Rapid Dose Therapeutics Corp.

Condensed Interim Consolidated Financial Statements

August 31, 2024

(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 August 31, 2024 and February 29, 2024
(Unaudited)
(Expressed in Canadian Dollars)

	Notes	August 31, 2024 $	February 29, 2024 $
Assets			
Current			
Cash and cash equivalents		71,679	161,059
Amounts receivable	3	234,914	219,314
Inventory	4	188,933	132,468
Prepaid expenses	5	146,398	166,084
		641,924	678,925
Non-current			
Right-of-use asset	6	-	23,677
Property and equipment	7	1,075,039	1,182,561
		1,716,963	**1,885,163**
Liabilities			
Current			
Accounts payable and accrued liabilities	8	2,864,566	2,589,445
Due to related parties	9	240,144	206,288
Unsecured convertible notes	10	-	93,362
Current portion of lease liability	12	-	29,144
		3,104,710	2,918,239
Non-current			
Secured convertible notes	10	2,367,324	2,12,4878
		5,472,034	4,916,857
Shareholders' equity			
Common shares	11	27,424,093	26,613,148
Contributed surplus	12	5,912,663	5,244,026
Warrant reserve	13	4,505,200	4,223,953
Accumulated other comprehensive loss		16,052	16,052
Deficit		(41,613,079)	(39,255,133)
		(3,755,071)	(3,157,954)
		1,716,963	**1,885,163**

See accompanying notes

Going concern **1**

Rapid Dose Therapeutics Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and six months ended August 31, 2024 and 2023
(Unaudited)
(Expressed in Canadian dollars)

	Notes	Three months ended August 31 2024	Three months ended August 31 2023	Six months ended August 31 2024	Six months ended August 31 2023
		$	**$**	**$**	**$**
Revenue	14	515,916	353,171	914,910	593,958
Cost of sales	14	187,920	109,226	330,210	232,408
Gross profit	14	**327,996**	**243,945**	**584,700**	**361,550**
Expenses					
Personnel		351,868	414,689	708,838	740,053
Stock-based compensation	12	241,937	-	668,637	-
General and administrative		381,739	46,632	610,701	80,663
Sales and marketing		133,731	109,115	219,806	125,982
Research and development		26,019	1,941	55,537	24,021
Depreciation	7	50,215	140,187	132,948	286,699
Interest and accretion		242,146	174,284	546,179	253,916
		1,427,655	**974,630**	**2,942,626**	**1,659,116**
Net comprehensive loss for the period		**(1,099,659)**	**(730,685)**	**(2,357,946)**	**(1,297,566)**
Comprehensive loss per share-basic and diluted		**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**
Weighted average number of shares - basic and diluted		**123,118,064**	**103,574,267**	**123,118,064**	**123,118,064**

See accompanying notes

Rapid Dose Therapeutics Corp.

Condensed Interim Consolidated Statements of Changes in Equity
For the six months ended August 31, 2024 and 2023
(Unaudited)
(Expressed in Canadian dollars)

		Share Capital		Reserves				
	Note	**Number of shares**	**Amount**	**Warrants**	**Contributed Surplus**	**Accumulated Other Comprehensive Loss**	**Deficit**	**Total**
			$	$	$	$	$	$
Balance, February 28, 2023		**103,574,267**	**25,128,471**	**2,299,675**	**4,853,253**	**16,052**	**(34,967,555)**	**(2,670,104)**
Issue of warrants and issue costs with secured convertible notes		-	20,907	107,836	-	(7)		128,743
Net comprehensive loss for the period		-	-	-	-	-	(1,297,566)	(1,297,566)
Balance, August 31, 2023		**103,574,267**	**25,149,378**	**2,407,461**	**4,853,253**	**16,045**	**(36,265,121)**	**(3,838,977)**
Balance, February 29, 2024		**117,810,298**	**26,613,148**	**4,223,953**	**5,244,026**	**16,052**	**(39,255,133)**	**(3,157,954)**
Issue of shares		1,817,647	309,000	-	-	-	-	309,000
Issue of shares and warrants for private placement	10	3,882,349	299,285	281,247	-	-	-	580,532
Issue of shares for interest on convertible notes	10	1,041,936	187,551	-	-	-	-	187,551
Issue of shares for interest on related party debt	10	83,936	15,108	-	-	-	-	15,108
Stock based compensation		-	-	-	668,637	-	-	668,637
Net comprehensive loss for the period		-	-	-	-	-	(2,357,946)	(2,357,946))
Balance, August 31, 2024		**124,636,166**	**27,424,093**	**4,505,200**	**5,912,663**	**16,052**	**(41,613,079)**	**(4,064,071)**

