



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)
(Unaudited)

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND
2021**

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

NANOSPHERE HEALTH SCIENCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Presented in United States Dollars - Unaudited)

AS AT	September 30, 2022	December 31, 2021
ASSETS		
Current		
Cash	\$ 60,750	\$ 130,757
Receivables	<u>4,201</u>	<u>1,757</u>
	<u>\$ 64,951</u>	<u>\$ 132,514</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities (Note 6)	<u>\$ 1,279,067</u>	<u>\$ 1,207,992</u>
	<u>1,279,067</u>	<u>1,207,992</u>
Shareholders' equity (deficiency)		
Share capital (Note 7)	18,762,420	18,762,420
Reserves (Note 7)	1,268,177	1,259,689
Accumulated other comprehensive income	(19,502)	(60,631)
Deficit	<u>(21,225,211)</u>	<u>(21,036,956)</u>
	<u>(1,214,116)</u>	<u>(1,075,478)</u>
	<u>\$ 64,951</u>	<u>\$ 132,514</u>

Nature of business and going concern (Note 1)

Approved and authorized by the Board of Directors on November 24, 2022:

<i>"Toby Lim"</i>	Director	<i>"Michael Iverson"</i>	Director
Toby Lim		Michael Iverson	

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

NANOSPHERE HEALTH SCIENCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in United States Dollars - Unaudited)

For the	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
EXPENSES				
Foreign exchange	\$ 16,873	\$ 7,059	\$ 20,897	\$ (1,247)
Lease accretion (Note 4&5)	-	-	-	(13)
Investor relation and marketing	-	1,050	-	1,050
Office and administrative	1,104	529	1,759	5,649
Professional fees	(16,178)	20,307	55,194	87,807
Regulatory and filing	2,967	3,489	13,213	24,027
Research and development	3,730	18,161	14,298	45,550
Salaries and consulting (Note 6)	25,079	35,475	74,406	114,187
Share-based payment (Note 6)	1,634	2,899	8,488	19,335
	(35,209)	(88,969)	(188,255)	(296,345)
OTHER				
Loss on debt settlement	-	(260,870)	-	(247,425)
Loss for the period	(35,209)	(349,839)	(188,255)	(543,770)
Exchange differences on translating foreign operations	(33,468)	13,473	(41,129)	(14,493)
Comprehensive loss for the period	\$ (68,677)	\$ (336,366)	\$ (229,384)	\$ (558,263)
Basic and diluted loss per share	\$ (0.00)	\$ (0.06)	\$ (0.01)	\$ (0.10)
Weighted average number of common shares outstanding	10,275,205	6,104,130	10,275,205	5,649,058

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

NANOSPHERE HEALTH SCIENCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Presented in United States Dollars - Unaudited)

For the nine months ended September 30,	2022	2021
CASH FROM OPERATING ACTIVITIES		
Loss for the period	\$ (188,255)	\$ (543,770)
Items not affecting cash:		
Lease accretion	-	(13)
Share-based payment (Note 7)	8,488	19,903
Unrealized foreign exchange loss (gain)	27,603	(17,512)
Changes in non-cash working capital items:		
Receivables	(2,444)	736
Prepays	-	-
Accounts payable and accrued liabilities	<u>71,075</u>	<u>495,699</u>
Net cash used in operating activities	<u>(83,533)</u>	<u>(44,957)</u>
CASH FROM FINANCING ACTIVITIES		
Private placement	-	185,829
Share issuance costs	<u>-</u>	<u>(7,942)</u>
Net cash provided by financing activities	<u>-</u>	<u>177,887</u>
Change in cash during the period	(83,533)	132,930
Effect on foreign exchange on cash	13,526	3,019
Cash, beginning of period	<u>130,757</u>	<u>12,948</u>
Cash, end of period	<u>\$ 60,750</u>	<u>\$ 148,897</u>
Supplemental cash flow information		
Shares for debt	\$ -	\$ 806,248

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

NANOSPHERE HEALTH SCIENCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICENCY)
(Presented in United States Dollars - Unaudited)

	Share capital		Reserves	Accumulated other comprehensive income (loss)	Deficit	Total
	Number	Amount				
Balance at December 31, 2020	5,417,751	18,018,939	1,236,385	(28,429)	(20,680,686)	(1,453,791)
Private Placement (Note 7)	1,231,578	190,570	-	-	-	190,570
Shares for debt (Note 7)	3,625,876	561,055	-	-	-	561,055
Share issuance cost, cash	-	(8,144)	-	-	-	(8,144)
Share-based payments (Note 6)	-	-	19,903	-	-	19,903
Other comprehensive loss	-	-	-	(14,493)	-	(14,493)
Loss for the period	-	-	-	-	(543,770)	(543,770)
Balance at September 30, 2021	10,275,205	18,762,420	1,256,288	(42,922)	(21,224,456)	(12,486,70)
Share-based payments (Note 6)	-	-	3,401	-	-	3,401
Other comprehensive loss	-	-	-	(17,709)	-	(17,709)
Gain for the period	-	-	-	-	187,500	187,500
Balance at December 31, 2021	10,275,205	\$ 18,762,420	\$ 1,259,689	\$ (60,631)	\$ (21,036,956)	\$ (1,075,478)
Share-based payments (Note 6)	-	-	8,488	-	-	8,488
Other comprehensive loss	-	-	-	41,129	-	41,129
Loss for the period	-	-	-	-	(188,255)	(188,255)
Balance at September 30, 2022	10,275,205	\$ 18,762,420	\$ 1,268,177	\$ (19,502)	\$ (21,225,211)	\$ (1,214,116)

