FENDX TECHNOLOGIES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS
For the Three Months ended March 31, 2024 and 2023

(Unaudited, Expressed in Canadian dollars)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited, Expressed in Canadian dollars)

As at	Note	March 31, 2024 $	December 31, 2023 $
ASSETS			
Current			
Cash and cash equivalents	4	1,486,666	266,791
Sales and other taxes receivable		40,179	24,414
Prepaid expenses	5	623,796	271,684
		2,150,641	562,889
Equipment		-	1,167
Total assets		2,150,641	564,056
LIABILITIES			
Current			
Accounts payable	7	595,530	268,652
Accrued liabilities	7	106,374	251,046
Total liabilities		701,904	519,698
SHAREHOLDERS' EQUITY			
Share capital	8	8,846,914	6,531,512
Obligation to issue shares	8	100,000	-
Reserves	8	634,057	535,764
Deficit		(8,132,234)	(7,022,918)
Total shareholders' equity		1,448,737	44,358
Total liabilities and shareholders' equity		2,150,641	564,056

Nature of operations and going concern *[note 1]*
Subsequent events *[11]*

These unaudited condensed interim financial statements were approved for issuance by the Board of Directors on May 30, 2024 and signed on its behalf by:

"Stephen Randall"
Director

"Carolyn Myers"
Director

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

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited, Expressed in Canadian dollars)

	Note	Three months Ended March 31, 2024 $	Three months Ended March 31, 2023 $
Expenses			
Consulting fees		286,265	114,038
Directors' fees	7	13,750	12,959
General and administration		32,041	16,084
Investor relations		207,054	7,817
Management fees	7	178,560	171,750
Marketing		61,728	38,446
Professional fees	9	81,369	120,800
Research and development	9	152,966	59,852
Salaries and benefits		30,144	33,440
Share based payment	7,8	19,654	185,516
Transfer agent and filing fees		11,189	16,622
		1,074,720	777,324
Loss before other loss		(1,074,720)	(777,324)
Other income (loss)			
Foreign exchange		(558)	(1,727)
Interest income	4	2,903	7,847
Loss on debt settlement	8	(37,500)	-
		(35,155)	6,120
Net loss and comprehensive loss		(1,109,875)	(771,204)
Basic and diluted loss per common share		(0.02)	(0.02)
Weighted average number of common shares outstanding – basic and diluted		57,744,820	47,109,252

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited, Expressed in Canadian dollars)

	Share Capital		Obligation to Issue shares	Reserves	Deficit	Total
	Number	$	$	$	$	$
Balance, December 31, 2022	37,965,773	2,518,252	-	145,839	(3,359,705)	(695,614)
Shares issued - subscription receipts (Note 8)	13,338,000	4,001,400	-	-	-	4,001,400
Shares issued - finders' shares (Note 8)	609,680	182,904	-	-	-	182,904
Share issuance costs (Note 8)	-	(425,767)	-	-	-	(425,767)
Share based payment (Note 8)	-	-	-	185,516	-	185,516
Broker warrants (Note 8)	-	-	-	130,111	-	130,111
Net loss for the period	-	-	-	-	(771,204)	(771,204)
Balance, March 31, 2023	51,913,453	6,276,789	-	461,466	(4,130,909)	2,607,346
Shares issued - exercise of broker warrants (Note 8)	688,107	151,355	-	(48,139)	-	103,216
Shares issued - exercise of warrants (Note 8)	500,000	50,000	-	-	-	50,000
Shares issued - exercise of options (Note 8)	33,333	8,368	-	(3,368)	-	5,000
Shares issued - RSU vesting (Note 7, 8)	150,000	45,000	-	(45,000)	-	-
Share based payment (Note 8)	-	-	-	170,805	-	170,805
Net loss for the year	-	-	-	-	(2,892,009)	(2,892,009)
Balance, December 31, 2023	53,284,893	6,531,512	-	535,764	(7,022,918)	44,358
Shares issued – private placement (Note 7,8)	7,500,000	1,500,000	-	-	-	1,500,000
Shares issued - debt settlement (Note 8)	500,000	150,000	-	-	-	150,000
Shares issued - finders' shares (Note 8)	296,200	59,240	-	-	-	59,240
Shares issued - exercise of warrants (Note 8)	7,850,000	785,000	-	-	-	785,000
Share issuance costs (Note 8)	-	(178,838)	-	-	-	(178,838)
Share based payment (Note 8)	-	-	-	19,654	-	19,654
Obligation to issue shares (Note 8)	-	-	100,000	-	-	100,000
Broker warrants, net (Note 8)	-	-	-	78,639	559	79,198
Net loss for the period	-	-	-	-	(1,109,875)	(1,109,875)
Balance, March 31, 2024	69,431,093	8,846,914	100,000	634,057	(8,132,234)	1,448,737