See accompanying notes

Rapid Dose Therapeutics Corp.

Condensed Interim Consolidated Statements of Cash Flows
For the three and six months ended August 31, 2024 and 2023
(Unaudited)
(Expressed in Canadian dollars)

	Three months ended August 31		Six months ended August 31	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Cash provided by (used in)				
Operating activities				
Loss for the period	(1,099,659)	(730,685)	(2,357,946)	(1,297,566)
Items not affecting cash				
Stock-based compensation	241,937	-	668,637	-
Inventory provision	-	32,122	-	32,122
Accretion expense	134,965	16,086	270,974	23,036
Depreciation	50,215	140,187	132,948	286,699
Interest	103,476	27,803	205,333	34,546
	(569,066)	(514,487)	(1,080,088)	(921,163)
Changes in non-cash operating working capital				
Amounts receivable	(1,259)	(49,600)	15,600	(8,934)
Inventory	36,732	43,806	56,465	9,005
Prepaid expenses	(43,565)	13,248	(19,686)	38,957
Accounts payable and accrued liabilities	315,847	331,470	275,121	579,443
Deferred revenue	-	(7,663)	-	(13,299)
	(261,311)	(183,216)	(752,588)	(315,980)
Investing activities				
	-	-	-	-
Financing activities				
Due to a related party	10,928	(500,000)	33,856	(500,000)
Loans payable	-	(366,000)	-	(140,000)
Payment on lease	-	(82,909)	(29,144)	(177,517)
Issue of secured convertible notes	-	1,340,752	-	1,343,226
Debt issue costs	-	(66,699)	-	(66,699)
Repayment/cancellation of unsecured convertible notes	(100,000)	-	(100,000)	-
Convertible notes conversion value	-	20,907	-	20,907
Issue of warrants with convertible notes	-	107,786	-	107,786
Issue of shares	309,000	-	758,496	-
	219,928	353,837	663,208	491,819
Net change in cash	41,383	170,621	(89, 380)	175,839
Cash, beginning of period	113,062	32,805	161,059	27,587
Currency translation adjustment		-		-
Cash, end of period	71,679	203,426	71,679	203,426

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 interim consolidated 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 six-month periods ended August 31 2024, the Company reported a comprehensive losses of $ 1,099,65 and $2,357,946 respectively (three and six months ended August 31, 2023 a comprehensive loss of $730,685 and $1,297,566 respectively). As at August 31, 2024 the Company had a working capital deficiency of $2,462,786 (August 31 2023 - $4,035,600) and an accumulated deficit of $41,613,079 (August 31, 2023 accumulated deficiency of $36,265,121).

The losses limit the Company's ability to fund its operations.

The Company does not have sufficient cash to sustain operations for the next twelve months without additional financing. The continued operations of the Company are dependent upon its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due; however, they may not be at terms that are favorable to the Company. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

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

I. Statement of compliance

These condensed interim consolidated financial statements ("interim financial statements") for the three months and six month periods ended August 31, 2024 (and comparative results for the three months and six month periods ended August 31, 2023) have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting and therefore do not contain all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company's 2024 Consolidated Financial Statements and Notes and have been prepared using the same accounting policies described in Note 3 to the 2024 Consolidated Financial Statements and Notes.

These condensed consolidated interim financial statements were approved and authorized for issue by the Directors of the Company on October 25 2024.

