Rapid Dose Therapeutics Corp.

Condensed Interim Consolidated Financial Statements

November 30, 2023

(Unaudited)

(Expressed in Canadian dollars)

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Notice of No Auditors Review of Condensed Interim Consolidated Financial Statements

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

The accompanying condensed interim consolidated financial statements (unaudited) of Rapid Dose Therapeutics Corp. (the "Company") have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Canadian Chartered Professional Accountants (CPA) Canada for a review of interim financial statements by an entity's auditors.

Rapid Dose Therapeutics Corp.
Condensed Interim Consolidated Statements of Financial Position
As at November 30, 2023 and February 28, 2023
(Unaudited)
(Expressed in Canadian Dollars)

	Notes	November 30, 2023 $	February 28, 2023 $
Assets			
Current			
Cash and cash equivalents		166,180	27,587
Amounts receivable	5	84,506	146,025
Inventory	6	134,309	145,052
Prepaid expenses	7	221,859	101,541
		606,854	420,205
Non-current			
Right-of-use asset	8	95,801	312,173
Property and equipment	9	1,291,212	1,514,375
		1,993,867	**2,246,753**
Liabilities			
Current			
Accounts payable and accrued liabilities		3,511,521	2,780,415
Due to related parties	16	262,000	512,000
Loans payable	10	580,000	1,060,000
Convertible notes	11	70,746	-
Deferred revenue		-	13,299
Current portion of lease liability	12	115,425	335,041
		4,539,692	4,700,755
Non-current			
Lease liability	12	-	29,145
Convertible notes	11	1,990,092	186,957
		6,529,784	4,916,857
Shareholders' equity			
Common shares	13	25,318,811	25,128,471
Contributed surplus	14	4,853,253	4,853,253
Warrant reserve	15	2,495,903	2,299,675
Accumulated other comprehensive loss		16,052	16,052
Deficit		(37,219,936)	(34,967,555)
		(4,535,917)	(2,670,104)
		1,993,867	**2,246,753**

See accompanying notes

Going concern	**1**
Subsequent events	**20**

Rapid Dose Therapeutics Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended November 30, 2023 and 2022
(Unaudited)
(Expressed in Canadian dollars)

	Notes	Three months ended November 30 2023	Three months ended November 30 2022	Nine months ended November 30 2023	Nine months ended November 30 2022
Revenue		$	$	$	$
Sales	18	233,814	305,629	827,772	500,949
Cost of sales	18	104,415	78,143	369,158	157,196
Gross profit	18	**129,399**	**227,486**	**458,614**	**343,753**
Expenses					
Personnel		426,705	334,030	1,166,758	1,138,715
Stock-based compensation		-	140,687	-	652,903
General and administrative		61,475	46,088	142,139	251,325
Professional fees		83,441	65,250	199,100	155,649
Sales and marketing		183,063	27,933	309,045	159,342
Research and development		100,365	33,150	124,386	25,689
Depreciation	9	152,837	112,001	413,061	343,185
Interest		102,591	51,851	356,507	123,333
		1,110,477	**810,990**	**2,710,996**	**2,850,141**
Net loss before other comprehensive loss		**(981,078)**	**(583,504)**	**(2,252,382)**	**(2,506,388)**
Currency translation adjustment		-			
Comprehensive loss for the period		**(981,078)**	**(583,504)**	**(2,252,382)**	**(2,506,388)**
Net loss per share-basic and diluted		**(0.01)**	**(0.006)**	**(0.03)**	**(0.024)**
Weighted average number of shares outstanding -basic and diluted		**103,887,523**	**103,356,718**	**103,887,523**	**103,356,718**

See accompanying notes

Rapid Dose Therapeutics Corp.

Condensed Consolidated Interim Statements of Changes in Equity
For the nine months ended November 30, 2023 and 2022
(Unaudited)
(Expressed in Canadian dollars)

	Note	Share Capital		Reserves				
		Number of shares	Amount	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
			$	$	$	$	$	$
Balance, February 28 2022		**103,068,110**	**25,001,140**	**2,246,111**	**4,146,322**	**15,518**	**(31,157,530)**	**251,561**
Fair value of common share units issued		506,157	93,596	51,907	-	-	-	145,503
FV of warrants issued with unsecured convertible notes				29,048				29,048
Stock-based compensation		-	-	-	652,903	-	-	652,903
Net comprehensive loss		-	-	-	-	518	(2,506,388)	(2,505,870)
Balance, November 30, 2022		**103,574,267**	**25,094,736**	**2,327,066**	**4,799,225**	**16,036**	**(33,663,918)**	**(1,426,855)**
		$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, February 28, 2023		**103,574,267**	**25,128,471**	**2,299,675**	**4,853,253**	**16,052**	**(34,967,554)**	**(2,670,104)**
Fair Value of equity issued with secured convertible notes		-	32,416	168,625	-	-	-	201,041
Fair value of shares issued for interest payable on secured notes		-	35,218					35,218
Fair value of share issue costs of equity		-	1,681	8,826				10,507
Shares issued for notes and warrants issue costs		1,241,888	101,128					101,128
Fair value of warrants issued with loan payable		-		18,777				18,777
Shares issued for fees and interest on related party loan		132,397	19,897					19,897
Net comprehensive loss		-	-	-	-	-	(2,252,382)	(2,252,382)
Balance, November 30, 2023		**104,948,552**	**25,318,811**	**2,495,903**	**4,853,253**	**16,052**	**(37,219,936)**	**(4,535,917)**