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

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited, Expressed in Canadian dollars)

	Three months Ended March 31, 2024 $	Three months Ended March 31, 2023 $
OPERATING ACTIVITIES		
Net loss	(1,109,875)	(771,204)
Add items not affecting cash:		
Depreciation of equipment	1,167	290
Obligation to issue shares	100,000	-
Loss on debt settlement	37,500	-
Share based payment	19,654	185,516
	(951,554)	(585,398)
Changes in non-cash working capital items relating to operations:		
Sales and other tax receivable	(15,765)	33,952
Prepaid expenses	(352,112)	(205,806)
Accounts payable and accrued liabilities	294,706	(537,583)
Cash used in operating activities	(1,024,725)	(1,294,835)
FINANCING ACTIVITIES		
Issuance of common shares, net of issuance costs	2,244,600	3,888,648
Loan payable	-	(25,000)
Cash provided by financing activities	2,244,600	3,863,648
Increase in cash during period	1,219,875	2,568,813
Cash and cash equivalents, beginning	266,791	28,128
Cash and cash equivalents, ending	1,486,666	2,596,941
Interest received:	2,903	7,847
Cash and cash equivalents is comprised of:		
Cash	1,486,666	1,592,582
Cashable guaranteed investment certificates	-	1,004,359
Supplemental disclosures with respect to cash flows:		
Fair value of compensation warrants issued	79,198	130,111
Fair value of compensation warrants expired unexercised	(559)	-
Fair value of finder shares issued	59,240	182,904
Issuance of shares for settlement of debt	150,000	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

FendX Technologies Inc. ("FendX" or the "Company") was incorporated under the British Columbia *Business Corporations Act*. The Company's head office is located at 2010 Winston Park Drive, 2nd Floor, Oakville, Ontario, L6H 5R7. On March 20, 2023 the Company's common shares were listed and commenced trading on the Canadian Securities Exchange (the "CSE") under the symbol "FNDX". The Company's common shares commenced trading on the OTCQB Venture Market on May 30, 2023 under the symbol "FDXTF" and commenced trading on the Frankfurt Stock Exchange on May 31, 2023 under the symbol "E8D".

The Company was formed to advance a platform technology that was licensed from McMaster University ("McMaster") of Hamilton, Ontario, Canada, pursuant to a License Agreement (as herein defined) effective February 5, 2021 (Note 6). The Company has expanded its technology portfolio with the addition of a spray formulation licensed from McMaster pursuant to a Spray License Agreement effective May 16, 2023 (Note 6). The Company is a research and development-stage nanotechnology company focused on developing surface-protection coatings that repel certain pathogens.

[a] Going Concern

These unaudited condensed interim financial statements have been prepared under the assumption that the Company will continue as a going concern. The going concern basis of presentation assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

As of March 31, 2024, the Company had an accumulated deficit of $8,132,234 and working capital of $1,448,737. The Company's operations are dependent on obtaining additional financing to further develop its technology and generate cash flow from operations in the future. These factors form a material uncertainty, which may raise significant doubt about the Company's ability to continue as a going concern. Management's plans to meet the Company's current and future obligations may include raising capital through the issuance of equity and debt securities, relying on the financial support of its shareholders and related parties and cashflow from operations if the Company is successful in commercially launching its technology. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. These unaudited condensed interim financial statements do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business. Such adjustments can be material.

2. BASIS OF PRESENTATION

[a] Statement of compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports, including International Accounting Standard 34 Interim Financial Reporting. Therefore, these condensed interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with

2. BASIS OF PRESENTATION (CONTINUED)

[a] Statement of compliance (continued)

the Company's financial statements for the year ended December 31, 2023 ("Annual Financial Statements"), which have been prepared in accordance with IFRS.

