AION THERAPEUTIC INC.

Consolidated Financial Statements

For the Years Ended April 30, 2023 and 2022

AION THERAPEUTIC INC.

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DNTW CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Aion Therapeutic Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Aion Therapeutic Inc. (the "Company"), which comprise the consolidated statement of financial position as at April 30, 2023, and the consolidated statement of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended April 30, 2023 and, as of that date, the Company's current liabilities exceeded its total assets. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

The key audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgements. The communication of the key audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the key audit matter below providing a separate opinion on the key audit matter or on the accounts or disclosures to which it relates.

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Valuation and Disclosure of Debt Settlement

Description of the Matter

We identified the valuation and disclosure of debt settlement as a key audit matter due to its complexity and significant management judgment. As disclosed in Note 8(c), Note 12 and Note 14 to the consolidated financial statements, on June 30, 2022, the Company settled its liabilities with certain vendors through a combination of cash payments, early termination of lease and sale of intangible assets to a company under common control. The settlement resulted in a total gain of $563,295.

Audit Response

Our audit procedures to address the key audit matter included the following, among others:

- obtained and reviewed all document relevant to the debt settlement, such as mutual release agreements and resignation letters.
- evaluated the effectiveness of relevant controls relating to management's review of the non-routine transactions;
- evaluated the reasonableness of management's assessment on this transaction, including the facts and assumptions that were considered;
- developed an independent expectation of the settlement gain (loss) amount to assess the reasonableness of management's calculations;
- reviewed relevant notes to the consolidated financial statements to ensure adequate disclosures; and
- ensured that all the gains and losses calculated are appropriate classified in the financial statements and supporting disclosures.

Other Matter

The consolidated financial statements of the Company as at and for the year ended April 30, 2022, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on October 31, 2022.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis;

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we

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conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

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exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Julia Zhou.

DNTW Toronto LLP

August 28, 2023
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

Aion Therapeutic Inc.
Consolidated Statements of Financial Position
As at April 30, 2023 and 2022
(Expressed in Canadian Dollars)

	Notes		2023		2022
Assets					
Current assets:					
Cash		$	336	$	-
Harmonized sales tax receivable			197,381		142,489
Prepaid expenses			-		7,655
			197,717		150,144
Equity Investments	14		12,955		-
Total assets		$	210,672	$	150,144
Liabilities and shareholders' deficiency					
Current liabilities:					
Accounts payable and accrued liabilities	9	$	1,966,198	$	1,812,692
Loans payable	6		970,300		744,061
			2,936,498		2,556,753
Shareholders' deficiency					
Share capital	8		14,787,595		14,705,095
Contributed surplus			391,486		391,486
Warrant reserve			653,404		653,404
Share-based payment reserve			1,597,354		1,597,354
Share subscriptions received in advance	8		100,000		-
Accumulated other comprehensive income (loss)			(178,464)		66,595
Accumulated deficit			(20,077,201)		(19,820,543)
Total shareholders' deficiency			(2,725,826)		(2,406,609)
Total liabilities and shareholders' deficiency		$	210,672	$	150,144

Nature of Operations and Going Concern	1
Subsequent events	19

Approved by the Board of Directors on August 28, 2023

"*Graham Simmonds*" (signed), Director "*Paul Crath*" (signed), Director

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

Aion Therapeutic Inc.

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended April 30, 2023 and 2022
(Expressed in Canadian Dollars)

	Notes	2023	2022
Expenses			
Accretion	13	$ 2,927	$ 2,455
Amortization of right-of-use asset	12	17,301	65,293
Consulting fees	9	282,823	701,179
Foreign exchange loss (gain)		(167,552)	(76,239)
Insurance		98,019	108,176
Interest expense		146,915	73,261
Investor relations		76,850	385,154
Management fees	9	254,500	241,500
Office, administration and miscellaneous		5,165	145,282
Professional fees		196,011	61,475
Rent		5,816	114,958
Research and development	11	-	953,000
Transfer agent and regulatory fees		39,214	42,896
		(957,989)	(2,818,390)
Impairment of equipment		-	(1,000,000)
Reversal of impairment on equipment	4	135,185	-
Reversal of impairment on intangible assets	5	111,659	-
Unrealized loss on equity investments	14	(108,808)	-
Gain on settlement of debt	8(c),12,14	563,295	-
Net income (loss) for the year		$ (256,658)	$ (3,818,390)
Loss per share – basic and diluted		$ (0.00)	$ (0.03)
Weighted average number of common shares outstanding - Basic and diluted		146,395,159	139,890,301
Net loss for the year		$ (256,658)	$ (3,818,390)
Foreign currency translation adjustment		(245,059)	(71,909)
Comprehensive loss for the year		$ (501,717)	$ (3,890,299)