See accompanying notes

Rapid Dose Therapeutics Corp.

Condensed Consolidated Interim Statements of Cash Flows
For the three and nine months ended November 30, 2023 and 2022
(Unaudited)
(Expressed in Canadian dollars)

	Three months ended November 30		Nine months ended November 30	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Cash provided by (used in)				
Operating activities				
Net comprehensive	(981,078)	(583,504)	(2,252,382)	(2,506,388)
Items not affecting cash				
Stock-based compensation	-	140,687	-	652,902
Accretion expense	32,610	-	46,399	-
Depreciation	152,837	112,001	439,536	343,185
Interest accrued	58,402	4,796	92,948	7,340
	(737,229)	(326,020)	(1,673,499)	(1,502,961)
Changes in non-cash operating working capital				
Amounts receivable	70,453	(32,306)	61,519	6,849
Inventory	1,738	24,051	10,743	(15,622)
Prepaid expenses	(159,275)	(28,826)	(120,318)	(13,787)
Accounts payable and accrued liabilities	151,646	245,972	731,106	752,878
Deferred revenue	-	(1,536)	(13,299)	(1,536)
	(672,667)	(118,665)	(1,003,748)	(774,179)
Investing activities				
	-	-	-	-
Financing activities				
Due to related parties	250,000	-	(250,000)	163,000
Loans payable	(340,000)	206,781	(480,000)	456,781
Payment on lease, net of interest	(84,578)	(78,095)	(262,095)	(229,695)
Issue of secured convertible notes, net	810,000	-	2,134,436	230,000
Issue of warrants for cash	-	-	-	51,907
Allocation of convertible proceeds to equity	-	-	-	93,593
	635,422	128,686	1,142,341	756,586
Net change in cash	(37,245)	10,021	138,593	(8,593)
Cash, beginning of period	203,425	16,175	27,587	34,442
Currency translation adjustment	-	171	-	518
Cash, end of period	166,180	26,367	166,180	26,367
Supplementary information				
Interest paid	11,200	-	30,569	26,926

See accompanying notes

1. NATURE OF OPERATIONS and CONTINUANCE OF BUSINESS

Reporting entity

Rapid Dose Therapeutics Corp. (the "Company") is a publicly traded Canadian life sciences company that provides innovative, proprietary drug delivery technologies designed to improve outcomes and quality of lives.

The Company is incorporated under the laws of Ontario. Its head office and registered office is located at 1121 Walker's Line, Unit 3A, Burlington, Ontario, L7N 2G4.

Going concern

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge liabilities and commitments in the normal course of operations. Different measures of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the Company's ability to raise equity capital, obtain debt financing and to attain profitable operations to generate funds to meet current and future obligations.

During the three and nine months ended November 30 2023, the Company reported a comprehensive loss of $981,078 and $2,25,382 respectively (three and nine months ended November 30, 2022 a comprehensive loss of $583,504 and $2,506,388 respectively). As at November 30, 2023 the Company had a working capital deficiency of $3,951,615 (February 28, 2023 deficiency of $4,280,550).

Covid-19

The outbreak of the novel strain of coronavirus 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 social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak remains 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.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements were approved and authorized for issue by the Directors of the Company on January 29, 2024.

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's February 28, 2023 audited financial statements.

The notes presented in these condensed interim consolidated financial statements include only significant events and transactions and are not fully inclusive of all matters normally disclosed in the annual audited consolidated financial statements; thus, these condensed interim consolidated financial statements are referred to as condensed. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the Company's February 28, 2023 audited financial statements.

Foreign currencies

These condensed consolidated interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

Basis of presentation and consolidation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value explained in the accounting policies set out in Note 3.

These condensed consolidated interim financial statements include accounts of the Company and its wholly owned subsidiaries, Consolidated Consumer Brands Inc, and RDT Therapeutics Inc. Amounts reflected prior to March 19, 2021, the acquisition and amalgamation date of Consolidated Consumer Brands Inc, include only the accounts of Rapid Dose Therapeutics Corp and RDT Therapeutics Inc. Inter-company transactions and balances are eliminated upon consolidation.