II. Basis of measurement

These condensed interim consolidated financial statements have been prepared on a going concern basis under the historical cost method, except for certain financial instruments which are measured at fair value explained in the accounting policies set out in Note 3 in annual Consolidated Financial Statements.

III. Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its Canadian subsidiary, Consolidated Consumer Brands Inc. (“CCB”). The US dollar is the functional currency of the Company's US subsidiary, RDT Therapeutics Inc. The GBP is the functional currency of the Company's UK subsidiary, Rapid Dose Therapeutics (UK) Limited.

IV. Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of all entities controlled by the Company. The entities controlled by the Company include wholly owned subsidiaries, Rapid Dose Solutions Inc., RDT Therapeutics Inc., Rapid Dose Therapeutics (UK) Limited and Consolidated Consumer Brands Inc. (“CCB”). All inter-company transactions, balances, income and expense are eliminated on consolidation.

V. Judgments and estimates

The preparation of these condensed interim consolidated financial statements in accordance with IAS 34 requires Management to make judgments and estimates that affect:

• the application of accounting policies;
• the reported amounts of assets and liabilities; and
the amounts of revenue and expenses recognized during the reporting periods.

Actual results may differ from estimates made in these condensed interim consolidated financial statements.

Judgments are made in the selection and assessment of the Company’s accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Judgments and estimates are often interrelated. The Company’s judgments and estimates are continually re-evaluated to assess whether they remain appropriate. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The duration and long-term effects on the Company from macroeconomic conditions remain uncertain and Management continues to monitor and assess the impact on the business and on certain judgments and estimates. Details of the accounting policies subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in these condensed interim consolidated financial statements are described in Note 2 to the Company’s 2024 Consolidated Financial Statements and Notes.

Changes in accounting standards

Standards, Amendments, and Interpretations Issued but not yet Adopted

The IASB has issued several new standards and amendments that will be effective on various dates.

Standards issued and not yet adopted

Certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective and have not been adopted early by the Company. Management anticipates that pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments, and interpretations is provided below.

In January 2020, the IASB issued an amendment to IAS 1, Presentation of Financial Statements ("IAS 1") to clarify its requirements for the presentation of liabilities in the statement of financial position. The limited scope amendment affected only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. The amendment clarified that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specified that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.

It also introduced a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. On October 31, 2022, the IASB issued Non-Current Liabilities with Covenants (Amendments to IAS 1). These amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

3. AMOUNTS RECEIVABLE

	August 31, 2024	**February 29, 2024**
	$	**$**
Trade receivable	126,047	33,029
HST receivable	108,867	167,293
Other receivables	-	18,992
	234,914	219,314

4. INVENTORY

	August 31, 2024	**February 29, 2024**
	$	**$**
Raw materials	54,594	56,412
Labels and packaging	100,116	67,990
Finished goods	34,223	8,066
	188,933	132,468

5. PREPAID EXPENSES

	August 31, 2024	**February 29, 2024**
	$	**$**
Prepaid insurance	38,040	98,833
Security deposit	29,339	29,339

Deposit for inventory	79,018	37,912
	146,398	166,084

6. RIGHT-OF-USE ASSET

	August 31, 2024	February 29, 2024
Non-current	**$**	**$**
Right-of-use asset	-	1,466,516
Accumulated depreciation	-	(1,442,839)
	-	23,677

7. PROPERTY AND EQUIPMENT

	Furniture and fixtures $	R&D equipment $	Portable building units $	Computer hardware $	Leaseholds $	Processing equipment $	Total $
Cost							
February 29, 2024	61,893	306,003	431,859	199,636	246,618	1,824,062	3,070,071
Additions/Disposals	-	-	-	-	-	-	-
August 31 2024	**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	4,235	32,842	28,545	12,188	73,526	180,478	331,814
February 29, 2024	44,954	174,636	174,953	150,884	239,933	1,102,150	1,887,510
Depreciation	1,651	12,759	12,685	4,841	6,685	70,650	109,271
August 31, 2024	**46,605**	**187,395**	**187,638**	**155,725**	**246,618**	**1,172,800**	**1,996,781**
Net book value							
February 29, 2024	16,939	131,367	256,906	48,752	6,685	721,912	1,182,561
August 31 2024	**15,288**	**119,808**	**244,221**	**45,660**	**-**	**651,262**	**1,075,039**