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

1. NATURE OF BUSINESS AND GOING CONCERN

Nanosphere Health Sciences Inc. (the “**Company**”) was incorporated on April 20, 2005, under the laws of the province of Alberta, Canada and re-domiciled to British Columbia, Canada. The Company’s shares are listed on the Canadian Stock Exchange (“**CSE**”) under the symbol NSHS. The Company is a nano-biotechnology company focused on providing next generation delivery of biologically active compounds through licensing and joint venture arrangements. The Company has a wholly owned subsidiary. NanoSphere Health Sciences, LLC (“**NanoSphere LLC**”) is the Company’s operating division in the United States. The Company’s operations were focused on developing nanoencapsulation technology for the delivery of nutritive elements and medicants through licensing arrangements on the United States (“**U.S.**”) and Canada cannabis industry.

The Company’s head office and principal address is 488 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

On June 11, 2021, the Company consolidated its issued and outstanding capital on the basis of one (1) post-consolidation share for each twenty (20) pre-consolidation shares. All share and per share amounts have been retroactively restated.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

As at September 30, 2022, the Company had a cumulative deficit of \$21,225,211, working capital deficit of \$1,214,116 and cash of \$60,750. Management anticipates the need to raise additional funds within the next 12 months to pay operational costs and fund any investing activities. To the extent financing is not available, lease payments, rental payments, and other payments may not be satisfied and could result in a loss of earning opportunities for the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments may adversely affect workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”).

Basis of Presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial liabilities measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed consolidated interim financial statements of the Company are presented in U.S. dollars, which is the functional currency of NanoSphere LLC. The parent company, Nanosphere Health Sciences Inc., has a functional currency of the Canadian Dollar.

2. BASIS OF PREPARATION (cont'd...)

Significant accounting judgements, estimates and assumptions

The preparation of these condensed consolidated 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 the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgement uncertainty that management has made at the end of the reporting period, that 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:

Going concern

The Company's condensed consolidated interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Ongoing operations of the Company are dependent upon its ability to receive continued financial support, complete public equity financings, or generate profitable operations in the future. The Company incurred a loss of \$188,255 during the period ended September 30, 2022 and as of that date, the Company's had an accumulated deficit of \$21,225,211. Management is actively targeting sources of additional financing which would assure the continuation of the Company's operations. The Company anticipates the need to raise additional funds within the next 12 months to pay operational costs and fund any investing activities. To the extent financing is not available, lease payments, rental payments, and other payments may not be satisfied and could result in a loss of earning opportunities for the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are the same as those applied in the most recent audited annual financial statements as at and for the year ended December 31, 2021 and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

4. LEASE LIABILITIES

During the period ended September 30, 2022, the Company has \$nil lease liabilities and Right-of-Use assets. The following is a reconciliation of the changes in the lease liabilities:

Balance, December 31, 2020	\$	39,463
Lease accretion		701
Payments		(40,164)
Balance, December 31, 2021 & September 30, 2022	\$	-

NANOSPHERE HEALTH SCIENCES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
September 30, 2022
(Presented in United States Dollars - Unaudited)

5. NET INVESTMENT IN SUBLEASE

During the year ended December 31, 2019, the Company sub-leased the office space to an arm’s length tenant with the same terms of the original office head lease. The Company has recorded a net investment in sublease of \$174,966, measured at either an amount equal to the lease asset or their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the incremental borrowing rate on January 1, 2019. The following is a reconciliation of the changes in the net investment in sublease:

Balance, December 31, 2020	\$	39,450
Lease accretion		714
Receipts		(40,164)
Balance, December 31, 2021 & September 30, 2022	\$	-

6. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel comprise the Chief Executive officer and interim Chief Financial Officer, former Chief Executive officers and former President.

During the period ended September 30, 2022, the Company paid or accrued the following to key management personnel:

- a) Management, salaries, and consulting fees of \$74,250 (2021 - \$74,250) for services provided by the key management;
- b) Professional fees of \$21,888 to a director of the Company (2021- \$58,168); and
- c) Share-based compensation of \$670 (2021 - \$4,329) to the officers and directors of the Company was recorded.

Included in accounts payable and accrued liabilities is \$323,730 (December 31, 2021 - \$364,680) due to directors, officers, and companies controlled by directors and officers of the Company that is non-interest bearing and due on demand.

7. SHARE CAPITAL AND RESERVES

Authorized share capital

The Company’s authorized share capital consists of an unlimited number of common shares without par value.

