistently to all years presented in these consolidated financial statements:

(a) Basis of consolidation

In addition to the Company, the consolidated financial statements incorporate the financial statements of its wholly owned subsidiary in the United States, Wayne Engineering Inc. (note 7). A subsidiary is an entity over which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A subsidiary is consolidated from the date upon which control is acquired by the Company and all intercompany transactions and balances have been eliminated on consolidation.

(b) Cash and restricted cash

As at February 29, 2020 the Company has restricted cash of $nil (2019 - $5,750) included in cash, held in a one-year cashable GIC with an annual interest rate of prime less 2.7%. This investment was held as collateral for the Company's credit card and matured on June 11, 2019.

(c) Inventory

Inventory components include all costs directly attributable to the production of the Binovi Touch, the Company's visual and neuro-cognitive processing product, and wall mount. Inventory as at February 29, 2020 comprises solely of finished units of Binovi Touches. Inventory as of February 28, 2019 comprised of finished units of Binovi Touches and wall mounts. Inventory is recorded at the lower of cost on a weighted average basis and net realizable value. The stated value of inventory includes purchase costs of all raw materials, assembly costs, storage costs and manufacturing overhead costs directly attributable to the production of the finished units. A regular review is undertaken to determine the extent of any provision for obsolescence.

(d) Equipment

Equipment is recorded at cost less accumulated amortization and accumulated impairment losses. The cost includes its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated close down and restoration costs associated with dismantling and removing the asset.

Amortization is provided at rates calculated to write-off the cost, less their estimated residual value, using the declining-balance method over their expected useful lives as follows:

- Furniture – 20% declining balance
- Computer equipment – 20% declining balance
- Leasehold improvements – Lease term

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal, determined as the difference between the net disposal proceeds and the carrying value of the asset, is recognized in profit or loss.

4. Significant accounting policies (Continued)

(d) Equipment (Continued)

Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining amortization charges. Amortization commences on the date the asset is available for use.

(e) Foreign currency

The functional and presentation currency of the Company and its subsidiary is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Exchange gains and losses are recorded in profit or loss. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(f) Impairment of financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

(g) Intangible assets

Intangible assets include patented technology acquired by the Company and have finite useful lives measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred. Amortization is recorded using the straight-line method and is intended to amortize the cost of the assets over their estimated useful lives as follows:

- Patented technology 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4. Significant accounting policies (Continued)

(h) Goodwill and business combination

The Company measures goodwill as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and the liabilities assumed in a business combination, all measured as of the acquisition date. Since goodwill results from the application of the acquisition method of accounting for a business combination, it is inherently imprecise and requires judgment in the determination of the fair value of assets and liabilities. Goodwill is allocated to the Company's cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination. Goodwill is not amortized but is tested for impairment at least annually. An impairment loss in respect of goodwill is not reversed. On the disposal or termination of a previously acquired business, any remaining balance of associated goodwill is included in the determination of the gain or loss on disposal.

(i) Impairment of non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(j) Revenue

Revenue is derived primarily from the sales of visual and neuro-cognitive processing products and subscription fees for cloud-based software related to vision therapy activities. Revenue for product sales is recognized when the significant risks and rewards of ownership and control have been transferred to the customer. This is generally at the time the customer obtains legal title to the product and when it is physically transferred to the delivery mechanism agreed with the customer. Revenue from subscription services are recognized monthly as the services are performed.

4. Significant accounting policies (Continued)

(k) Research and development

Research costs are expensed in the period in which they are incurred. Development costs are expensed in the period in which they are incurred unless certain criteria, including technical feasibility, commercial feasibility, intent and ability to develop and use the technology, are met for deferral and amortization. Costs incurred in obtaining licenses are recorded at cost less accumulated amortization and any impairment losses. Transaction costs relating to the acquisition of technologies are recorded as deferred acquisition costs until the transaction is completed.

(l) Warranty provision

A provision for warranty costs is assessed as sales of the Binovi Touch are recorded. In establishing the warranty provision, management estimates the likelihood that products sold will experience warranty claims and the estimated cost to resolve claims received, taking into account the nature of the contract and past and projected experience with the products.