These unaudited condensed interim financial statements were approved for issue by the Company's Board of Directors on May 30, 2024.

[b] Basis of measurement

These unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable.

[c] Functional and foreign currency

These unaudited condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency transactions are translated into Canadian dollars using the exchange rate at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognized in net income or loss.

[d] Critical accounting estimates and judgments

The preparation of these unaudited condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates may be pervasive throughout the financial statements and may require accounting 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 factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company reviews its estimates and underlying assumptions on an ongoing basis.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

i. Research costs and license costs are recognized as an expense when incurred, but development costs may be capitalized as intangible assets if certain conditions are met, as described in International Accounting Standard ("IAS") 38 *Intangible Assets*. Management has determined that development costs do not meet the conditions for capitalization under IAS 38, and all research and development costs and license costs have been expensed.

2. BASIS OF PRESENTATION (CONTINUED)

[d] Critical accounting estimates and judgments (continued)

ii. Management is required to determine whether the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future, including the availability of financing and revenue projection, as well as the current working capital balance and future commitments of the Company.

Estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

ii. The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

3. MATERIAL ACCOUNTING POLICY INFORMATION

These unaudited condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s Annual Financial Statements.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash held in non-interest and interest bearing bank accounts which earn variable interest and highly liquid investments held in the form of cashable guaranteed investment certificates (“GICs”) with investment terms that allow for penalty free redemption after one month and are held with Canadian chartered banks. GICs are variable rate interest GICs. As at March 31, 2024, the Company held GICs of $nil (December 31, 2023 - $232,952).

(Unaudited, Expressed in Canadian dollars)

5. PREPAID EXPENSES

	March 31, 2024 $	December 31, 2023 $
Prepaid insurance	22,684	6,649
Prepaid research project expenses	112,057	104,920
Prepaid investor relations expenses	366,843	97,156
Prepaid expense – other	122,212	62,959
Total	623,796	271,684

Pursuant to a collaborative research agreement between the Company and McMaster with an effective date of August 1, 2021 and amended on April 11, 2023 with an effective date of January 1, 2023 (the "Collaborative Research Agreement" or "CRA"), the Company advances funds for the sponsored research project work led by the McMaster lead researchers to further develop the Licensed Technology (as defined in Note 6) and sets out the payment schedule to satisfy the development milestones funding obligations. Pursuant to a collaborative research agreement between the Company and McMaster dated July 20, 2023 with an effective date of July 1, 2023 (the "Spray CRA"), the Company advances funds for the sponsored research project work led by the McMaster lead researchers to further develop the Spray Technology (as defined in Note 6). Pursuant to a collaborative research agreement between the Company and McMaster dated December 12, 2023 with an effective date of December 1, 2023 (the "Catheter Coating CRA"), the Company advances funds for the sponsored research project work led by the McMaster lead researchers for the development of a catheter coating formulation using the Licensed Technology (as defined in Note 6).

The Company entered into one investor relations services agreement during the three-month period ended March 31, 2024 for which services had not been completed as of March 31, 2024. During the three-month period ended March 31, 2024, $365,800 was invoiced by this service provider of which $365,800 is included in prepaid expenses as at March 31, 2024 and is amortized over the periods which it relates to.

6. LICENSE AND COLLABORATIVE RESEARCH AGREEMENTS

The Company and McMaster entered into a license agreement (the "License Agreement") dated February 5, 2021, and amended July 14, 2021, July 15, 2022 and March 3, 2024, in respect of certain protective surface coating film technology and patents (the "Licensed Technology") which formed the primary basis of the Company's business, which grants the Company an exclusive worldwide license to the Licensed Technology. In addition, the Company entered into a Collaborative Research Agreement with McMaster (see Note 5) that allows the Company to work with McMaster to advance the Licensed Technology related to the REPELWRAP™ film project and sets out the payment schedule for the development milestone funding.