Subsidiaries are corporations in which the Company is able to control the operating, investing and financing activities and policies, which is the authority usually connected with holding majority voting rights. The consolidated financial statements include the accounts of the Company and its controlled entities from the date on which control was acquired. The subsidiaries use the same reporting period and the same accounting policies as the Company.

3. SIGNIFCANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amount of expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation 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, but are not limited to, the following:

Share-based payments

The Company uses the Black-Scholes Option Pricing Model to determine the fair value of options and warrants in order to calculate share-based payments expense and the fair value of agent warrants. The Black-Scholes Option Pricing Model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control.

The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product to a customer. The transfer of control is considered to have occurred when the Company has transferred physical possession of the asset and the Company has a present right to payment for the asset.

Cash-generating units and impairment of non-financial assets

Judgment is required to assess the Company's determination of cash-generating units ("CGU") for the purpose of impairment testing. The process to calculate the recoverable amount of a cash-generating unit requires use of valuation methods such as the discounted cash flow method which uses assumptions of key variables including future cash flows, discount rate and terminal growth rates.

Financial instruments

The fair values of financial instruments are estimated based upon market and third-party inputs. These estimates are subject to change with fluctuations in commodity prices, interest rates, foreign currency exchange rates and estimates of non-performance risk.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Deferred tax assets and liabilities

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

Useful life of property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, and equipment. All other repair and maintenance costs are recognized in the consolidated statement of loss and comprehensive loss.

The initial cost of property and equipment comprises its purchase price or construction cost and any costs directly attributable to bringing it to a working condition for its intended use. The purchase price or construction cost is the aggregate amount of cash consideration paid and the fair value of any other consideration given to acquire the asset. Where an item of property and equipment is comprised of significant components with different useful lives, the components are accounted for as separate items of property and equipment.

For all property and equipment, depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation on leasehold improvements is calculated straight-line over the term of the lease. For all other property and equipment, depreciation is calculated using the declining balance method using the following annual rates:

Processing equipment	20%
Research and development equipment	20%
Portable building units	10%
Computer and office equipment	20%
Leasehold improvements	Over the term of the lease
Furniture and fixtures	20%

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES

Recent accounting pronouncements

The adoption of the following standards and interpretations are not expected to have a material effect on the Company's future results and financial position:

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022.

Accounting standard issued but not yet effective

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023. Certain other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

5. AMOUNTS RECEIVABLE

	November 30, 2023	February 28, 2023
	$	$
Trade receivable	59,805	75,886
Provision for expected credit losses	-	(15,616)
	59,805	60,270
Government grants and HST receivable	21,380	76,738
Other receivables	-	9,017
	81,185	146,025

6. INVENTORY

	November 30, 2023	February 28, 2023
	$	$
Raw materials	14,573	60,830
Labels and packaging	77,530	66,593
Finished goods - Nutraceuticals	42,206	30,629
Inventory provision	-	(13,000)
	134,309	145,052

(Expressed in Canadian dollars)

7. PREPAID EXPENSES

	November 30, 2023	February 28, 2023
	$	$
Prepaid insurance	129,229	55,132
Security deposit	29,339	29,339
Prepaid marketing costs	6,546	5,000
Deposit for inventory	56,745	12,070
	221,859	101,541

8. RIGHT-OF-USE ASSET

	November 30, 2023	February 28, 2023
Non-current	$	$
Right-of-use asset	1,466,516	1,466,516
Accumulated depreciation	(1,370,715)	(1,154,343)
	95,801	312,173

For the nine and three months ended November 30, 2023, the Company recorded depreciation on the right-of-use asset of $216,372 and $72,124, (nine and three months ended November 30, 2022 was $216,372 and $72,124).

(Expressed in Canadian dollars)

9. PROPERTY AND EQUIPMENT

	Furniture and fixtures $	R&D equipment $	Portable building units $	Computer hardware $	Leaseholds $	Processing equipment $	Total $
Cost							
February 28, 2023	61,893	306,003	431,859	199,636	246,618	1,824,062	3,070,071
Additions/Disposals							-
November 30 2023	**61,893**	**306,003**	**431,859**	**199,636**	**246,618**	**1,824,062**	**3,070,071**
Accumulated depreciation							
February 28, 2023	40,719	141,794	146,408	138,696	166,407	921,672	1,555,696
Depreciation	3,020	9,654	20,878	4,564	51,915	133,132	223,163
'November 30 2023	**43,739**	**151,448**	**167,286**	**143,260**	**218,322**	**1,054,804**	**1,778,859**
Net book value							
February 28, 2023	21,174	164,209	285,451	60,940	80,211	902,390	1,514,375
'November 30 2023	**18,154**	**154,555**	**264,573**	**56,376**	**28,296**	**769,258**	**1,291,212**