8. ACCOUNTS PAYABLE AND ACCRUALS

	August 31, 2024	February 29, 2024
	$	**$**
Accounts payable	1,230,061	1,121,128
Accrued liabilities	1,634,505	1,468,317
	2,864,566	2,589,445

9. RELATED PARTY BALANCES AND TRANSACTIONS

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 represents unsecured advances from an individual who is an officer and director of the Company and a secured loan from a company controlled by a director of the Company.

	August 31, 2024	February 29, 2024
Convertible loan, interest at 12% per annum, payable quarterly, due September 22, 2024	240,144	206,288
	240,144	206,288

On March 31, 2024, and on June 30 , 2024 the Company issued 41,968 common shares at $0.18 per share as consideration for the $7,555 of quarterly interest on the related party debt.

A summary of the changes in the amount of the related party note for the year six months ended August 31, 2024, is as follows:

	Notes	Warrants	Total
	$	$	$
Balance, February 29, 2024	217,216	48,486	265,702
Accretion of notes	22,928	-	22,928
Balance, August 31, 2024	**240,144**	**48,486**	**288,630**

Compensation of key management personnel

Transactions with officers and key management personnel are set out as follows:

	Three months ended August 31, 2024	Six months ended August 31, 2024
Salaries	135,000	135,000
Share-based compensation	80,816	253,469
	215,816	388,469

The Company recognized share-based compensation of $67,334 to the non-management directors of the Company for the three-month period ended August 31, 2024 (August 31, 2023- $Nil).

Interest paid to related parties

During the three-month period ended August 31 2024, the Company paid interest of $32,875 to related parties through the issue of common shares at the price of $0.18 per share (three months ended August 31, 2023 - $ 7,621).

10. CONVERTIBLE NOTES

Unsecured convertible notes

Balance February 28, 2024	$93,362
Accretion expense	6,638
Repayment of unsecured convertible note to convertible secured note	(100,000)
Balance as at August 31, 2024	-

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.

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

On August 8, 2024, the Company repaid the remaining unsecured note of $100,000.

Secured convertible notes

Proceeds from issue of secured convertible notes, July 21, 2023	$1,469,445
Value of equity in convertibility of notes	(135,446)
Accretion expense	9,247
Balance as at August 31, 2024	$2,367,324

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.

In connection with the issuance of the Note, 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.

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.

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.

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.

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.

11. SHARE CAPITAL

Authorized

An unlimited number of common shares without par value

Issued and outstanding

124,636,166 common shares

Share capital transactions

The Company issued shares during the six-month period ended August 31, 2024 as follows:

On July 18, 2024 the Company raised $309,000 through the issue of 1,1817,647 common shares at $0.17 per share.

On each of June 30 2024 and on March 31, 2024 the Company issued 520,968 common shares at $0.18 per share as consideration for $93,775 of quarterly interest on the secured convertible notes. Quarterly interest paid to related parties amounted to $50,751.

On each of June 30 2024 and on March 31, 2024 the Company issued 41,968 common shares at $0.18 per share as consideration for the $7,555 of quarterly interest on the related party loan.

The Company closed on $660,000 of subscribed units in three tranches during the quarter ended May 31, 2024, bringing the total amount raised in the private placement to $1,930,000. Each Unit was priced at $0.17 and consisted of one (1) common share of the Company (a "Common Share") and one (1) common share purchase warrant of the Company (a "Warrant"). Each Warrant is exercisable to acquire one (1) Common Share at a price of $0.20 per Common Share for a term of two (2) years from the date of issuance of such Warrant.