(m) Income taxes

Income tax expense consists of current and deferred tax expense.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred income taxes are accounted for using the liability method. The liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases using tax rates enacted or substantively enacted that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

(n) Loss per share

Basic income (loss) per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted income (loss) per share is computed using the treasury stock method, under which the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

4. Significant accounting policies (Continued)

(o) Share-based payments

The Company has a stock option plan, as described in note 11. Share-based payments to employees are measured at the fair value of the equity instruments issued and are amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or at the fair value of the equity instrument issued (if it is determined the fair value of the goods or services cannot be reliably measured) and are recorded at the date the goods or services are received. The offset to the recorded cost is to options reserve. Upon exercise of the stock options, the applicable amount will transfer from options reserve to share capital.

(p) Government assistance

Government assistance, including investment tax credits, towards current expenses is included in profit or loss for the period as a reduction of the expense to which it relates. Government program credits are recognized only when there is reasonable assurance that the Company has complied with all conditions necessary to receive the credits and collectability is reasonably assured.

(q) Unit offerings

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market value of the common shares at the time the units are priced, and any excess is allocated to warrants.

(r) Financial instruments

<u>Financial assets</u>

Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Amortized cost **-** A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

4. Significant accounting policies (Continued)

(r) Financial instruments (Continued)

A financial asset measured at amortized cost is initially recognized at fair value less transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value less transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss.

Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

4. Significant accounting policies (Continued)

(r) Financial instruments (Continued)

Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Fair value hierarchy

The Company categorizes its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(s) Adoption of new accounting standards

The following accounting standard has been adopted as at March 1, 2019 in accordance with the transitional provisions outlined in the standard.

Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16"), replacing IAS 17 *Leases* (“IAS 17”). IFRS 16 provides a single lessee accounting model, requiring the lessee to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

On March 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2019 has not been restated. It remains as previously reported under IAS 17 and related interpretations.

(Expressed in Canadian dollars)

4. Significant accounting policies (Continued)

(s) Adoption of new accounting standards (Continued)

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Upon transitioning to IFRS 16, these lease liabilities were measured at the present value of the remaining lease payments discounted using an incremental borrowing rate of 18% as of March 1, 2019. As a result, the Company, as a lessee, recognized $120,182 as lease liabilities, representing its obligation to make lease payments. A right-of-use asset of the same amount was recognized, representing the right to use the underlying asset.

The right-of-use asset will be depreciated on a straight-line basis over the remaining lease term, ending September 30, 2021.

Operating lease commitments as at March 1, 2019	$	144,000
Effect of discounting at incremental borrowing rate		23,818
Lease liabilities recognized as at March 1, 2019	**$**	**120,182**

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;

- The exercise price of any purchase option granted if it is reasonably certain to assess that option;

- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;

- Initial direct costs incurred; and

- The amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

(Expressed in Canadian dollars)

4. Significant accounting policies (Continued)

(t) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

5. Accounts receivable

Accounts receivable for the Company is broken down as follows:

	February 29, 2020	February 28, 2019
Trade receivables	$ 5,510	$ 21,319
Sales tax receivable	290,727	145,555
Government grant receivable	-	130,041
Total	**$ 296,237**	**$ 296,915**

All accounts receivable for the Company are expected to be received within the next 12 months.

(Expressed in Canadian dollars)

6. Prepaid expenses

Prepaid expenses for the Company are summarized as follows:

		February 29, 2020		February 28, 2019
Current				
Consulting Fees	$	482,763	$	-
Investor Relations Services		358,333		849,400
Marketing Fees		255,163		283,334
Other		49,310		27,059
		1,145,569		1,159,793
Non-Current				
Consulting Fees		168,750		-
Investor Relations Services		312,500		-
Marketing Fees		78,593		133,334
Other		6,000		1,317
		565,843		134,651
Total	**$**	**1,711,412**	**$**	**1,294,444**

On March 9, 2018, the Company entered into an agreement for marketing services for $300,000. During the year ended February 28, 2019, marketing services had been received in the amount of $200,000 in relation to this agreement and had been expensed as such. During the year ended February 28, 2019, the Company recorded an impairment of $100,000 in other prepaid expenses as the remaining services were not expected to be received.

On March 8, 2018, the Company entered into an agreement for consulting services for $100,000. During the year ended February 28, 2019, consulting services had been received in the amount of $50,000 in relation to this agreement and had been expensed as such. During the year ended February 28, 2019, the Company recorded an impairment of $50,000 in other prepaid expenses as the remaining services were not expected to be received.

During the year ended February 29, 2020, no prepaid expenses were impaired and all remaining services are expected to be received.

7. Goodwill

On June 30, 2015, the Company closed the acquisition of all the assets, trademarks and copyrights of Wayne Engineering Inc. (“Wayne”).