10. LOANS PAYABLE

Form of indebtedness	***Interest rate and terms***	**November 30 2023** ***$***	**February 28, 2023** ***$***
Promissory note	12%, payable at maturity secured by a GSA, extended to November 30, 2023	500,000	500,000
Advances	12%, unsecured, due on demand	80,000	310,000
Promissory note	12%, payable at maturity, secured by a GSA, extended to November 30, 2023	-	250,000
		580,000	1,060,000

11. CONVERTIBLE NOTES

(Expressed in Canadian dollars)

Unsecured convertible notes

Balance February 28, 2023	$186,957
Accretion expense	13,789
Rollover of unsecured convertible note to convertible secured note	(130,000)
Balance as at November 30, 2023	$70,746

On August 8, 2022, the Company issued units of unsecured convertible notes (the "Notes") in exchange of gross proceeds of $230,000, Each Unit is comprised of $1,000 principal amount and 100 common share purchase warrants ("Warrants"). Holders of the Notes may convert the principal amount into shares of the Company at a price of $0.40 per share, up to the maturity date of August 8, 2024 (the "Maturity Date"). The Notes bear an interest rate of 10% payable quarterly, in cash and 2% payable annually in or shares at the conversion rate, at the Company's discretion.

The Conversion features, embedded warrants require a fixed number of shares to settle, therefore, they meet the criteria of fixed to fixed under IFRS, and hence classified as equity. Accordingly, the fair value of these were deducted from the gross proceeds and were accreted over the terms of the Note.

On July 22, 2023 a note for the principal amount of $100,000 was cancelled and re-issued as a secured convertible note. On September 30, 2023. a note for the principal amount of $100,000 was cancelled and re-issued as a secured convertible note.

Secured convertible notes

Proceeds from issue of secured convertible notes, July 21, 2023	$1,469,445
Proceeds from issue of secured convertible notes, July 21, 2023	310,000
Proceeds from issue of secured convertible notes, July 21, 2023	500,000
Total gross proceeds	2,279,445
Value of equity in convertibility of notes	(201,041)
Share issued costs applied to obligation for amortization over the term of the notes	(128,179)
Accretion expense	39,867
Balance as at November 30, 2023	$1,990,092

On July 21, 2023, the Company issued units of secured convertible notes (the "Notes") for gross proceeds of $1,469,445 which consisted of cash proceeds of $300,000 and cancellation of existing unsecured notes and re-issuance as secured convertible notes. Each Unit is comprised of $1.00 principal amount and five (5) common share purchase warrants ("Warrants"). Holders of the Notes may convert the principal amount into shares of the Company at a price of $0.17 per share, up to the maturity date of November 30, 2025 (the "Maturity Date"). The Notes bear an interest rate of 12% payable quarterly, payable in common shares of the Company.

On July 21, 2023 7,347,225 warrants were issued with a maturity date of November 30, 2025. Each warrant may be converted into one common share at an exercise price of $0.14 per share. As part of the Financing, the Company settled $1,169,445 of unsecured debt through the issuance of the Notes and Warrants to various lenders to the Company, including two current directors, in satisfaction of such loan amounts.

In connection with the issuance of the Notes, debt issuance fees of $73,472 were incurred. The debt issuance fees are payable in common shares in accordance with the subscription agreements. The debt issuance fees are directly attributable transaction costs and have been allocated to the liability, warrants and conversion feature components, in proportion to their initial carrying amounts.

Certain insiders of the Company participated in the Financing for an aggregate total of $816,371. Issuance of the Notes and Warrants to Mark Upsdell, Chief Executive Officer and a director of the Company, in the amount of $500,000 of Notes and 2,500,000 Warrants, and indirectly to John McKimm (via his holding company, Madison Partners Corporation), a director of the Company, in the amount of $316,371 of Notes and 1,581,855 Warrants, is a related party transaction within the meaning of Multilateral Instrument 61-101 ("MI 61-101"). The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in Section 5.5(b) (Company is listed on the Canadian Securities Exchange) and Section 5.7(1)(a) (fair market value of the Financing insofar as it involves related parties does not exceed 25% of the Company's market capitalization) in respect of such transaction. A resolution of the board of directors of the Company was passed to approve the Financing. There was no materially contrary view or abstention by any director.