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

Aion Therapeutic Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the Years Ended April 30, 2023 and 2022
(Expressed in Canadian Dollars)

	Number of common shares outstanding	Share capital	Subscriptions received in advance	Contributed surplus	Warrant reserve	Share-based compensation reserve	Equity portion of convertible debentures	Accumulated deficit	Accumulated other comprehensive income (loss)	Shareholders' Equity (Deficiency)
Balance as at April 30, 2021	**124,804,794**	**$ 13,256,419**	**$ 375,000**	**$ 281,816**	**$ 640,854**	**$ 1,597,354**	**$ 109,670**	**$ (16,002,153)**	**$ 138,504**	**$ 397,464**
Issuance of units on private placement (Note 9)	16,994,475	1,487,016	(375,000)	-	-	-	-	-	-	1,112,016
Share issuance costs-cash	-	(25,790)	-	-	-	-	-	-	-	(25,790)
Issuance of broker warrants	-	(12,550)	-	-	12,550	-	-	-	-	-
Repayment of convertible debentures (Note 8)	-	-	-	109,670	-	-	(109,670)	-	-	-
Currency translation adjustment	-	-	-	-	-	-	-	-	(71,909)	(71,909)
Net loss for the year	-	-	-	-	-	-	-	(3,818,390)	-	(3,818,390)
Balance as at April 30, 2022	**141,799,269**	**$ 14,705,095**	**$ -**	**$ 391,486**	**$ 653,404**	**$ 1,597,354**	**$ -**	**$ (19,820,543)**	**$ 66,595**	**$ (2,406,609)**
Shares issued for settlement (Note 8)	5,500,000	82,500	-	-	-	-	-	-	-	82,500
Share subscriptions received	-	-	100,000	-	-	-	-	-	-	100,000
Currency translation adjustment	-	-	-	-	-	-	-	-	(245,059)	(245,059)
Net loss for the year	-	-	-	-	-	-	-	(256,658)	-	(256,658)
Balance as at April 30, 2023	**147,299,269**	**$ 14,787,595**	**$ 100,000**	**$ 391,486**	**$ 653,404**	**$ 1,597,354**	**$ -**	**$ (20,077,201)**	**$ (178,464)**	**$ (2,725,826)**

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

Aion Therapeutic Inc.
Consolidated Statements of Cash Flows
For the Years Ended April 30, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
Cash flows from operating activities		
Net loss for the year	$ (256,658)	$ (3,818,390)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accrued interest on debt	143,830	67,196
Accretion on lease obligation	2,927	2,455
(Reversal of) impairment of equipment	(135,185)	1,000,000
Amortization of right-to-use asset	17,301	65,293
Reversal of impairment on intangible assets	(111,659)	-
Gain on settlement of debt	(563,295)	-
Unrealized loss on equity investments	108,808	-
Non-cash working capital adjustments		
Harmonized sales tax receivable	(54,892)	(77,489)
Prepaid expenses	7,655	209,708
Deferred costs	-	17,500
Accounts payable and accrued liabilities	799,771	1,186,837
Total cash used in operating activities	(41,397)	(1,346,890)
Cash flows from investing activities		
Sale of equipment	135,185	-
Total cash provided in investing activities	135,185	-
Cash flows from financing activities		
Repayment of convertible debentures	-	(500,000)
Proceeds from loans payable	237,594	676,865
Repayment of loan payable	(155,185)	-
Units/shares issued for cash	-	1,112,017
Repayment of lease obligation	(19,160)	(65,772)
Share issuance costs	-	(25,790)
Subscription for shares	100,000	-
Total cash provided by financing activities	163,249	1,197,320
Effects of foreign currency exchange rate changes	(256,701)	(90,259)
Total increase (decrease) in cash during the year	336	(239,829)
Cash - beginning of year	-	239,829
Cash - end of year	$ 336	$ -

For supplemental disclosure with respect to cash flows, see Note 16.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Aion Therapeutic Inc. (formerly, Osoyoos Cannabis Inc.) ("Aion" or the "Company") was incorporated on January 13, 2011 under the *Business Corporations Act* (British Columbia). The Company's registered office is located at 700 West Georgia Street, Suite 2200, Vancouver, BC, V7Y 1K8. The Company is publicly traded on the Canadian Securities Exchange under the symbol "AION".