During the quarter ended May 31, 2024, the Company issued 3,882,349 Common Shares and 3,882,349 Warrants in connection with the closing of private equity placement. Included therein were 232,940 non-transferable agent warrants (each, an "Agent Warrant") equal to 6% of the number of Units issued to investors in the Financing that were introduced to the Company by the Agent. Each Agent Warrant will be exercisable to acquire one (1) Common Share at a price of $0.20 per Common Share for a term of two (2) years from the date of issuance of such Agent Warrant.

In addition, the Company paid share issue costs of $39,000, representing 6% of the proceeds from the private placement and $39,851 of legal fees.

On March 31, 2024 the Company issued 520,968 common shares at $0.18 per share as consideration for the $93,775 of quarterly interest on the secured convertible notes. Interest paid to related parties amounted to $50,751.

On March 31, 2024 the Company issued 41,968 common shares at $0.18 per share as consideration for the $7,555 of quarterly interest on the related party loan.

12. 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.

On April 1, 2024 the Company issued 9,050,00 stock options to Company employees and third-party advisors, at $0.18 per share, vesting in accordance with the Company's Stock Option Plan policy, expiring 24 months from the date of issue.

During the year ended February 29, 2024, options amounting to 2,500,000 were issued on February 23, 2024, at $0.15 per share, vesting in accordance with the Company's Stock Option Plan policy, expiring 24 months from the date of issue.

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 of23,000 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.

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

	Weighted Ave ("$")	**Number of Options**	**Contributed surplus**
Balance, February 28, 2022	0.54	10,281,000	4,146,322
Cancelled	0.24 to 0.82	(1,176,250)	-
Share based compensation	0.24	-	706,931
Balance, February 29, 2023	0.56	9,104,750	4,853,253
Expired	0.375	(3,754,750)	-
Extinguishment (Note 13 (i)		-	(17,202)
Share based compensation		-	162,249
Cancelled February 28, 2024	0.24	(5,350,000)	-
Fair valuation of convertible notes (Note 13(ii))			245,726
Issued, February 23, 2024	0.15	2,500,000	-
Balance, February 29, 2024		2,500,000	5,244,026
Issued April 1 2024	0.18	9,050,000	426,699
Balance, August 341, 2024		11,550,000	5,670,726

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

	April 1 2024	23-Feb-24
Number of Options issued	9,050,000	2,500,000
Exercise price	$0.18	$0.15
Share Price	$0.18	$0.15
Risk-free interest rate	4.27%	4.17%
Expected volatility based on historical volatility	150.78%	146%
Expected life of warrants	2 years	2 years
Expected dividend yield	0%	0%
Fair value	$1,182,038	$267,190
Number issued to management & directors	4,350,000	2,500,000

13. WARRANT RESERVE

A summary of the continuity of warrant activity is as follows:

	Weighted average price	**Number of warrants**	**Warrant reserve**
Balance, February 29, 2023		16,813,838	2,299,675
Expired and extinguished	$0.40	(16,284,681)	(1,720)
Issued – secured convertible note (Note 13)	$0.14	15,672,225	1,291,732
Issued – September 2023 (Note 11)	$0.14	1,250,000	48,486
Issued – private placement (Note 15)	$0.20	7,647,035	530,134
Issued – issuance cost (Note 15)	$0.20	458,823	55,646
Balance, February 29, 2024		25,557,240	4,223,953
Expired and extinguished	$0.40	(506,157)	-
Issued – private placement	$0.20	4,115,289	28,1247
Warrants expired August 4, 2024	$0.20	(23,000)	-
Balance, August 31, 2024		**29,143,393**	**4,505,200**