On September 22, 2023 the Company issued a second tranche of units of the secured convertible notes (the "Notes") for gross proceeds of $310,000 which consisted of cash proceeds of $280,000 and cancellation of an existing unsecured notes and re-issuance as a secured convertible note. In connection with the issuance of the note, 1,550,000 warrants were issued with a maturity date of November 30, 2025. Each warrant may be converted into one common share at an exercise price of $0.14 per share. In connection with the issuance of the Note, debt issuance fees of $15,500 were incurred. The debt issuance fees are payable in common shares in accordance with the subscription agreements. The debt issuance fees are directly attributable transaction costs and have been allocated to the liability, warrants and conversion feature components, in proportion to their initial carrying amounts.

On November 14, 2023 the Company issued a third tranche of units of the secured convertible notes (the "Notes") for gross cash proceeds of $500,000. In connection with the issuance of the note, 1,550,000 warrants were issued with a maturity date of November 30, 2025. Each warrant may be converted into one common share at an exercise price of $0.14 per share. In connection with the issuance of the Note, debt issuance fees of $25,000 were incurred. The debt issuance fees are payable in common shares in accordance with the subscription agreements. The debt issuance fees are directly attributable transaction costs and have been allocated to the liability, warrants and conversion feature components, in proportion to their initial carrying amounts.

The Conversion features and embedded warrants require a fixed number of shares to settle, therefore, they meet the criteria of fixed to fixed under IFRS, and hence classified as equity. Accordingly, the fair value of these were deducted from the gross proceeds and were accreted over the terms of the Note.

The Company may prepay the Notes in certain circumstances. During the period from June 30, 2024 to December 31, 2024, the Company shall be entitled to prepay all or any portion of each of the Notes with a prepayment fee payable to each noteholder of 3% of the amount of the principal prepayment of the Note. There shall be no prepayment fee if the Notes are repaid after December 31, 2024.

(Expressed in Canadian dollars)

The Notes are secured pursuant to a general security agreement issued by the Company in favour of the various noteholders. The Company intends to use the proceeds from the Financing for working capital purposes and to repay debt. The first $1,000,000 of proceeds raised pursuant to the Financing shall be used for general working capital purposes, with proceeds raised thereafter being used to first repay approximately $750,000 principal of secured debt as well as any accrued and unpaid interest thereon.

12. LEASE LIABILITY

	November 30, 2023	February 28, 2023
Balance, Beginning of period	364,186	673,550
Interest	11,851	42,704
Payments	(176,034)	(352,068)
Balance, end of the period	200,003	**364,186**
Current portion of lease liability	200,003	335,041
Non-current	-	29,145
Lease liability	**200,003**	**364,186**

The remaining lease term is 0.34 years.

13. SHARE CAPITAL

Authorized

An unlimited number of common shares without par value

Issued and outstanding

104,948,552 common shares

Share capital transactions

(i) On April 1, 2022, the Company issued 21,157 units at a price of $0.30 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is entitled to acquire one common share at a price of $0.4 per common share until April 1, 2024.

(ii) On April 14, 2022, the Company issued 66,667 units at a price of $0.30 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is entitled to acquire one common share at a price of $0.4 per common share until April 13, 2024.

(iii) On April 27, 2022, the Company issued 166,666 units at a price of $0.30 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is entitled to acquire one common share at a price of $0.4 per common share until April 26, 2024.

(iv) On April 29, 2022, the Company issued 166,666 units at a price of $0.30 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is entitled to acquire one common share at a price of $0.4 per common share until April 28, 2024.

(v) On April 29, 2022, the Company issued 85,000 units at a price of $0.30 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is entitled to acquire one common share at a price of $0.4 per common share until April 28, 2024.

(vi) On July 23, 2023 the Company closed an initial tranche of its secured convertible notes private placement in the amount of $1,469,445. Debt issuance fees amounting to $73,472 were incurred. The debt issuance fees were paid on September 30, 2023 by the issue of 734,721 common shares in accordance with the subscription agreements.

(vii) On September 22, 2023 the Company closed a tranche of its secured convertible notes private placement in the amount of $310,000. Debt issuance fees amounting to $15,500 were incurred. The debt issuance fees were paid on September 30, 2023 by the issue of 155,000 common shares in accordance with the subscription agreements.

(viii) On September 22, 2023, the Company approved the assignment of a debt obligation in the amount of $250,000 to Madison Partners Corporation which provided for the issue of shares for debt issuance fees amounting to $12,500. The debt issuance fees were paid on September 30, 2023 by the issue of 125,000 common shares in accordance with the assignment and loan agreements.

(ix) On September 30, 2023 352,167 common shares were issued for interest payable of $35,218 to the note holders of the tranches dated July 2023 and September 30 2023 and 7,397 common shares to Madison Partners Corporation for interest of $740 for owing for the period September 22 to September 30, 2023.