The Company is a forward-thinking business within the health and wellness sector with a diverse portfolio of intellectual property. With a commitment to innovation and transformative solutions, the Company is poised to drive positive change to redefine the boundaries of health and wellness.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business, for the next fiscal year. As at April 30, 2023, the Company had cash of $336 (April 30, 2022 - $nil), working capital deficit of $2,738,781 (April 30, 2022 - $2,406,609), and an accumulated deficit of $20,077,201 (April 30, 2022 - $19,820,543). The continuing operations of the Company are dependent on funding. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. This uncertainty may cast significant doubt about the ability of the Company to continue as a going concern. These consolidated financial statements do not include any adjustments to the carrying value or presentation of assets or liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PRESENTATION

Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information. The functional currency for the Company, Oservco Management Corp., 1160516 B.C. Ltd., Bare Root Production Osoyoos Inc., and 1196691 B.C. Ltd. d/b/a "PCAI Pharma" have been determined to be the Canadian dollar. The functional currency of AI Pharmaceuticals Jamaica Limited ("AI Pharma") has been determined to be the Jamaican dollar.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Accounting Standards 1, Presentation of Consolidated Financial Statements using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating polices of an entity and be exposed to the variable returns from its activities. The financial statements of the Company's subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Oservco Management Corp., 1160516 B.C. Ltd. and its wholly-owned subsidiary Bare Root Production Osoyoos Inc., and PCAI Pharma and its wholly-owned subsidiary AI Pharma. All inter-company transactions and balances have been eliminated on consolidation.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity (deficiency), and the disclosure of contingent assets and liabilities, as at the date of the consolidated financial statements, and expenses for the periods reported.

<u>Critical Judgements</u>

The preparation of these consolidated financial statements requires management to make judgements regarding the going concern of the Company, impairment of equipment, as well as the determination of functional currency.

The functional currency is the currency of the primary economic environment in which an entity operates and has been determined for each entity within the Company. The functional currency for the Company, Oservco Management Corp., 1160516 B.C. Ltd., Bare Root Production Osoyoos Inc., and PCAI Pharma have been determined to be the Canadian dollar. The functional currency of AI Pharma has been determined to be the Jamaican dollar.

2. BASIS OF PRESENTATION (continued)

Significant accounting judgments and estimates (continued)

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.

Significant estimates made by management affecting the consolidated financial statements include:

Share-based Payments

Estimating fair value for granted stock options and warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Discount rates used in convertible debentures

The Company calculates the liability portion of convertible debentures by calculating the present value of the debenture and related interest, using a discount rate equal to the market rate that would be given for similar debt, without a conversion feature. Management determines this rate by assessing what rate the Company could borrow funds at from an unrelated party.

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities 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 and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful execution of the Company's business plan. 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 or liabilities, and deferred income tax provisions or recoveries could be affected.

Impairment of tangible assets

The Company assesses the carrying value of its tangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current net income (loss). Recoverability is dependent upon assumptions and judgements regarding market conditions, costs of operations and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, and future cash flows. A material change in the assumptions may significantly impact the potential impairment of these assets.

2. BASIS OF PRESENTATION (continued)

Significant accounting judgments and estimates (continued)

Key Sources of Estimation Uncertainty (continued)

Leases

The Company estimates the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as store profitability. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment of the lease term is reviewed if a significant event or a significant change in circumstance occurs, which affects this assessment and that is within the control of the lessee. The Company estimates the incremental borrowing rate used to measure our lease liability for each lease contract. This includes estimation in determining the asset-specific security impact.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Capitalization of development costs

Initial capitalization of development costs is based on management's judgment that technical and economic feasibility is confirmed. Subsequent development costs are capitalized if the Company can demonstrate an economic benefit to the underlying intangible asset. An intangible asset arising from development is recognized if the Company can demonstrate all of the following:

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
b) its intention to complete the intangible asset and use or sell it;
c) its ability to use or sell the intangible asset;
d) how the intangible asset will generate probable, future economic benefits;
e) the availability of adequate technical, financial and other resources; and
f) its ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

Impairment of intangible assets

The values associated with intangible assets involve significant estimates and assumptions, including discount rates and useful lives. At least annually, the carrying amount of intangible assets are reviewed for potential impairment. Among other things, this review considers the recoverable amounts of the intangible assets based on the higher of value in use or fair value less costs of disposal using discounted estimated future cash flows. These significant estimates require considerable judgment which could affect the Company’s future results if the current estimates of future performance and fair value change.

2. BASIS OF PRESENTATION (continued)

Approval of the consolidated financial statements

These consolidated financial statements were authorized for issuance by the Board of Directors on August 28, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Cash

Cash comprise of cash held at banks, credit unions, amounts held in trust.

Income taxes

Income tax on profit or loss for the year comprises of current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax paid or payable in respect of previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set-off within fiscal jurisdictions.