The acquisition of Wayne business met the definition of a business combination and resulted in the recognition of goodwill of $125,339. Goodwill is primarily related to the growth expectations, expected future profitability and expertise related to the Wayne products for further development of the visual and neuro-cognitive processing products.

(Expressed in Canadian dollars)

7. Goodwill (Continued)

As part of the consideration for the acquisition of Wayne, the Company paid to the owners of Wayne. US$78,000 in cash and will issue 25,000 common shares of the Company as follows:

- 5,000 shares issued on May 4, 2016;
- 10,000 shares issuable upon Wayne achieving yearly gross sales of $250,000; and
- 10,000 shares issuable upon Wayne achieving 1,000,000 users of digital programs created from such business.

The Company has reassessed the likelihood of the occurrence of the milestones listed above. As Wayne was a dormant entity during the year, management asserts that Wayne's likelihood of reaching the remaining milestones were nominal. As a result of this reassessment, the obligation to issue shares as at February 28, 2018 of $17,500, which was the estimated fair value of the contingently issuable shares, was written off against goodwill during the year ended February 28, 2019.

As the Wayne products are no longer sold and Wayne was dormant during the year ended February 28, 2019, and the goodwill from the acquisition of Wayne is not expected to be utilized, a recoverable of $nil was used in recording an impairment of goodwill of $125,339, net of the $17,500 obligation to issue shares write off. The recoverable amounts have been determined using Level 3 inputs based on a value in use calculation using pre-tax cash flows.

8. Equipment

	Leasehold Improvement	Furniture	Computer Equipment	Total
Cost:				
At February 28, 2018	$ 7,629	$ 2,500	$ 5,427	$ 15,556
Additions	-	-	-	-
At February 28, 2019	7,629	2,500	5,427	15,556
Additions	15,962	900	-	16,862
At February 29, 2020	$ 23,591	$ 3,400	$ 5,427	$ 32,418
Accumulated amortization:				
At February 28, 2018	$ -	$ 2,257	$ 4,877	$ 7,134
Charge for the year	763	243	550	1,556
At February 28, 2019	763	2,500	5,427	8,690
Charge for the year	2,058	30	-	2,088
At February 29, 2020	$ 2,821	$ 2,530	$ 5,427	$ 10,778
Net book value:				
At February 29, 2020	**$ 20,770**	**$ 870**	**$ -**	**$ 21,640**
At February 28, 2019	$ 6,866	$ -	$ -	$ 6,866

(Expressed in Canadian dollars)

9. Intangible assets

	Eyecarrot intellectual property	Super intellectual property	Total
Cost:			
At February 28, 2018, 2019 and February 29, 2020	$ 1,229,481	$ 349,540	$ 1,579,021
Accumulated amortization:			
At February 28, 2018	$ 328,086	$ 93,274	$ 421,360
Charge for the year	122,949	34,954	157,903
At February 28, 2019	451,035	128,228	579,263
Charge for the year	122,948	34,954	157,902
At February 29, 2020	$ 573,983	$ 163,182	$ 737,165
Net book value:			
At February 29, 2020	**$ 655,498**	**$ 186,358**	**$ 841,856**
At February 28, 2019	$ 778,446	$ 221,312	$ 999,758

Eyecarrot intellectual property

The Eyecarrot intellectual property consists of patents, trademarks and internally developed technologies relating to the Binovi Platform which were acquired through a reverse takeover transaction during the year ended February 29, 2016.

Super intellectual property

The Super intellectual property consists of licensed intellectual property, patents and copyrights for neuro-optometry and neurocognitive processing which were acquired through a share purchase agreement during the year ended February 28, 2015.

10. Accounts payable and accrued liabilities

	February 29, 2020	February 28, 2019
Amounts due to non-related parties	$ 1,846,553	$ 736,610
Amounts due to related parties (note 12)	47,917	240,853
Total	**$ 1,894,470**	**$ 977,463**

11. Share capital

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

During the year ended February 29, 2020:

- On November 27, 2019, the Company announced the closing of a non-brokered private placement in which 15,000,000 units were issued at $0.15 per unit for gross proceeds of $2,250,000. Each unit comprised of one common share and one common share purchase warrant, with each warrant exercisable into one common share for a period of 24 months at an exercise price of $0.30.
- On January 6, 2020, the Company announced the closing of a non-brokered private placement in which 13,000,000 units were issued at $0.15 per unit for gross proceeds of $1,950,000. Each unit comprised of one common share and one common share purchase warrant, with each warrant exercisable into one common share for a period of 24 months with an exercise price of $0.30. The warrants are subject to an acceleration clause whereby if the common share price is equal to or greater than $0.60 for a period of 5 consecutive trading days (at any time at or following the expiry of the four months resale restriction period), the Company may, by notice to the warrant holder reduce the remaining exercise period applicable to the warrants to not less than 30 days from the date of such notice. In connection with the closing, the Company expensed issuance costs of $52,715 in cash and issued 133,401 finders' warrants, with an exercise price of $0.30 and a term of two years, fair valued at $28,601.
- 1,627,600 shares were issued upon exercise of 1,607,600 warrants at a price of $0.30 per share and 20,000 warrants at a price of $0.45 per share for gross proceeds of $491,280.
- During the year ended February 29, 2020, the Company consolidated the common shares of the Company on a ten to one basis. These consolidated financial statements reflect the share consolidation retrospectively.
- During the year ended February 29, 2020, the Company incurred share issuance costs of $81,316.

During the year ended February 28, 2019:

- On March 20, 2018, 271,167 units were issued at $1.50 per unit for gross proceeds of $406,750. Of the proceeds received, $75,000 was received during the year ended February 28, 2018, which had been recorded as share subscriptions received in advance. Each unit comprised of one common share and one common share purchase warrant, each warrant exercisable into one common share for a period of 24 months at an exercise price of $3.00. There were no finder's fees in connection with the closing. The financing was completed using the Consultant Exemption provided by National Instrument 45-106. Of the proceeds raised, $263,000 was used to pay for consulting services provided by the subscribers.
- On April 20, 2018, 478,673 units were issued at $1.50 per unit, for gross proceeds of $718,010. Each unit comprised of one common share and one common share purchase warrant, each warrant exercisable into one common share for a period of 24 months at an exercise price of $3.00. In connection with the closing, the Company paid finders' fees of $10,500 in cash and issued 7,000 finders' warrants fair valued at $8,118. Each finders' warrant is exercisable at $3.00 per share for a period of two years from the grant date. The financing was completed using the Consultant Exemption provided by National Instrument 45-106. Of the proceeds raised $496,000 was used to pay for consulting services provided by the subscribers.

(Expressed in Canadian dollars)

11. Share capital (Continued)

(b) Issued (Continued)

- On May 25, 2018, 25,000 shares were issued at $1.00 per share for gross proceeds of $25,000.
- On November 8, 2018, 2,611,111 units were issued at $1.80 per unit for gross proceeds of $4,700,000. Each unit comprised of one common share and one half of one common share purchase warrant, with each whole warrant exercisable into one common share for a period of 24 months at an exercise price of $3.00. In connection with the closing, the Company expensed issuance costs of $95,556 in cash and issued 7,000 finders' warrants fair valued at $5,076.
- 5,000 shares were issued upon exercise of 5,000 finders' warrants at a price of $2.00 per share for gross proceeds of $10,000. The Company reclassified $6,025 from warrant reserve to share capital on the exercise of these warrants.
- 732,700 shares were issued upon exercise of 732,700 warrants at a price of $1.50 per share for gross proceeds of $1,099,050. Of the proceeds received, $30,000 had been received during the year ended February 28, 2018 and recorded as share subscriptions received in advance.

(c) Stock Options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the plan will not exceed 10% of the total issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities.

As at February 29, 2020, there are 1,667,024 (2019 – 1,253,530) options available for granting. The terms of the options are determined at the date of grant.

A summary of outstanding and exercisable stock options is as follows:

Expiry Date	Exercise Price	**February 29, 2020**	**February 28, 2019**
February 17, 2022	$ 2.50	-	666,000
February 16, 2023	$ 1.70	-	489,000
December 12, 2021	$ 0.30	2,500,000	-
		2,500,000	1,155,000
Exercisable		**2,500,000**	**918,538**

The remaining contractual life for the outstanding options at February 29, 2020 is 1.79 (2019 – 3.39) years.