14.SEGMENTED INFORMATION

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

Segmented Information	**Three-month period ended August 31,2024**			**Three-month period ended August 31, 2023**		
	Revenue	**Cost of Sales**	**Gross Profit**	**Revenue**	**Cost of Sales**	**Gross Profit**
	$	**$**	**$**	**$**	**$**	**$**
Health and wellness	**5,483**	**3,531**	**1,952**	**9,433**	**14,917**	**5,484**
White Label	250,530	53,593	196,937	198,357	41,609	156,748
Product Testing	5,570	7,495	(1,925)	6,440	-	6,440
White Label	**256,100**	**61,088**	**195,012**	**204,797**	**41,609**	**163,188**
Dental services	7,728	-	7,728	**-**	**-**	**-**
Contract development	246,605	123,300	123,305	138,941	52,700	86,241
Services revenue	**254,333**	**123,300**	**131,033**	**138,941**	**52,700**	**86,241**
Total	**515,916**	**187,920**	**327,996**	**353,171**	**109,226**	**243,945**

Customer Concentration:
Two customers comprised 95% (2023 - 95%) of white label revenue and 50% (2023 - 45%) of total revenue during the three-month period year ended August 31, 2024. One customer comprised 100% of licensing and consulting revenue during the six-month period year ended August 31, 2024 (six-month period year ended August 31, 2023 – 100%)

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) Dental services revenue derived from licensing under service agreements
4) Service contracts consist of consulting services provided for the application of active ingredients with the Company's oral thin film polymer formulation and processes.

15. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair values of cash, amounts receivable and accounts payable and accrued liabilities, due to a related party, loans payable, convertible notes and lease liabilities at February 29, 2024 approximated their respective carrying values due to their short term to maturity.

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the number of observable inputs used to value the instrument:

Level 1: quoted prices in active markets for identical assets and liabilities;
Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3: inputs for the asset or liability that are not based on observable market data.

16. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks that arise as a result of its activities, including credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.
Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's customers are subject to an internal credit review, together with ongoing monitoring of the amount and age of balances in order to minimize the risk of non-payment. The gross carrying amount of amounts receivable reflects the maximum credit exposure and management's assessment of the credit risk. The Company is subject to a concentration risk in its trade receivable as two customer balances amount to 95% (2023 – 100%).

The following table provides information regarding the aged trade receivables as at:

	Current	**31-60 days**	**61-90 days**	**91 days+**
August 31, 2024	95%	5%	0%	0%
August 31, 2023	98%	2%	0%	0%

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities as they come due.

The continued operation of the Company is dependent upon the Company's ability to secure external financing (Note 1) to meet its existing obligations and finance operations. Accounts payable and accrued liabilities are subject to normal trade terms.

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments.

Equity price risk

Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk.

Currency risk

Currency risk arises from financial instruments and sales and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. The Company operates in Canada and the United States, and the Company incurs the majority of its operating expenses in Canadian dollars. In the future, the proportion of international sales is expected to increase. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Company's business, financial condition and results of operations. The Company manages risk to foreign currency exposure by monitoring financial assets and liabilities denominated in US dollars and exchange rates on an ongoing basis. The Company has not engaged in foreign currency hedging.

Interest rate risk

The Company's exposure to interest rate risk is limited as the financial liabilities bear a fixed interest rate; financial assets are short-term in nature and are not subject to interest rate risk.

17. CAPITAL RISK MANAGEMENT

The Company considers its capital to be shareholders' deficit which comprises share capital, warrant reserve, contributed surplus, accumulated other comprehensive loss and accumulated deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can provide returns for the benefit of its shareholders and other stakeholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions.

The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an early-stage company and has just started to generate revenue, its principal source of capital is from the issuance of common shares or advances from related parties. In order *to* achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

18. CONTINGENCIES

The Company is a party to certain legal proceedings from time-to-time incidental to the conduct of its business. These proceedings could result in fines, penalties, compensatory or treble damages, or non-monetary relief. The nature of legal proceedings is such that the Company cannot assure the outcome of any particular matter, and an unfavorable ruling or development could have a materially adverse effect on the consolidated financial position, results of operations and cash flows in the period in which a ruling or settlement occurs. However, based on information available to the Company's management to date, the Company's management does not expect that the outcome of any matter pending against the Company is likely to have a materially adverse effect on the Company's consolidated financial position, results of operations, cash flows or liquidity.