Foreign currency

Foreign currency translations

When the Company translates the financial statements of subsidiaries from their functional currency to presentation currency, assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Share capital, equity reserves, shares to be (cancelled) issued, accumulated other comprehensive income, and accumulated deficit are translated into Canadian dollars at historical exchange rates. Revenues and expenses are translated into Canadian dollars at the average exchange rate for the year. Foreign currency translation adjustment is included in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency (continued)

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of each subsidiary at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Loss per share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year. Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

The inclusion of the Company's stock options and share purchase warrants in the computation of diluted loss per share would have an anti-dilutive effect on loss per share and are therefore excluding from the computation. Consequently, there is no difference between basic loss per share and diluted loss per share.

Share-based payments

The Company grants stock options and warrants for the purchase of common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options and warrants. A fair value measurement is made for each vesting instalment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options and warrants is recognized over the vesting period of the options granted as both share-based compensation expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options and warrants are exercised, and the amount initially recorded is then credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

Fair value of warrants

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market trading price on the date the units are issued and the balance, if any, is allocated to the attached warrants. When warrants are exercised, their fair value is removed from the warrant reserve account and recorded as share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of the item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of loss and comprehensive loss. The cost of repairs and maintenance are expensed as incurred unless they meet the criteria for capitalization. Amortization is not recognized until the asset is in use.

Impairment of non-financial assets

The carrying amount of the Company’s assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in net loss.

The recoverable amount of assets is the greater of an asset’s fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Financial instruments

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVTPL or at amortized cost. Other amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statements of loss.

Subsequent measurement – financial assets at FVTPL
Financial assets measured at FVTPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company's cash equivalents are measured at FVTPL.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company's investments in publicly traded equity securities are classified as financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of earnings (loss) when the right to receive payments is established.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are other assets, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable has been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVTPL. The Company's financial liabilities include accounts payable and accrued liabilities, amounts due to related parties, short-term and long-term debt, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in accretion expense in the statements of loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	Measurement
Cash	FVTPL
Equity investment	FVTPL
Accounts payable	Amortized cost
Loan payable	Amortized cost

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's equity investment was measured at fair value, using level 1 inputs. The fair values of cash, accounts payable and loan payable approximate their carrying value due to the relatively short-term maturities of these instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recorded on a straight-line basis over the estimated useful life of the asset acquired, which varies depending on the nature of the intangible asset. Intangible assets are amortized from the date when they are available for use.

The estimated useful life is reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis. Internally incurred development costs are recognized as intangible assets when the following criteria are met:

a) it is technically feasible to complete the intangible asset so that it will be available for use;
b) management intends to complete the intangible asset and use or sell it;
c) there is an ability to use or sell the intangible asset;
d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
f) the expenditure attributable to the intangible asset during its development can be reliably measured.

Intangible assets relate to the Company's internal development expenditures in relation to patent and intellectual property development as described in Note 1. Other internal development expenditures that do not meet these criteria are recognized as an expense as incurred. Intangible assets with definite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method are reviewed at the end of each reporting period.
Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates on a prospective basis. The Company did not capitalize any intangible assets as of April 30, 2023 and 2022.

Leases obligations

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset of a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The lease term determined by the Company comprises of:

- The non-cancellable period of lease contracts, including a rent-free period, if applicable;
- Periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and
- Periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The commencement date of a lease begins on the date on which the lessor makes the underlying asset available for use to the Company. Lease payments included in the measurement of the lease obligation are comprised of the following:

- Fixed lease payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease obligations (continued)

- Amounts expected to be payable under a residual value guarantee;
- The exercise price of purchase options that the Company is reasonably certain to exercise;
- Lease payments in an option renewal period if the Company is reasonably certain to exercise the extension option;
- Penalties for early termination of the lease unless the Company is reasonably certain not to terminate early; and
- Less any lease incentives receivable.

Variable payments for leases that do not depend on an index or rate are not included in the measurement of the lease obligations. The variable payments are recognized as an expense in the period in which they are incurred. The Company accounts for any leases and associated non-lease components separately, as opposed to a single arrangement, which is permitted under IFRS 16. The Company records non-lease components such as an expense in the period in which they are incurred.

Interest on the lease obligations is calculated using the effective interest method and increases the lease obligation while rent payments reduce the obligation. The lease obligation is remeasured whenever a lease contract is modified, and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is remeasured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease.