Pursuant to the License Agreement, the Company agreed to the following:

- the issuance to McMaster of common shares equal to 5% of its fully diluted share capital on achievement of certain funding thresholds of which 1,435,000 common shares have been issued in full satisfaction thereof;

(Unaudited, Expressed in Canadian dollars)

6. LICENSE AND COLLABORATIVE RESEARCH AGREEMENTS (CONTINUED)

- payment of a 4% royalty on net sales;
- a minimum annual royalty commencing in the first 12-month period ending on the anniversary of the date of the License Agreement as to $5,000 in the first and second years, $10,000 in the third and fourth years and $20,000 in the fifth and subsequent years; and
- provide funding for development milestones totaling $650,000, of which $350,000 was required in year one and minimum funding of $150,000 per year was required for two years starting twelve (12) months after the effective date of the License Agreement.

The Collaborative Research Agreement sets out the detailed funding schedule to satisfy the development milestone funding requirements of $650,000 pursuant to the License Agreement, upon receipt of invoices from McMaster and provided the research aims are approved by the Company, as follows:

Proposed Invoice Date	**Amount**
November 24, 2021 (paid)	$175,000
August 25, 2022 (paid)	$87,500
January 1, 2023 (paid)	$87,500
March 1, 2023 (paid)	$75,000
May 1, 2023 (paid)	$37,500
July 1, 2023 (paid)	$37,500
September 1, 2023 (paid)	$75,000
January 1, 2024 (paid)	$37,500
May 1, 2024(1)	$37,500

(1) Invoice received subsequent to March 31, 2024.

In addition, the Company and McMaster entered into the Catheter Coating CRA with an effective date of December 1, 2023, with a term of two years, which sets out the maximum payment terms upon receipt of invoices from McMaster to provide research funding related to research and development activities related to the development of a catheter coating formulation using the Licensed Technology. In the first and second year of the term, maximum research funding to McMaster will be $150,547 each year, as follows:

Proposed Invoice Date	**Amount**
On signing (paid)	$37,637
February 1, 2024 (paid)	$37,637
May 1, 2024	$37,637
August 1, 2024	$37,637
November 1, 2024	$37,637
February 1, 2025	$37,637
May 1, 2025	$37,637
August 1, 2025	$37,637

(Unaudited, Expressed in Canadian dollars)

6. LICENSE AND COLLABORATIVE RESEARCH AGREEMENTS (CONTINUED)

On May 16, 2023, the Company and McMaster entered into a license agreement, as amended July 20, 2023, (the "Spray License Agreement") which provided the Company with an exclusive worldwide license to certain technology, including a U.S provisional patent application, for a bifunctional spray coating formulation (the "Spray Technology"). Pursuant to the Spray License Agreement, the Company will be required to pay:

- a 4% royalty on net sales of a commercialized product;
- no minimum annual royalty as long as the License Agreement is still in effect; and
- commit maximum research funding to McMaster of $85,169 for 2023 and $168,468 for 2024 upon receipt of invoices from McMaster, to support continued research and development activities of the Spray Technology.

In addition, the Company entered into a Spray CRA with McMaster (see Note 5) that allows the Company to work with McMaster to advance the Spray Technology and sets out the payment schedule for the development milestone funding for the funding commitments set out in the Spray License Agreement, as follows:

Proposed Invoice Date	Maximum Amount
On signing (paid)	$28,389.67
October 15, 2023 (paid)	$28,389.67
December 31, 2023 (paid)	$28,389.67
March 31, 2024(1)	$42,116.90
June 30, 2024	$42,116.90
September 30, 2024	$42,116.90
December 31, 2024	$42,116.90

(1) Invoice received subsequent to March 31, 2024.

7. RELATED PARTY DISCLOSURE

Transactions with related parties

Related parties of the Company include key management personnel and companies controlled by key management personnel. Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company.

Amounts due to related parties, including amounts due to key management personnel are unsecured, interest-free, due on demand and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Included in accounts payable and accrued liabilities as at March 31, 2024, were amounts totaling $108,200 (December 31, 2023 – $125,376) due to related parties.

(Unaudited, Expressed in Canadian dollars)

7. RELATED PARTY DISCLOSURE (CONTINUED)

The following related party fees were incurred:

	Three Months Ended March 31, 2024 $	Three Months Ended March 31, 2023 $
Directors' fees	13,750	12,959
Management fees	178,560	171,750
Share based payment	15,235	151,206
Total	207,545	335,915

On March 25, 2024, two officers and a director participated in the Company's non-brokered private placement and subscribed for an aggregate of 200,000 units, for gross proceeds of an aggregate of $40,000 to the Company. (Note 8).