(Expressed in Canadian dollars)

11. Share capital (Continued)

(c) Stock Options (Continued)

Stock option transactions are summarized as follows:

	February 29, 2020		February 28, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	1,155,000	$ 2.20	1,155,000	$ 2.20
Granted	2,500,000	0.30	-	-
Forfeited	(72,500)	1.70	-	-
Cancelled	(1,082,500)	2.19	-	-
Balance, end of year	**2,500,000**	**$ 0.30**	**1,155,000**	**$ 2.20**

The fair value of stock options granted during the year ended February 29, 2020 were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	February 29, 2020
Weighted average risk-free rate	1.24%
Weighted average expected life of options (years)	2.00
Weighted average volatility	140.34%
Dividend	Nil%
Estimated forfeiture rate	Nil%

During the year ended February 29, 2020, the Company granted 2,500,000 stock options to directors, officers, employees and consultants. These options vest immediately, resulting in $683,563 share-based payments recorded during the year ended February 29, 2020 from this issuance. In addition, the Company recorded an additional $57,731 share-based payments expense during the year ended February 29, 2020 for the vesting of options which were granted in 2018.

During the year ended February 28, 2019, the Company granted no stock options. The Company recorded $619,107 in share-based payments expense for the vesting of options which were granted in 2018.

(Expressed in Canadian dollars)

11. Share capital (Continued)

(d) Warrants

A summary of outstanding common share purchase warrants is as follows:

Expiry Date	Exercise Price	**February 29, 2020**	**February 28, 2019**
November 24, 2019[1]	$ 2.00	-	13,500
March 6, 2020[5]	$ 0.45	271,167	271,167
March 6, 2020[6]	$ 0.45	458,673	478,673
April 27, 2020[2]	$3.00	7,000	7,000
November 8, 2020[3]	$ 3.00	7,000	7,000
November 8, 2020	$ 3.00	1,305,556	1,305,556
November 24, 2020[7]	$ 0.30	-	1,595,000
November 26, 2021	$0.30	15,000,000	-
December 22, 2021[4]	$0.30	120,801	-
December 22, 2021	$0.30	3,239,065	-
January 2, 2022	$0.30	9,760,934	-
		30,170,196	**3,677,896**

[1] The fair value of these finders' warrants of $16,268 was recorded as share issuance costs estimated using the Black-Scholes option pricing model with the following assumptions: volatility of 82.26%, risk-free rate of 2.00%, expected life of 2 years and expected dividend yield of 0.00%.

[2] The fair value of these finders' warrants of $8,118 was recorded as share issuance costs estimated using the Black-Scholes option pricing model with the following assumptions: volatility of 87.74%, risk-free rate of 2.00%, expected life of 2 years and expected dividend yield of 0.00%.

[3] The fair value of these finders' warrants of $5,076 was recorded as share issuance costs estimated using the Black-Scholes option pricing model with the following assumptions: volatility of 98.93%, risk-free rate of 2.33%, expected life of 2 years and expected dividend yield of 0.00%.

[4] The fair value of these finders' warrants of $28,601 was recorded as share issuance costs estimated using the Black-Scholes option pricing model with the following assumptions: volatility of 109.75%, risk-free rate of 1.24%, expected life of 2 years and expected dividend yield of 0.00%.

(Expressed in Canadian dollars)

11. Share capital (Continued)

(d) Warrants (Continued)

(5) These warrants expiry date was extended from the original expiry date of March 20, 2020 to revised expiry date of April 27, 2021. In addition, the exercise price of these warrants was reduced from original price of $3.00 to revised exercise price of $0.45. These warrants were subject to an accelerated expiry feature based on the Company's common shares trading above $0.56 for 10 consecutive days, resulting in the expiry date to be revised to March 6, 2020. These warrants expired unexercised subsequent to year end.

(6) These warrants expiry date was extended from the original expiry date of April 27, 2020 to revised expiry date of April 27, 2021. In addition, the exercise price of these warrants was reduced from original price of $3.00 to revised exercise price of $0.45. These warrants were subject to an accelerated expiry feature based on the Company's common shares trading above $0.56 for 10 consecutive days, resulting in the expiry date to be revised to March 6, 2020. These warrants expired unexercised subsequent to year end.

(7) These warrants expiry date was extended from the original expiry date of November 24, 2019 to revised expiry date of November 24, 2020. In addition, the exercise price of these warrants was reduced from original price of $2.00 to revised exercise price of $0.30.

Common share purchase warrant transactions are summarized as follows:

	February 29, 2020		**February 28, 2019**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	3,677,896	$ 2.60	2,366,200	$ 1.80
Issued	28,133,400	0.30	2,069,396	3.00
Exercised	(1,627,600)	0.30	(737,700)	1.50
Expired	(13,500)	0.45	(20,000)	1.50
Balance, end of year	**30,170,196**	**$ 0.42**	**3,677,896**	**$ 2.60**

The remaining contractual life for the outstanding warrants at February 29, 2020 is 1.70 (2019 – 1.16) years.