Right-of-use assets

The right-of-use asset will be initially calculated at an amount equal to the initial value of the lease liability, adjusted for the following items:

Any lease payments made at or before the commencement date, less any lease incentives received;

Any initial direct costs incurred by the Company;

An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

For short-term leases that have a lease term of 12 months or less and low-value assets, the Company has elected to not recognize a lease obligation and right-of-use asset and instead will recognize a lease expense as permitted under IFRS 16.

The right-of-use assets will be depreciated using the straight-line from the date of adoption to the earlier of the end of the useful life of the asset or the end of the lease term as determined under IFRS 16

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 – Impairment of Assets which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related party transactions

A related party is a person or entity that is related to the Company; that has control or joint control over the Company; that has significant influence over the Company; or is a member of the key management personnel of the Company. An entity is related to the Company if the entity and the reporting entity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others). A related party transaction is a transfer of resources, services, or obligations between the Company, and a related party, regardless of whether a price is charged. All transactions with related parties are in the normal course of business and are measured at fair value.

4. PROPERTY AND EQUIPMENT

The Company's property and equipment are comprised of the following:

	Equipment[(a)]	Total
Cost		
Balance at April 30, 2021	**$ 500,000**	**$ 500,000**
Additions[(b)]	500,000	500,000
Impairment[(c)]	(1,000,000)	(1,000,000)
Balance at April 30, 2022	**$ -**	**-**
Reversal of impairment[(d)]	135,185	135,185
Sale of equipment[(d)]	**(135,185)**	**(135,185)**
Balance at April 30, 2023	**$ -**	**$ -**
Net Book Value		
Balance, April 30, 2023	**$ -**	**$ -**
Balance, April 30, 2022	**$ -**	**$ -**

a) The equipment is comprised of two identical extraction systems (the "Extraction Systems"), which the Company acquired in 2019.

b) During the year ended April 30, 2021, the Company sold one of its Extraction Systems to an arm's-length party at a price of $500,000, which was returned to the Company during the year ended April 30, 2022. The Company recorded the addition of equipment at $500,000.

c) As at April 30, 2022, the two Extraction Systems were fully impaired to $Nil due to no indication of a future economic benefit being generated.

d) On January 31, 2023, the Company sold its fully impaired Extraction Systems for $135,185, which proceeds were received directly by the promissory note holder (Note 6). Accordingly, the Company recorded a reversal of impairment in the amount of $135,185 and gain on sale of $nil.

(Expressed in Canadian Dollars)

5. INTANGIBLE ASSETS

The Company's intangible assets are comprised of the following:

	Intellectual Property	Patents	Total
Cost			
Balance at April 30, 2020	**$ -**	**$ -**	**$ -**
Additions	1,333,183	111,659	1,444,842
Impairment	(1,333,183)	(111,659)	(1,444,842)
Balance, April 30, 2021 and April 30, 2022	**$ -**	**$ -**	**$ -**
Reversal of impairment on patents	-	111,659	-
Sale of patents	-	(111,659)	-
Balance at April 30, 2023	-	-	-
Net Book Value			
Balance, April 30, 2023 and April 30, 2022	**$ -**	**$ -**	**$ -**

The Company's intangible assets relate to the development of intellectual property and development of a patent portfolio, as described in Note 1. During the year ended April 30, 2021, these intangible assets were fully impaired to $nil due to lack of revenue from the AI Pharma.

On June 30, 2022, the Company entered into an asset purchase agreement (the "APA") with Apollon Formularies PLC ("Apollon"), a public company related by common director, pursuant to which the Company sold four patent applications, and all associated supporting data to Apollon (collectively, the "Intellectual Property"). In consideration for the Intellectual Property, Apollon issued to the Company, an aggregate of 4,348,679 common shares in the capital of Apollon (Note 14). The Company recorded a reversal of impairment at $111,659 and gain on sale at $10,104.

6. LOANS PAYABLE

During the year ended April 30, 2023, the Company entered into various promissory notes with non-arm's length parties for the principal amount of $237,594. These promissory notes are unsecured, bear interest at 18% per annum and are due on demand. The Company repaid $155,185 of these promissory notes during the year ended April 30, 2023, which included proceeds from sale of equipment for $135,185 received directly by the promissory note holder and applied against the principal amount of the promissory notes (Note 4)

Interest expense in the amount of $143,830 was recorded for the year ended April 30, 2023 (April 30, 2022 – $67,196). As at April 30, 2023, the outstanding loans payable including accrued interest amounted to $970,300 (April 30, 2022 – $744,061).

7. CONVERTIBLE DEBENTURES

The Company has convertible debentures ("Debentures") with principal of $500,000 bearing interest at 10% from a CSE-listed investment company. These Debentures matured on November 1, 2020 and December 10, 2020. In May 2021, the Company repaid the outstanding Debenture balance of $500,000. As a result of the repayment, the equity portion of the convertible debenture in the amount of $109,670 was transferred to contributed surplus. As at April 30, 2023 and 2022, the outstanding balance of Debentures was $nil.