8. SHARE CAPITAL

[a] Authorized

Unlimited number of common shares without par value.

[b] Issued

As at March 31, 2024, 69,431,093 common shares were issued and outstanding (December 31, 2023 – 53,284,893). As at March 31, 2024, 20,395,001 common shares (December 31, 2023 - 24,725,402) are subject to voluntary pooling and/or escrow restrictions summarized as follows: a) 16,500,001 common shares are subject to voluntary pooling agreements such that 55% of these shares are released on the date that is 18 months from March 20, 2023 (the "Listing Date"), and further 15% releases on the dates that are 24, 30 and 36 months from the Listing Date; b) 1,435,000 common shares will be released on the date that is 18 months after the Listing Date; c) an aggregate of 8,200,000 common shares are subject to voluntary escrow such that 10% were released on the Listing Date and 15% of these shares will be released on each of the dates that are 3, 6, 9, 12, 15 and 18 months from the Listing Date; and d) an aggregate of 10,334,665 common shares are subject to voluntary resale restrictions such that 20% are released on the date that is 4 months and one day from the Listing Date, 20% released on the date that is 6 months and one day from the Listing Date, 30% released on each of the dates that are 9 months and one day and 12 months and one day from the Listing Date.

During the three months ended March 31, 2024:

i. On February 2, 2024, the Company issued 2,625,000 units at $0.20 per unit for gross proceeds of $525,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase an additional common share at an exercise price of $0.40 per share for a period of three years following the closing date, subject to an acceleration right. The Company paid finders fees to eligible finders comprised of $8,000 in cash, issued 170,000 finder units and 210,000 finder

8. SHARE CAPITAL (CONTINUED)

[b] Issued (continued)

warrants. Each finder unit is comprised of one common share and one warrant, with each warrant exercisable into one common share at $0.40 per share for a period of three years following the closing date, subject to an acceleration right. Each finder warrant is exercisable into one common share at an exercise price of $0.20 for 36 months from the closing date. The Company recorded share issuance costs totaling $72,873 comprised of: $8,000 for the cash finders fees; $34,000 for the fair value of the 170,000 finders' units; and $30,873 for the fair value of the 210,000 finder warrants using the Black-Scholes pricing model under the following assumptions: a risk-free rate of 3.84%, an estimated annualized volatility of 82.77% using comparable companies, an expected life of 3 years, a nil dividend yield, and an exercise price of $0.20.

ii. During the three-month period ended March 31, 2024, the Company received proceeds of $785,000 from the exercise of 7,850,000 warrants at $0.10 per share and issued 7,850,000 common shares pursuant to the warrant exercises.

iii. On March 12, 2024, the Company issued 500,000 common shares with a fair value of $150,000 to a vendor to settle advisory fees incurred in 2023 that were recorded as accrued liabilities as at December 31, 2023. A loss on settlement of $37,500 was recorded during the period.

iv. On March 25, 2024, the Company issued 4,875,000 units at $0.20 per unit for gross proceeds of $975,000. Each unit consists of one common share and one warrant. Each warrant would entitle the holder to purchase an additional common share at an exercise price of $0.40 per share for a period of three years following the closing date subject to an acceleration right. Pursuant to this closing, the Company paid finders fees of $32,400 in cash, issued 126,200 finder units and 288,200 finder warrants. Each finder unit is comprised of one common share and one warrant, with each warrant exercisable into one common share at $0.40 per share for a period of three years following the closing date, subject to an acceleration right. Each finder warrant is exercisable into one common share at an exercise price of $0.20 for 36 months from the closing date. The Company recorded share issuance costs totaling $105,965 comprised of: $32,400 for the cash finders fees; $25,240 for the fair value of the 126,200 finders' units; and $48,325 for the fair value of the 288,200 finder warrants using the Black-Scholes pricing model under the following assumptions: a risk-free rate of 3.87%, an estimated annualized volatility of 82.55% using comparable companies, an expected life of 3 years, a nil dividend yield, and an exercise price of $0.20.