Issued share capital

As at September 30, 2022, the Company had 10,275,205 common shares issued and outstanding.

Share issuances

No common shares were issued during the nine months ended September 30, 2022.

NANOSPHERE HEALTH SCIENCES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
September 30, 2022
(Presented in United States Dollars - Unaudited)

7. SHARE CAPITAL AND RESERVES (cont'd...)

Share issuances (cont'd...)

During the year ended December 31, 2021, the Company:

- a) completed a non-brokered private placement by issuing 1,231,578 units at CAD\$0.19 per unit for gross proceeds of \$190,570 (CAD\$234,000). Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one half common share at a price of CAD\$0.35 per common share for a period of two years from the date of issue and is subject to certain acceleration provision. Pursuant to the offering, the Company incurred share issuance costs of \$8,144 (CAD\$10,000).
- b) and issued 3,625,876 common shares valued at CAD\$0.19 per unit to settle outstanding liabilities of \$547,097 (CAD\$688,916).

Stock options and warrants

Stock option and warrant transactions are summarized as follows:

	Warrants		Stock options	
	Number	Weighted Average Exercise Price (CAD)	Number	Weighted Average Exercise Price (CAD)
Outstanding, December 31, 2020	648,148	\$ 10.48	117,000	\$ 7.91
Granted	2,428,727	0.35	-	-
Expired/ Cancelled	<u>(648,148)</u>	10.48	<u>(28,000)</u>	12.14
Outstanding, December 31, 2021 & September 30, 2022	2,428,727	\$ 0.35	89,000	\$ 6.57
Exercisable, September 30, 2022	2,428,727	\$ 0.35	80,063	\$ 6.75

Stock options outstanding

The following incentive stock options were outstanding at September 30, 2022:

Number	Exercisable	Exercise price	Expiry date
17,500	17,500	\$ CAD 13.00	May 17, 2023
71,500	62,563	\$ CAD 5.00	July 16, 2029
89,000	80,063		

7. SHARE CAPITAL AND RESERVES (cont'd...)

Warrants outstanding

The following warrants were outstanding and exercisable at September 30, 2022:

Number	Exercisable	Exercise price	Expiry date
2,428,727	2,428,727	\$ CAD 0.35	September 17, 2023
2,428,727	2,428,727		

Share-based payments

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The vesting terms are determined by the board of directors.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes 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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash, receivables and accounts payable and accrued liabilities approximate their carrying value due to the short-term maturity.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year. As at September 30, 2022, the Company had a cash balance of \$60,750 (December 31, 2021 - \$130,757) to settle current liabilities of \$1,279,067 (December 31, 2021 - \$1,207,992). All of the Company's accounts payable and accrued liabilities and loans payable have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at September 30, 2022, the Company did not have any investments in investment-grade short-term deposit certificates or long term payables with floating interest rates.

b) Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies. Through this, the Company is exposed to foreign currency risk on fluctuations related to cash, receivables, accounts payable and accrued liabilities that are denominated in United States Dollar and Canadian Dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations. A 10% change in the foreign exchange rate would result in a \$29,081(Canadian dollar equivalent) change in profit or loss.

9. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance current production of the Company's patented NanoSphere Delivery System and development of future products utility system. Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on management to sustain future development and commercialization of the business. The Company will continue to assess sources of financing available and to assess the potential for collaboration with interested partners with a view to managing its current financial resources in the interest of sustaining the long-term viability of the Company's operations. The Company's overall strategy with respect to management of capital at September 30, 2022 remains fundamentally unchanged.

10. SEGMENTED INFORMATION

Operating segments are components of an entity that engage in business activities from which they incur expenses. During the period ended September 30, 2022, the Company has minimal operation in both US and Canada.

11. COMMITMENTS AND CONTINGENCIES

A liquidating trust acting on behalf of the creditors of a company that declared bankruptcy in 2006 has initiated a lawsuit against a former director-officer of the Company in the Federal District Court of Colorado. The claim alleges that the former director-officer made fraudulent disclosures of his financial resources to the trust in connection with the settlement of prior litigation relating to the bankruptcy, resulting in the trust being defrauded into executing the settlement and releasing the former director-officer from the litigation. The trust has named the Company and NanoSphere LLC, as well as a number of other individuals and business entities, as third party defendants in the current action based on the trust's assertion that Nano LLC, established in 2013, was founded on funds received from the former director-officer and thus conspired in the fraud. The trust has made no attempt to quantify the claim or amount of damages it is asserting versus the Company. The Company vigorously denies any wrongdoing or liability to the trust and considers the claim against the Company to be frivolous. Based on advice received from litigation counsel, the Company considers the prospect for judgement against the Company to be remote as the claim appears to lack merit, and the Company will vigorously defend itself and seek dismissal from the action. The parties to the litigation have entered into a settlement agreement, and the action and all pending claims have been dismissed with prejudice and the case closed.

The Company did not accrue any loss contingencies in this respect as of September 30, 2022 and 2021, as the Company did not consider an unfavorable outcome in any material respects in these legal proceedings and litigations to be probable.