8. SHARE CAPITAL

The Company is authorized to issue the following shares:

- Unlimited Class “A” voting common shares with no par value
- Unlimited Class “B” non-voting preferred shares with a par value of $1.00
- Unlimited Class “C” voting common shares with no par value

a) Common shares

The holders of common shares are entitled to receive dividends which are declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

As at April 30, 2023, the Company had 147,299,269 (April 30, 2022 – 141,799,269) class A common shares issued and outstanding. There were no class C common shares issued and outstanding during the years ended April 30, 2023 and 2022.

b) Preferred shares

The Company is authorized to issue an unlimited number of preferred shares with the rights, privileges and restrictions determined by the Board of Directors at the time of issuance.

There were no issuances of Class B non-voting preferred shares during the years ended April 30, 2023 and 2022.

c) Share issuances

<u>Year ended April 30, 2023</u>

On June 30, 2022, Dr. Stephen D. Barnhill resigned as a Director of the Company and from all subsidiary level appointments, and Dr. Herbert Fritsche resigned as Chief Science Officer of the Company. In connection with Dr. Barnhill’s resignation, the Company issued an aggregate of 5,500,000 common shares valued at $82,500 to settle all amounts owing by the Company and its subsidiaries to Dr. Barnhill. The Company recorded a gain of $552,132 on the settlement.

On August 5, 2022, the Company received $100,000 being subscription for 10,000,000 common shares at $0.01 per share. These common shares were issued subsequent to year-end (Note 19).

<u>Year ended April 30, 2022</u>

During the years ended April 30, 2022 and 2021, the Company completed one and six tranches of private placements, respectively (each a “Private Placement”) through the issuance of units (“Units”) of the Company. Each Unit consisted of one Common Share and one-half of one Common Share purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder thereof to purchase one Common Share for a period of twenty-four months from the closing date at a price of $0.15 per Common Share. Furthermore, the Company has the right to accelerate the expiry date to be thirty days following written notice to the holders, if during the term of the Warrants the Common Shares close at or above $0.20 per Common Share on each trading day for a period of ten consecutive trading days on the Canadian Securities Exchange (the “CSE”). In connection with the Private Placements, the Company incurred share issuance costs of $25,790 and $44,322 in cash during the years ended April 30, 2022 and 2021, respectively.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

During the year ended April 30, 2022, the Company issued the following Common Shares:

- On June 11, 2021, the Company closed a Private Placement and issued 16,994,475 Units at a price of $0.0875 per Unit for gross proceeds of $1,487,016. In connection with the Issuance of the Units, the Company issued 16,994,475 Common Shares and 8,497,238 Warrants. Furthermore, the Company issued 238,562 broker warrants entitling the holder thereof to purchase one Common Share for a period of twenty-four months from the closing date at a price of $0.15 per Common Share (see Note 8(d) for the valuation of these broker warrants).

d) Warrants

The Company did not issue any warrants during the year ended April 30, 2023.

During the year ended April 30, 2022, the Company issued the following warrants:

- On June 11, 2021 and in connection with a Private Placement, the Company issued 8,497,238 Warrants exercisable until June 11, 2023 at an exercise price of $0.15 per Common Share. These warrants were valued at $nil, using the residual value method; and

- On June 11, 2021 and in connection with a Private Placement, the Company issued 238,562 broker warrants exercisable until June 11, 2023 at an exercise price of $0.15 per Common Share, valued at $12,550. The fair value of the Brokers Warrants of $12,550, was recorded as share issuance costs estimated using the Black-Scholes option pricing model with the following assumptions: volatility of 160%, risk-free interest rate of 0.27%, expected life of 2 years and expected dividend yield of 0.00%.

As at April 30, 2023, the Company had the following warrants issued and outstanding:

	Number of Warrants	Weighted Average Exercise Price ($)
Outstanding, April 30, 2021	**29,756,848**	**0.17**
Issued	8,497,238	0.15
Issued (Broker warrants)	238,562	0.15
Expired	(320,000)	-
Outstanding, April 30, 2022	**38,172,648**	**0.17**
Expired	(28,661,848)	-
Outstanding, April 30, 2023	**9,510,800**	**0.16**

As at April 30, 2023, the Company had the following share purchase warrants outstanding:

Outstanding	Exercise Price ($)	Remaining Life (Years)	Expiry Date
575,000	0.25	0.94	April 8, 2024
200,000	0.45	0.94	April 8, 2024
8,497,238	0.15	0.12	June 11, 2023
238,562	0.15	0.12	June 11, 2023
9,510,800	**0.16**	**0.19**	

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

e) Stock options

The Company did not grant any options during the years ended April 30, 2023 and 2022.