(Expressed in Canadian dollars)

12. Related party transactions

Key management comprises directors and executive officers. The Company did not pay post-employment benefits and long-term benefits to key management. The following compensation was paid to key management and their spouses:

		February 29, 2020		February 28, 2019
Management fees	$	777,167	$	374,500
Consulting fees		73,499		181,538
Research and product development costs		55,820		126,563
Salaries		145,831		275,000
Share-based payments		374,917		392,480
Total	**$**	**1,427,234**	**$**	**1,350,081**

The Company entered into the following transactions with related parties during the year ended February 29, 2020:

i) Paid or accrued management and consulting fees of $452,500 (2019 - $326,150) to the President and CEO of the Company;
ii) Paid or accrued research and product development costs of $55,820 (2019 - $126,563) to a Company owned by the President and CEO of the Company;
iii) Paid or accrued management and consulting fees of $88,000 (2019 - $5,000) to the CFO, and $nil (2019 - $67,250) to the former CFO of the Company;
iv) Paid or accrued salary, management and consulting fees of $429,997 (2019 - $275,000) to the CTO and director of the Company;
v) Paid or accrued management fees of $15,000 (2019 - $10,000) to a director of the Company;
vi) Paid or accrued consulting fees of $nil (2019 - $86,500) to the spouse of the President and CEO; and
vii) Paid or accrued consulting fees of $11,000 (2019 - $61,138) to the spouse of the CTO.

As at February 29, 2020, $88,482 (2019 - $190,853) was included in accounts payable and accrued liabilities owing to those directors and officers for consulting fees, management fees, bonus accrual, and expense reimbursements. As at February 29, 2020, $nil (2019 - $50,000) was included in accounts payable and accrued liabilities owing to the President and CEO for a loan advanced to the Company. The loan bears no interest and has no fixed terms of repayment. The loan was repaid during the year ended February 29, 2020.

As at February 29, 2020, $21,350 (2019 - $nil) is included in prepaid expenses to the President and CEO for expense disbursements, $27,981 (2019 - $nil) is included in prepaid expenses to the CTO for consulting services and $110,000 (2019 - $nil) to the spouse of the CTO for consulting services.

13. Non-related consulting transactions

During the year ended February 29, 2020, the Company incurred consulting fees of $1,557,908 (2019 - $924,345) to arm’s length parties. As at February 29, 2020, $550,878 (2019 - $100,000) was included in accounts payable and accrued liabilities as owing to these arm’s length parties.

14. Government grants

During the year ended February 29, 2020, the Company recognized an expense recovery of $14,460 (2019 - $235,535) relating to a National Research Council Canada – Industrial Research Assistance Program grant. The expense recovery was recorded against salaries.

15. Warranty provision

The Company guarantees each Binovi Touch sold for a period of one year after the product has been delivered. The Company has recorded a warranty provision of $39,608 as of February 29, 2020 (2019 - $113,429). The Company used $28,987 of inventory to satisfy warranty provisions in the current year. The warranty provision relates to first generation Binovi Touch units; the Company expects to replace them with second generation units within twelve months after year end. During the year ended February 29, 2020, the Company shipped 15 units of the Binovi Touch to satisfy the warrant provision for the first generation Binovi Touch. The Company offers a one-year warranty on its second generation Binovi Touch units. No warranty obligation has been recognized on the second generation units as there has not been any warranty claims to date.

16. Capital management

The capital structure of the Company consists of equity attributable to common shareholders comprising all components of shareholders' equity. The Company's objectives when managing capital are to: (i) preserve capital and (ii) maintain liquidity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

There were no changes to the Company's capital management approach during the year ended February 29, 2020. The Company is not subject to externally imposed capital requirements.

17. Management of financial risk

The types of risk exposure and the Company's methods of managing the risks remain consistent and are as follows:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other price risk.

(i) Interest rate risk

The Company is not subject to significant interest rate risk with respect to its financial instruments.

(ii) Currency risk

The Company's reported earnings include gain/losses on foreign exchange, largely reflecting revaluation of its foreign operations, primarily in the United States. The future foreign exchange gain or loss would change based on the level of foreign operating activities.