(x) On September 30, 2023 889,721 common shares were also issued for debt issuance fees of $88,972 for interest payable to the note holders of the tranches dated July 2023 and September 30 2023.

(xi) On September 30, 2023, 7,397 common shares were to Madison Partners Corporation for interest of $740 for owing for the period September 22 to September 30, 2023 and 125,000 common shares were issued for the debt issuance fees of $12,500 arising from the September 22, 2023 loan agreement.

(xii) On November 14, 2023 the Company closed a third tranche of its secured convertible notes private placement in the amount of $500,000. Debt issuance fees amounting to $25,000 were incurred. The debt issuance fees are payable in common shares in accordance with the subscription agreements, at the end of the calendar quarter in which the obligation has occurred.

14. CONTRIBUTED SURPLUS - OPTION RESERVE

The Company adopted a stock option plan under which it can grant options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the Canadian Securities Exchange.

(Expressed in Canadian dollars)

A summary of the Company's stock option transactions is presented below:

	Weighted Ave ("$")	Number of Options	Contributed surplus
Balance, February 28, 2021	0.82	3,441,000	2,635,827
Addition	0.24 to 0.65	7,290,000	1,533,122
Exercised	0.24	(183,750)	(22,627)
Cancelled	0.24	(266,250)	-
Balance, February 28, 2022	0.54	10,281,000	4,146,322
Cancelled	0.24 to 0.82	(1,176,250)	-
Stock based compensation	0.24	-	706,931
Balance, February 28, 2023	**0.56**	**9,104,750**	**4,853,253**
Cancelled	.375	(3,754,750)	-
Balance, November 30, 2023		**5,350,000**	**4,853,253**

A summary of the Company's outstanding stock options as at November 30, 2023:

Exercise price	Number of stock options outstanding	Expiry date	Number of stock options exercisable
0.82	2,900,000	March 11, 2024	3,441,000
0.58	500,000	December 14, 2026	125,000
0.51	200,000	January 4, 2027	50,000
0.65	1,750,000	July 28, 2026	875,000
Total	**5,350,000**		**6,991,000**

15. WARRANT RESERVE

	Weighted average exercise price	Number of warrants	Warrant reserve
Balance, February 28, 2023		16,813,838	2,299,675
Expired March 19, 2023	0.375	(15,884,681)	-
Expired March 29, 2023	0.24	(200,000)	-
Issued, July 24, 2023	0.14	7,347,225	107,786
Issued September 22, 2023	0.14	2,800,000	51,392
Issued November 14, 2023	0.14	2,500,000	37,050
Balance November 30, 2023		13,376,382	2,495,903

(Expressed in Canadian dollars)

The value of the warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Date of Issue	**April 1, 2022**
Expiry date	April 1, 2024
Warrants Issued	21,157
Exercise price	$ 0.4
Share Price	$ 0.295
Risk-free interest rate	2.34%
Expected volatility based on historical volatility	113%
Expected life of warrants	2 years
Expected dividend yield	0%
Fair value	$3,245
Fair value per warrant	$ 0.153

Date of Issue	**April 18, 2022**	**April 27, 2022**
Expiry date	April 13, 2024	April 26, 2024
Warrants Issued	66,667	166,666
Exercise price	$ 0.4	$ 0.4
Share Price	$0.32	$0.33
Risk-free interest rate	2.43%	2.5%
Expected volatility based on historical volatility	112%	110%
Expected life of warrants	2 years	2 years
Expected dividend yield	0%	0%
Fair value	$ 11,345	$ 29,249
Fair value per warrant	$0.17	$0.175

Date of Issue	**April 29, 2022**	**April 29, 2022**
Expiry date	April 28, 2024	April 28, 2024
Warrants Issued	166,666	85,000
Exercise price	$ 0.40	$ 0.40
Share Price	$ 0.30	$ 0.3
Risk-free interest rate	2.63%	2.63%
Expected volatility based on historical volatility	110%	110%
Expected life of warrants	2 years	2 years
Expected dividend yield	0%	0%
Fair value	$25,608	$13,060
Fair value per warrant	$0.154	$0.154

(Expressed in Canadian dollars)

Date of Issue	**August 8, 2022**	**July 22 203**
Expiry date	August 8, 2024	November 30 2025
Warrants Issued	23,000	7,347,225
Exercise price	$ 0.40	$ 0.14
Share Price	$0.085	$0.15
Risk-free interest rate	3.23%	4.65%
Expected volatility based on historical volatility	387%	118%
Expected life of warrants	2 years	2.36 years
Expected dividend yield	0%	0%
Fair value	$1,930	113,928
Fair value per warrant	$0.084	$0.155