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

Outstanding	Exercisable	Exercise Price ($)	Remaining Life (Years)	Expiry Date
2,725,000	2,725,000	0.10	0.07	May 28, 2023
4,000,000	4,000,000	0.15	0.73	February 1, 2024
6,725,000	**6,725,000**	**0.13**	**0.46**	

9. RELATED PARTY TRANSACTIONS

Key management personnel include the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Board of Directors, close family members and enterprises that are controlled by such individuals as well as certain persons performing similar functions.

Transactions with key management personnel not disclosed elsewhere in these consolidated financial statements include the following:

During the years ended April 30, 2023 and 2022, amounts expensed for key management services include the following:

		April 30, 2023		April 30, 2022
Fees for services of CEO	$	180,000	$	180,000
Fees for services of CFO		60,000		61,500
Fees for services of Director		14,500		-
Management fees	**$**	**254,500**	**$**	**241,500**
Fees for services of Executive Chairman		-		299,791
Fees for services of Chief Science Officer		-		149,364
	$	**254,500**	**$**	**690,655**

As at April 30, 2023, the Company had the following balances with related parties:

- Included in due from related parties is $nil (April 30, 2022 – $nil); and
- Included in accounts payable and accrued liabilities is $283,500 (April 30, 2022 – $370,344) due to related parties.

The right-of-use assets (Note 12), the lease obligations (Note 13), and rent expenses of $5,816 (2022 – $114,958) for the year ended April 30, 2023, were paid to entities which are under common control with the Company.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, equity investments, accounts payable and loan payable.

The Company's cash and equity investment is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The fair value of the Company's due from related party, accounts payable, loan payable and convertible debentures approximate their fair values due to their short-term nature.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and price risk.

Financial risk management and objectives

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk, and commodity price risk).

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest rate risk and market risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flows primarily from its financing activities.

The Company manages its liquidity needs by carefully monitoring scheduled costs. Liquidity is measured in various time bands, on day to day and week-to-week basis, as well as on long term liquidity needs over 180 day to 360 day look out periods. Funding for long term liquidity needs is based on the ability of the Company to successfully complete private placements as well as, in certain cases, to pay the outstanding balances owed in shares of the Company rather than in cash.

As at April 30, 2023, the Company had cash of $336 (2022 - $nil) and current liabilities of $2,936,498 (2022 - $2,556,753).

The Company considers expected cash flow from financial assets in managing liquidity risk. The Company's existing cash resources currently do not meet the current cash outflow requirements. As a result, the Company is at a risk of not being a going concern if management is unable to raise the appropriate funds prior to the maturity of the financial liabilities. Appropriate going concern disclosures have been made in Note 1.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS (continued)

Financial risk management and objectives (continued)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as the terms of its loans payable are based on fixed interest rates.

(b) Price risk

The Company is exposed to significant price risk via its equity investment (Note 14), as this is based on the price in the quoted market.

(c) Currency risk

The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of their accounts payable balances. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. As at April 30, 2023 and 2022, the Company did not use derivative instruments to hedge its exposure to foreign currency risk.

11. RESEARCH AND DEVELOPMENT COSTS

Costs are incurred in connection with research and development programs that are expected to contribute to future earnings. Such costs include labor, training, patent expenses and consulting. These amounts are charged to the statements of net loss and comprehensive loss as incurred.

Total research and development expenses included were $nil (2022 – $953,000) for the year ended April 30, 2023.

12. RIGHT-OF-USE ASSET

Balance, April 30, 2021	**$**	**63,811**
Amortization		(65,293)
Foreign exchange adjustment		1,482
Balance, April 30, 2022	**$**	**-**
Addition during the period		45,093
Amortization		(17,301)
Early termination of sub-leased premises		(28,511)
Foreign exchange adjustment		719
Balance, April 30, 2023	**$**	**-**

Right-of-use asset consisted of a sub-lease of commercial space in Jamaica amortized over 24 months. During the year ended April 30, 2023, the Company amortized $17,301 (April 30, 2022 – $65,293) of its right-of-use asset. Effective January 31, 2023, the Company terminated the lease and recorded a net gain of $1,059.