As at February 29, 2020 and February 28, 2019, the Company was exposed to currency risk for its US dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars as follows:

	Held in US dollars (stated in Canadian dollars)	
	February 29, 2020	**February 28, 2019**
Cash	$ 1,620	$ 33,130
Accounts payable	(412,878)	(193,185)
Net financial liabilities	**$ (411,258)**	**$ (160,055)**

Based upon the above net exposure as at February 29, 2020, a 1% (2019 - 8%) depreciation or appreciation of the US dollar relative to the Canadian dollar would result in approximately $5,200 (2019 - $12,800) change in the Company's consolidated net loss and comprehensive loss.

(iii) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices. The Company is not exposed to significant other price risk on its financial instruments.

(Expressed in Canadian dollars)

17. Management of financial risk (Continued)

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash. The Company limits exposure to credit risk through maintaining its cash with high-credit quality Canadian and US financial institutions. The Company is not exposed to significant credit risk on its trade receivables. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing and financing activities, and through management of its capital structure. All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 90 days.

The Company has been successful in raising financing in the past; however, there is no assurance that it will be able to do so in the future. As at December 31, 2019, the Company had a working capital deficit of $102,509 (2019 – working capital of $2,550,391).

18. Income tax

A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

	February 29, 2020	February 28, 2019
Loss before income taxes	$ (7,689,140)	$ (4,772,995)
Canadian statutory tax rate	27.00%	27.00%
Income tax benefit computed at statutory rates	(2,076,068)	(1,288,709)
Items not deductible for tax purposes	211,214	215,045
Effect of changes in tax rates	-	(113,151)
Changes in timing differences	143,758	(19,216)
Impact of foreign exchange on tax assets and liabilities	-	(2,475)
Under (over) provided in prior years	88,866	(42,634)
Unused tax losses and tax offsets not recognized	1,632,230	1,251,140
	$ -	**$ -**

(Expressed in Canadian dollars)

18. Income tax (Continued)

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable that future taxable profits will be available to utilize those tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	February 29, 2020	February 28, 2019
Non-capital losses	$ 20,190,000	$ 14,683,000
Furniture and equipment	-	7,000
Share issue costs	111,000	134,000
Warranty provision	92,000	-
Unearned revenue	43,000	-
Intangible asset	131,000	474,000
Unrecognized deferred tax assets	**$ 20,567,000**	**$ 15,298,000**

As at February 29, 2020, the Company's unrecognized unused non-capital losses have the following expiry dates:

	United States	Canada	Total
2035	$ 10,000	$ -	$ 10,000
2036	55,000	5,562,000	5,617,000
2037	24,000	2,926,000	2,950,000
2038	-	2,323,000	2,323,000
2039	-	3,595,000	3,595,000
2040	-	5,695,000	5,695,000
	$ 89,000	**$ 20,101,000**	**$ 20,190,000**

19. Segmented information

During the year ended February 29, 2020, the Company had one operating segment, the development and commercialization of visual and neuro-cognitive processing products, with operations located in Canada and the United States. Selected segmented financial information is as follows:

	February 29, 2020	February 28, 2019
Revenues		
US	$ 453,687	$ 448,917
Canada	99,982	119,824
Other	133,542	97,980
	$ 687,211	**$ 666,721**

The Company's long-term assets are located in Canada.

(Expressed in Canadian dollars)

20. Leases

The continuity of the right-of-use asset is presented in the table below:

Balance, March 1, 2019	$	-
Additions from adoption of IFRS 16		120,182
Amortization		(25,038)
Balance, February 29, 2020	**$**	**95,144**

Right-of-use asset consists of a sub-lease for warehouse space amortized over 24 months.

The continuity of the lease obligation is presented in the table below:

Balance, March 1, 2019	$	-
Additions from adoption of IFRS 16		120,182
Interest accretion on lease obligation		8,375
Lease payments		(30,000)
Balance, February 29, 2020	**$**	**98,557**

Annual payments are due as follows:

Less than one year	$	58,968
Greater than one year		39,589
Total lease obligation	**$**	**98,557**

21. Loss on settlement and contingent liabilities

During the year ended February 29, 2020, the Company initiated a settlement (the "Settlement Agreement") with a former dissident shareholder of the Company (the "Dissident Shareholder"). As part of the Settlement Agreement, the Company paid the Dissident Shareholder an initial payment of $500,000 in good faith and the final payment of $500,000 was paid after executing the Settlement Agreement dated April 14, 2020. The Dissident Shareholder agreed to dismiss the notice of civil claim filed in the B.C. Supreme Court against the Director Group. The parties also agreed to provide mutual covenants not to bring further claims arising from matters occurring prior to the Settlement Agreement as well as to provide full irrevocable releases from any such matters. The $1,000,000 payments were recorded as loss on settlement in net loss.