Date of Issue	**September 22 2023**	**November 14 2023**
Expiry date	November 30 2025	November 30 2025
Warrants Issued	1,550,000	2,500,000
Exercise price	$ 0.14	$ 0.14
Share Price	$0.11	$0.175
Risk-free interest rate	5.00%	5.00%
Expected volatility based on historical volatility	127%	133%
Expected life of warrants	22.2 years	2.0 years
Expected dividend yield	0%	0%
Fair value	23,737	31,412
Fair value per warrant	$0.153	$0.126

Date of Issue	**September 22 2023**
Expiry date	September 22 2024
Warrants Issued	1,250,000
Exercise price	$ 0.14
Share Price	$0.11
Risk-free interest rate	5.00%
Expected volatility based on historical volatility	127%
Expected life of warrants	22.2 years
Expected dividend yield	0%
Fair value	18,777
Fair value per warrant	$0.153

(Expressed in Canadian dollars)

16. RELATED PARTY TRANSACTION

Related parties include the members of the Board of Directors, key management personnel and any companies controlled by these individuals. Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company, namely Directors, Chief Executive Officer, Chief Financial Officer and Senior Vice President, Business Development.

Related party debt

Due to a related party of $12,000 represents advances from an individual who is an officer and director of The Company. The advances are secured by Promissory Notes with interest and maturity dates as follows:

	November 30, 2023 $	February 28, 2023 $
Promissory note, non-interest bearing, repayable on demand	12,000	512,000
Loan payable, Madison Partners Corporation, secured due on September 22 2024	250,000	-
	262,000	512,000

Promissory note

On July 21, 2023 the director/officer exchanged $500,000 of notes for $500,000 of secured convertible debt as described in Note 11. Interest to July 21, 2023 amounting to $62,368 has been accrued and included under the heading Accounts payable and accrued liabilities.

As consideration for the exchange of the notes, the director/officer received 2,500,000 warrants which may be converted into 2,500,000 common shares at an exercise price of $0.14 expiring on November 30, 2035. In addition, the director/officer received a fee of five percent (5%) of the value of the notes paid in common shares on October 13, 2023 at the trading price of the shares of the Company at that date.

Loan payable, Madison Partners Corporation

$250,000 of the Company's secured debt that was initially due on July 5, 2023 was acquired by Madison Partners Corporation (the "Madison Debt"). Madison Partners Corporation agreed to extend the Madison Debt until September 22, 2024 and in exchange the Company agreed to (i) issue 1,250,000 warrants to Madison Partners Corporation, where each warrant may be exercised for one Common Share at a price of $0.14, for a one year term and (ii) pay a loan fee of $12,500 to Madison Partners Corporation which was paid in Common Shares at the end of the first calendar quarter following the date hereof, with each such Common Share being issued at the closing market price of a Common Share on the Canadian Securities Exchange on the last trading day immediately prior to the end of the relevant calendar quarter. Interest on the Madison Debt is 12.0% per annum calculated monthly, compounded, accrued, added to the principal amount and payable quarterly in arrears on a calendar quarter basis (each an "Interest Payment Date") until the Madison Debt is fully repaid. Interest will be paid in Common Shares at the price per share equivalent to the closing market price of a Common Share on the Canadian Securities Exchange on the last trading day immediately preceding the end of the relevant Interest Payment Date. The Company is entitled to prepay the outstanding principal amount, in whole or in part, together with all accrued interest, without penalty or bonus.

(Expressed in Canadian dollars)

Compensation of key management personnel

Key management personnel includes those individuals having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise the directors, executive and non-executive and officers.

The remuneration of the key management personnel during the nine months ended November 30, 2023 and 2022 were as follows:

	2023	2022
	$	$
Salaries	337,500	337,500
Stock-based compensation	-	87,877
	337,500	425,377

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, trade and other receivables, accounts payables and accrued liabilities, and note payable. These financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and other market risk.

Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk. The Company is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including cash and short term investments with banks and financial institutions and advances to suppliers.

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's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

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 commodity and equity prices.

(a) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated and the functional currency of the Company. The functional currency of the Company is the Canadian dollar. The currency in which purchase transactions are denominated is Israeli shekels. The Company does not currently hedge its currency risk and is therefore subject to gains or losses due to fluctuations in that currency.

(c) Price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices. The Company closely monitors individual equity movements to determine the appropriate course of action to be taken by the Company.

18. SEGMENTED INFORMATION

Customer Concentration:
Two customers comprised 95% (2022 - 99%) of white label revenue and 45% (2022 - 53%) of total revenue during the three month period year ended November 30, 2023.