During the year ended December 31, 2023:

i. On February 1, 2023, the Company obtained a receipt for its final prospectus dated January 31, 2023 and the gross proceeds of a subscription receipt financing of $4,001,400 held in escrow was released to the Company. Each subscription receipt was automatically converted into one unit and the Company issued an aggregate of 13,338,000 common shares and 6,669,000 warrants. Each warrant entitles the holder to purchase an additional common share at an exercise price of $0.50 per share until February 1, 2025, subject to an acceleration provision. The Company paid aggregate cash finders fees of $112,752 and issued 609,680 finders' shares at a deemed price of $0.30 per

8. SHARE CAPITAL (CONTINUED)

[b] Issued (continued)

share and issued an aggregate of 985,520 broker warrants. Each broker warrant is exercisable into one additional common share at an exercise price of $0.30 per share until February 1, 2025. The Company recorded share issuance costs totaling $425,767 comprised of: $182,904 for the fair value of the 609,860 finders' shares; $112,752 for the cash finders fees; and $130,111 for the fair value of the 985,520 broker warrants using the Black-Scholes pricing model under the following assumptions: a risk-free rate of 3.66%, an estimated annualized volatility of 78.05% using comparable companies, an expected life of 2 years, a nil dividend yield, and an exercise price of $0.30.

ii. On May 2, 2023, the Company issued 33,333 common shares pursuant to the exercise of 33,333 options at $0.15 per common share for proceeds of $5,000.

iii. On May 25, 2023, the Company issued 150,000 common shares pursuant to the vesting of 150,000 RSUs. (Note 7).

iv. During the year ended December 31, 2023, the Company issued an aggregate of 688,107 common shares pursuant to the exercise of an aggregate of 688,107 broker warrants at $0.15 per common share for aggregate proceeds of $103,216.

v. On September 18, 2023, the Company issued 500,000 common shares pursuant to the exercise of 500,000 share purchase warrants at $0.10 per common share for proceeds of $50,000.

[c] Options

The Company has an equity incentive plan dated October 19, 2021 (the "Plan") under which it is authorized to grant stock options, restricted share units, performance share units or deferred share units (the "Plan Securities") which may be denominated or settled in common shares, cash, a combination thereof or in such other form as provided herein at the discretion of the Company's board of directors up to a maximum of 20% of the issued and outstanding common shares of the Company from time to time.

On January 24, 2023, the Company issued an aggregate of 1,450,000 options to certain directors, officers, employees and consultants with an exercise price of $0.30 per share with an expiry date of 5 years from the date of grant. The options are subject to standard vesting provisions of 1/3 vesting on the date of grant and 1/3 vesting on the date that is 12 months and 24 months from the date of grant, such that all options fully vest over 24 months from the date of grant. The options were valued using the Black-Scholes model under the following assumptions: a risk-free rate of 2.93%, an estimated annualized volatility of 89.61% using comparable companies, an expected life of 5 years, a nil dividend yield, and an exercise price of $0.30.

The expected volatilities used for the options granted during the year ended December 31, 2023, was based on the historical share prices of comparable companies.

(Unaudited, Expressed in Canadian dollars)

8. SHARE CAPITAL (CONTINUED)

[c] Options (continued)

The continuity of options to March 31, 2024 is as follows:

	Number of Options	Weighted Average Exercise Price $
Balance, December 31, 2022	1,325,000	0.18
Granted	1,450,000	0.30
Exercised	(33,333)	0.15
Balance, March 31, 2024 and December 31, 2023	2,741,667	0.25
Vested and exercisable at March 31, 2024	1,816,664	0.25

A summary of the Company's options outstanding as at March 31, 2024 is as follows:

Expiry Date	Exercise Price $	Number Outstanding	Remaining Life of Options (Years)	Number Exercisable
April 22, 2027	0.15	991,667	3.06	649,999
December 24, 2027	0.30	300,000	3.73	200,000
January 24, 2028	0.30	1,450,000	3.82	966,665
		2,741,667	3.54	1,816,664

During the three months ended March 31, 2024, the Company recognized share-based payments of $19,654 (March 31, 2023 - $185,516) relating to options granted and vested during the period.