During the year ended February 29, 2020, the Company entered into a mutual release agreement (the "Mutual Release Agreement") with a former consultant (the "Former Consultant") of the Company. As part of the Mutual Release Agreement, the Company agreed to pay the Former Consultant $120,000 for the release of any and all manner of actions, claims, demands and obligations of any kind. $63,050 of the release payment was applied against existing accounts payable to the Former Consultant. The remaining $56,950 was recorded as a loss on settlement in net loss.

Subsequent to the year ended February 29, 2020, the Company received a letter from a shareholder of the Company, requesting the return of its investment in the Company of $900,000 and removal of certain members of the Company's board of directors. As of the date of these consolidated financial statements, no formal claim has been made against the Company. An estimate of the likelihood of loss is unable to be determined at this time and no loss provision has been made in these consolidated financial statements.

22. Subsequent events

Subsequent to February 29, 2020, the Company entered into several significant contracts as further discussed below:

a) On February 10, 2020, the Company entered into a Share Exchange Agreement, (the "Call Connect Me Agreement"), with Call Connect Me Inc. (the "Target"), to indirectly acquire ConnectMe Solution, a lead delivery and monetization 'Software As A Service' solution, whereby the Company has agreed to acquire all of the outstanding shares of the Target.

   Pursuant to the terms of the Call Connect Me Agreement, the Company has agreed to acquire all of the outstanding shares of the Target (each, a "Target Share") in exchange for 911 post-consolidation Share for every one (1) Target Share outstanding at the Closing.

   9,111,111 common shares were issued pursuant to the Call Connect Me Agreement on March 13, 2020.

   The transaction will be treated as a business combination as Call Connect Me Inc. is deemed to be a business with production and sales of patented products. The assets and liabilities of Call Connect Me Inc. cannot be disclosed at this time because the Company is still in the process of completing the closing balance sheet and the valuation of the assets and liabilities acquired.

22. Subsequent events (continued)

b) On June 9, 2020, the Company announced the closing of the previously announced non-brokered private placement for total proceeds of $1 million. The Company issued a total of 7,843,137 units at $0.1275 per unit, each unit comprised of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder thereof to purchase one Share (each, a "Warrant Share") at an exercise price of $0.25 per Warrant Share at any time until June 8, 2022. The Warrants are subject to an acceleration clause whereby if the common share price is equal to or greater than $0.50 for a period of 5 consecutive trading days, the Company may reduce the remaining exercise period to 30 days.

c) On July 3, 2020, the Company entered into a Share Exchange Agreement with 2270377 Alberta Ltd. (the "2270377 Agreement"), in order to acquire assets owned by 2270377 Alberta Ltd. such as the domain name held by 2270377 Alberta Ltd.

   Pursuant to the terms of the 2270377 Agreement, the Company agreed to acquire all of the outstanding shares of 2270377 Alberta Ltd. for $240,000 payable in cash and 1,200,000 common shares of the Company. The common shares issuable pursuant to the Sturgeon Agreement were issued on July 24, 2020.

d) On July 9, 2020, the Company entered into a Share Purchase Agreement with 1252796 B.C. Ltd to acquire assets owned by the company such as the VIMA Rev Strobe Lenses, its related patents, associated intellectual property, and available inventory, where the Company will acquire 100% of 1252796 B.C. Ltd 's common shares for consideration of 18,900,000 common shares of the Company.

   The Company issued an additional 378,000 common shares to a consultant as an administrative fee on this transaction.

   The acquisition of the VIMA portfolio of products is subject to perpetual, world-wide ongoing sales royalty based on the gross sale of VIMA products. A US$50 per unit royalty shall apply on the first 5,000 units sold, US$40 per unit for the next 5,000 units sold and US$30 per unit thereafter.

   The transaction will be treated as a business combination as 1252796 B.C. Ltd is deemed to be a business with production and sales of patented products. The assets and liabilities of 1252796 B.C. Ltd. cannot be disclosed at this time because the Company is still in the process of completing the closing balance sheet and the valuation of the assets and liabilities acquired.

e) Subsequent to year end, 2,546,472 shares were issued upon the exercise of 2,546,472 warrants at a price of $0.30 per share for gross proceeds of $763,942.

22. Subsequent events (continued)

f) Subsequent to year end, the Company granted 2,990,000 stock options to directors, officers and consultants with a weighted average exercise price of $0.21. The options have a term of five years from the date of grant.

g) Since February 29, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.