One customer comprised 100% of licensing and consulting revenue during the three month period year ended November 30, 2023 (three month period year ended November 30, 2022 – Nil)

Geographic Information: All of the Company's operations and assets are in Canada.
The Company has one operating segment comprising production, distribution, research, and the provision of technical services for the delivery of oral thin film strips containing active ingredients.

Entity-wide disclosure:

The Company has four primary sources of revenue:
1) Sales of health and wellness products consisting of nutraceuticals;
2) Sale of white label manufacturing consists of sales of oral thin film strips containing active ingredients under cannabis licensing;
3) Revenue derived from licensing under service agreements;
4) Service contracts consists of consulting services provided for the application of active ingredients with the Company's oral thin film polymer formulation and processes.

(Expressed in Canadian dollars)

19. SEGMENTED INFORMATION cont'd

The following table sets out the revenue and costs for each revenue source:

	Nine months ended November 30 2023			Nine months ended Nov 30 2022		
	Revenue $	Cost of Revenue $	Gross Profit $	Revenue $	Cost of Revenue $	Gross Profit $
Health and Wellness	31,119	45,425	(14,306)	136,584	53,024	83,560
White Label	399,772	126,547	273,224	336,610	94,141	242,469
Product Testing	12,880	2,941	9,939	10,250	10,031	219
White Label	412,652	129,488	283,163	346,860	104,172	242,688
Licensing & consulting	384,001	194,245	189,756	17,505	-	17,505
Services revenue	384,001	194,245	189,756	17,505	-	17,505
Total	827,772	369,158	458,613	500,949	157,196	343,753

	Three months ended November 30 2023			Three months ended Nov 30 2022		
	Revenue $	Cost of Revenue $	Gross Profit $	Revenue $	Cost of Revenue $	Gross Profit $
Health and wellness	2,744	33,027	(30,284)	64,807	18,428	46,379
White Label	106,530	10,337	96,193	223,500	59715	163,785
Product Testing	1,840	-	1,840	5,650	-	5,650
White Label	108,370	10,337	98,033	229,150	59,715	169,435
Licensing & consulting	122,700	61,050	61,650	11,672	-	11,672
Services revenue	122,700	61,050	61,650	11,672	-	11,672
Total	233,814	104,414	129,399	305,629	78,143	227,486

20. CONTINGENT LIABILITIES

From time to time, the Company and/or its subsidiary may become defendants in legal actions and the Company intends to defend itself vigorously against all legal claims. Management is not aware of any claims against the Company that could reasonably be expected to have a materially adverse impact on the Company's consolidated financial position, results of operations or the ability to carry on any of its business activities.

20. SUBSEQUENT EVENTS

Issue of shares for settlement of debt

On January 16, 2024, the Company issued 4,369,457 common shares (the "Settlement Shares") to various creditors in exchange for the cancellation of outstanding accounts payable (the "Shares for Debt Transaction") in the aggregate amount of $669,113 (the "Debt") owing to such Creditors. The Settlement Shares are being issued at a price of $0.16, in accordance with the policies of the Canadian Securities Exchange (the "CSE").

The Company is completing the Shares for Debt Transaction to improve its financial position by reducing its existing liabilities. All Settlement Shares issued are subject to a four-month hold period from the date of issuance. No new control person of the Company will be created pursuant to the Shares for Debt Transaction.

One of the Creditors is Peter Thilo Hasler, an insider of the Company by virtue of being a director of the Company, who will receive 138,613 Settlement Shares.

Issue of shares for interest accrued on secured convertible notes

On December 31, 2023, the Company issued 798,942 Common Shares to the holders of the Notes at a deemed issue price of $0.165 per Common Share, being the closing market price of the Common Shares on the CSE on December 29, 2023, in satisfaction of the aggregate of $156,722 loan fee and accrued interest of $99,147 owing on the Notes for the calendar quarter ended December 31, 2023.

The Company also issued Common Shares to Madison Partners Corporation in connection with the $250,000 of secured debt with a maturity date of September 22, 2024 held by Madison Partners Corporation (the "Madison Debt"). Madison Partners Corporation is a holding company of John McKimm, a director of the Company.

In accordance with the terms of the Madison Debt, the Company issued 46,291 Common Shares to Madison Partners Corporation at a deemed issue price of $0.165 per Common Share, being the closing market price of the Common Shares on the CSE on December 29, 2023, in satisfaction of the aggregate of $7,638 accrued interest owing on the Madison Debt.

Closing of tranche 4 of the secured convertible notes private placement and retirement of secured debt obligation

On December 22, 2023 the Company closed has closed on a fourth tranche of its previously announced private placement financing (the "Financing") amounting to $835,000, bringing the total amount invested to $3,134,445.

Proceeds from the convertible notes financing were used to retire the $500,000 secured promissory note obligation which matured on November 30, 2023.