[d] Warrants

A summary of the warrant activity to March 31, 2024 is as follows:

	Number	Weighted Average Exercise Price $
Balance, December 31, 2022	8,450,000	0.10
Issued	6,669,000	0.50
Warrants exercised	(500,000)	0.10
Balance, December 31, 2023	14,619,000	0.28
Issued	7,796,200	0.40
Warrants expired	(100,000)	0.10
Warrants exercised	(7,850,000)	0.10
Balance, March 31, 2024	14,465,200	0.45

(Unaudited, Expressed in Canadian dollars)

8. SHARE CAPITAL (CONTINUED)

[d] Warrants (continued)

Details of warrants outstanding as at March 31, 2024 are as follows:

Date of Expiry	**Number of Warrants Outstanding**	**Exercise Price $**
February 1, 2025	6,669,000	0.50
February 2, 2027	2,795,000	0.40
March 25, 2027	5,001,200	0.40
	14,465,200	

The weighted average remaining contractual life of the warrants outstanding as at March 31, 2024 is 1.97 years.

[e] Broker warrants

A summary of the broker warrant activity to March 31, 2024 is as follows:

	Number	**Weighted Average Exercise Price $**
Balance, December 31, 2022	696,107	0.15
Issued	985,520	0.30
Exercised	(688,107)	(0.15)
Balance, December 31, 2023	993,520	0.30
Issued	498,200	0.20
Expired[(1)]	(8,000)	(0.15)
Balance, March 31, 2024	1,483,720	0.27

[(1)] $559 transferred from reserves to deficit related to expiry of these broker warrants.

Details of broker warrants outstanding as at March 31, 2024, are as follows:

Expiry Date	**Number Outstanding**	**Exercise Price $**
February 1, 2025	985,520	0.30
February 2, 2027	210,000	0.20
March 25, 2027	288,200	0.20
	1,483,720	

The weighted average remaining contractual life of the broker warrants outstanding as at March 31, 2024 is 1.54 years.

(Unaudited, Expressed in Canadian dollars)

8. SHARE CAPITAL (CONTINUED)

[f] Bonus Shares

On June 19, 2021 the Company entered into agreements with each of the two lead researchers at McMaster (the "Lead Researchers") related to the Licensed Technology. Pursuant to the agreements, each of the two Lead Researchers may be entitled to receive up to 2,075,000 common shares (the "Bonus Shares") should certain milestones related to the development of the Licensed Technology be achieved. As at March 31, 2024, 4,150,000 Bonus Shares (December 31, 2023 – 4,150,000 Bonus Shares) have been reserved for issuance, and no Bonus Shares have been issued. The Company has not recognized any share-based payment expense in connection with these Bonus Shares as the likelihood of achieving the milestones is not considered probable.

[g] Restricted Share Units

On January 24, 2023, the Company granted 150,000 restricted share units ("RSUs") to an officer which vest 4 months from the date of grant. During the three months ended March 31, 2024, the Company recognized $nil as share-based payments related to RSUs (March 31,2023 - $24,750). As at March 31, 2024, nil RSUs are outstanding (December 31, 2023 – nil).

[h] Obligation to Issue Shares

As at March 31, 2024, advisory fees of $100,000 due to a creditor were payable through the issuance of 500,000 common shares. These common shares were issued on April 8, 2024. (Note 11).

[i] Reserves

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the RSUs, options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

9. OPERATING EXPENSES

Professional fees are comprised of the following:

	Three Months ended March 31, 2024	**Three Months ended March 31, 2023**
	$	$
Audit fees	12,000	19,750
Legal fees – general corporate	41,712	80,622
Legal fees – intellectual property and other	27,657	20,428
Total	81,369	120,800

(Unaudited, Expressed in Canadian dollars)

9. OPERATING EXPENSES (CONTINUED)

Research and development expenses are comprised of the following:

	Three Months ended March 31, 2024	**Three Months ended March 31, 2023**
	$	**$**
Research and development	142,966	54,852
License and royalty fees	10,000	5,000
Total	152,966	59,852

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The Company's financial instruments at March 31, 2024 include cash and cash equivalents and accounts payable. The fair values of these instruments approximate their carrying values due to their short-term nature.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 - quoted prices 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., from derived prices); and
Level 3 - inputs for the asset or liability that are not based upon observable market data.

The fair value of cash is based on Level 1 inputs. The carrying values of accounts payable approximate their respective fair values due to the short-term nature of these investments.