(Expressed in Canadian Dollars)

13. LEASE LIABILITIES

At the commencement date of the leases, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 10% which is the Company's incremental borrowing rate. The effective interest rate is 10.47%. The continuity of the lease liabilities is presented in the table below:

Balance, April 30, 2021	**$**	**66,531**
Interest accretion expense		2,455
Lease payments expensed during the year		(65,772)
Foreign exchange adjustment		(3,214)
Balance, April 30, 2022	**$**	**-**
Addition during the period		45,093
Interest accretion expense		2,927
Lease payments made during the period		(19,160)
Early termination of sub-leased premises		(29,570)
Foreign exchange adjustment		710
Balance, April 30, 2023	**$**	**-**

14. EQUITY INVESTMENTS

On June 30, 2022, the Company entered into an asset purchase agreement (the "APA") with Apollon Formularies PLC ("Apollon"), a public Company controlled by common director, Dr. Stephen D. Barnhill. Pursuant to the APA, the Company sold four patent applications, and all associated supporting data to Apollon (collectively, the "Intellectual Property"). In consideration for the Intellectual Property, Apollon: (i) issued the Company an aggregate of 4,348,679 common shares in the capital of Apollon at a consideration of $0.028 (£0.018) per common share; and (ii) agreed to pay the Company an indefinite royalty fee of 4% of the global net revenue generated by the Intellectual Property (the "Royalty"). The Royalty is payable quarterly in arrears, commencing upon the first commercial product sales utilizing the Intellectual Property. These patents were considered impaired and written off in the prior years. The Company reversed the impairment for patents for $111,659 (Note 5) and recorded the investment in equity for $121,763 with a $10,104 gain on settlement.

As of the year ended April 30, 2023, these investments were measured at $12,955 with an unrealized loss of $108,808 recorded in the consolidated statement of loss and comprehensive loss.

15. CAPITAL MANAGEMENT

The Company's capital structure has been defined by management as being comprised of shareholders' equity. The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations and to finance its activities and general corporate costs. This is achieved by the Board of Directors review and acceptance of budgets that are achievable within existing resources made available from private placements or other funding.

The Company monitors its capital structure using annual forecasted cash flows, budgets and targets.

The Company currently has no source of revenues; as such the Company is dependent upon external financing to fund its activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

(Expressed in Canadian Dollars)

15. CAPITAL MANAGEMENT (continued)

Based on available funds, the Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above as well as support future business opportunities. To manage the capital structure the Company may adjust its operating expenditure plans, or issue additional common shares and warrants, or debt instruments.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to externally imposed capital requirements or covenants. There were no changes to the Company's management of capital during the year.

16. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The following are non-cash transactions affecting cash flows from investing and financing activities during the years ended April 30, 2023 and 2022:

Year ended April 30, 2023:

- The Company issued 5,500,000 common shares valued at $82,500 in relation to the settlement of debt; and
- The Company received equity investments initially valued at $121,763 on sale of patents.

Year ended April 30, 2022:

- The Company issued 238,562 broker warrants valued at $12,550 as share issuance costs.

17. INCOME TAXES

The following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery.

		April 30, 2023		**April 30, 2022**
Loss for the year	$	256,658	$	3,818,390
Tax rate		27%		27%
Expected income tax recoverable at statutory rate	$	(69,000)	$	(1,030,965)
Non-deductible items		(185,000)		270,000
Share issuance costs		(7,000)		(6,963)
Change in unrecognized deductible temporary differences		261,000		767,928
Total income tax recovery (expense)	$	-	$	-

(Expressed in Canadian Dollars)

17. INCOME TAXES (continued)

The significant components of the Company's deferred tax assets that have not been included on the consolidated statements of financial position are as follows:

		April 30, 2023		April 30, 2022
Deferred Tax Assets				
Non-capital losses available for future periods	$	3,675,000	$	3,417,965
Share issuance costs		90,000		97,000
Intangible assets, and property and equipment		1,847,000		2,093,430
		5,612,000		5,608,395
Unrecognized deferred tax assets		(5,612,000)		(5,608,395)
Total deferred tax assets	$	-	$	-

Tax attributes are subject to review and potential adjustment by tax authorities.

18. COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted for the current period. Such reclassifications did not have an impact on previously reported net loss and comprehensive loss.

19. SUBSEQUENT EVENTS

On August 14, 2023, the Company completed a non-brokered private placement through the issuance of 42,750,000 units, at a price of $0.01 per unit, for total gross proceeds of $427,500. Each unit consists of one Common Share and one-half of one Common Share purchase warrant. Each warrant entitles the holder thereof to purchase one Common Share for a period of eighteen months from the closing date at a price of $0.10 per Common Share.

Included as part of this private placement, 10,000,000 units were issued for the $100,000 subscription received in advance (Note 8 (c)) during the year ended April 30, 2023.