[a] Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises for the Company from its cash and sales tax receivable. The Company has adopted practices to mitigate the deterioration of principal, to enhance the Company's ability to meet its liquidity needs and to optimize yields within those parameters. The Company regularly reviews the collectability of its accounts receivable and would establish an allowance account for credit losses based on its best estimate of any potentially uncollectible accounts receivable. As of March 31 2024, the balance of the allowance account for credit losses was $nil (December 31, 2023 - $nil). The Company's cash is deposited in bank accounts held with major banks in Canada and/or in cashable guaranteed investment certificates. As most of the Company's cash and cash equivalents are held with Canadian Schedule 1 chartered banks there is a concentration of credit risk. This risk is managed by using major banks that are high quality financial institutions as determined by rating agencies.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

[b] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's exposure to liquidity risk is dependent on its purchasing commitments and obligations and its ability to raise funds to meet commitments and sustain operations. The Company manages liquidity risk by continuously monitoring its actual and forecasted working capital requirements, and actively managing its financing activities. The Company's main source of funding has been the issuance of equity securities, primarily through private placements. Although the Company received gross proceeds of $1,500,000 from the closing of private placements and $785,000 from the exercise of warrants during the period ended March 31, 2024, there can be no assurance of continued access to significant equity funding. As at March 31, 2024, the Company had working capital of $1,448,737. As at March 31, 2024, the Company's financial liabilities were comprised of accounts payable and accrued liabilities totaling $701,904 all of which have contractual maturities of less than 3 months.

[c] Market risk

i. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company has cash balances and interest-bearing guaranteed investment certificates. The Company's excess cash is invested based on the Company's policy to invest the excess cash in high interest savings accounts and/or guaranteed investment certificates issued by its banking institutions. As at March 31, 2024, the Company held $1,486,666 in cash (December 31, 2023 - $266,791 in cash and cash equivalents).

ii. Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company has a portion of its operating expenses in US dollars and Euros. The Company has not entered into foreign exchange derivative contracts.

As at March 31, 2024 and December 31, 2023, the Company had liabilities denominated in US dollars. A 10% change in the currency exchange rate between the Canadian dollar relative to the US dollar could have a gain or loss of approximately $260 (December 31, 2023 - $2,316) on the Company's results of financial position based on the Company's net exposure as at March 31, 2024 and December 31, 2023.

As at March 31, 2024 and December 31, 2023, the Company had liabilities denominated in Euros. A 10% change in the currency exchange rate between the Canadian dollar relative to the Euro could have a gain or loss of approximately $36,580 (December 31, 2023 - $nil) on the Company's results of financial position based on the Company's net exposure as at March 31, 2024 and December 31, 2023.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

[d] Capital disclosure

The Company's objective when managing capital is to ensure its ability to continue as a going concern in order to pursue the development of its product candidates for ultimate sale or sub-licensing. The Company attempts to maximize return to shareholders by minimizing shareholder dilution and, when possible, utilizing non-dilutive funding arrangements, such as collaborative partnership arrangements.

The Company defines its capital as share capital and reserves. The Company has financed its capital requirements primarily through equity share issuances since inception.

The Company manages its capital structure and adjusts it based on changes in economic conditions and risk characteristics of the underlying assets. The Company may issue new securities. The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's capital management during the three months ended March 31, 2024 and year ended December 31, 2023.

11. SUBSEQUENT EVENTS

On April 8, 2024, the Company issued 500,000 common shares to a vendor to settle $100,000 in advisory fees.

On May 8, 2024, the Company issued 2,625,000 units at $0.20 per unit for gross proceeds of $525,000. Each unit consists of one common share and one warrant. Each warrant would entitle the holder to purchase an additional common share at an exercise price of $0.40 per share for a period of three years following the closing date subject to an acceleration right. The Company paid finders fees to eligible finders comprised of 202,000 finder units and issued 202,000 finder warrants. Each finder unit consists of one common share and one warrant. Each warrant would entitle the holder to purchase an additional common share at an exercise price of $0.40 per share for a period of three years following the closing date, subject to an acceleration right. Each finder warrant is exercisable into one common share at an exercise price of $0.20 for 36 months from the closing date.

On May 17, 2024, the Company issued 23,600 common shares pursuant to the exercise of 23,600 broker warrants at $0.30 per common share for proceeds of $7,080.