AION THERAPEUTIC INC.

Unaudited Condensed Interim Consolidated Financial Statements

For the Three Months Ended July 31, 2023 and 2022

AION THERAPEUTIC INC.

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AION THERAPEUTIC INC.

NOTICE TO READER

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

September 28, 2023

Aion Therapeutic Inc.
Condensed Interim Consolidated Statements Financial Position
As at July 31, 2023 and April 30, 2023
(Unaudited - Expressed in Canadian Dollars)

	Notes		July 31, 2023		April 30, 2023
Assets					
Current assets:					
Cash		**$**	**33,920**	$	336
Harmonized sales tax receivable			**39,706**		197,381
Loans and advances	13		**64,776**		-
			138,402		197,717
Equity investments	10		**12,955**		12,955
Total assets		**$**	**151,357**	$	210,672
Liabilities and shareholders' deficiency					
Current liabilities:					
Accounts payable and accrued liabilities		**$**	**1,867,069**	$	1,966,198
Loans payable	6		**1,004,748**		970,300
			2,871,817		2,936,498
Shareholders' deficiency					
Share capital	7		**14,787,595**		14,787,595
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			**255,000**		100,000
Accumulated other comprehensive income (loss)			**482**		(178,464)
Accumulated deficit			**(20,405,781)**		(20,077,201)
Total shareholders' deficiency			**(2,720,460)**		(2,725,826)
Total liabilities and shareholders' deficiency		**$**	**151,357**	$	210,672

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Approved by the Board of Directors on September 28, 2023

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

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

Aion Therapeutic Inc.
Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the Three Months Ended July 31, 2023 and 2022
(Unaudited - Expressed in Canadian Dollars)

	Notes		Three Months Ended July 31, 2023		Three Months Ended July 31, 2022 (Restated-See Note 15)
Expenses					
Accretion		$	-	$	1,068
Amortization of right-of-use asset			-		5,548
Consulting fees			68,527		72,664
Foreign exchange loss			131,762		12,980
Insurance			32,400		37,920
Interest expense			31,516		34,775
Investor relations			-		15,000
Management fees	8		60,000		74,500
Office, administration and miscellaneous			265		179
Professional fees			-		120,000
Rent			600		1,214
Transfer agent and regulatory fees			3,510		4,730
			(328,580)		(380,578)
Reversal of impairment on intangible assets	5		-		111,659
Gain on settlement of debt	7(c), 10		-		562,236
Net income (loss) for the period		$	(328,580)	$	293,317
Income (loss) per share – basic		$	(0.002)	$	0.002
Income (loss) per share – diluted		$	(0.002)	$	0.002
Weighted average number of common shares outstanding – basic			147,299,269		143,712,312
Weighted average number of common shares outstanding – diluted			147,299,269		178,119,040
Net income (loss) for the period		$	(328,580)	$	293,317
Foreign exchange translation adjustment			178,946		(14,773)
Comprehensive income (loss) for the period		$	(149,634)	$	278,544

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

Aion Therapeutic Inc.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Deficiency)
For the Three Months Ended July 31, 2023 and 2022
(Unaudited - Expressed in Canadian Dollars)

	Number of Common Shares Outstanding		Share Capital		Subscriptions Received in Advance		Contributed Surplus		Warrant Reserve		Share-based Compensation Reserve		Accumulated Deficit		Accumulated Other Comprehensive Income (Loss)		Shareholders' Equity (Deficiency)
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 7(c))	5,500,000		82,500		-		-		-		-		-		-		82,500
Foreign currency translation	-		-		-		-		-		-		-		(14,773)		(14,773)
Net income for the period (restated-see note 15)	-		-		-		-		-		-		293,317		-		293,317
Balance as at July 31, 2022	**147,299,269**	**$**	**14,787,595**	**$**	**-**	**$**	**391,486**	**$**	**653,404**	**$**	**1,597,354**	**$**	**(19,527,226)**	**$**	**51,822**	**$**	**(2,045,565)**
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)**
Subscriptions received in advance (Note 7(c))	-		-		155,000		-		-		-		-		-		155,000
Foreign currency translation	-		-		-		-		-		-		-		178,946		178,946
Net loss for the period	-		-		-		-		-		-		(328,580)		-		(328,580)
Balance as at July 31, 2023	**147,299,269**	**$**	**14,787,595**	**$**	**255,000**	**$**	**391,486**	**$**	**653,404**	**$**	**1,597,354**	**$**	**(20,405,781)**	**$**	**482**	**$**	**(2,720,460)**

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

Aion Therapeutic Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the Three Months Ended July 31, 2023 and 2022
(Unaudited - Expressed in Canadian Dollars)

		Three Months Ended July 31, 2023		Three Months Ended July 31, 2022 (Restated-See Note 15)
Cash flows from operating activities				
Net income (loss) for the period	$	(328,580)	$	293,317
Items not involving cash:				
Accretion on lease obligation		-		1,068
Accrued interest payable		34,448		34,031
Amortization of right-of-use assets		-		5,548
Reversal on impairment of intangible asset		-		(111,659)
Gain on settlement of debt		-		(562,236)
Non-cash working capital adjustments				
Harmonized sales tax receivable		157,675		(17,009)
Prepaid expenses		-		(21,258)
Accounts payable and accrued liabilities		(99,129)		297,047
Total cash used by operating activities		(235,586)		(81,151)
Cash flows from investing activities				
Loans and advances		(64,776)		-
Total cash used by investing activities		(64,776)		-
Cash flows from financing activities				
Shares subscription received		155,000		-
Repayment of lease obligations		-		(6,169)
Proceeds from loans payable		-		139,000
Repayment of loans payable		-		(20,000)
Total cash provided by financing activities		155,000		112,831
Effect of foreign currency exchange rate changes		178,946		(14,741)
Total increase in cash during the period		33,584		16,939
Cash - beginning of period		336		-
Cash - end of period	$	33,920	$	16,939

The following are non-cash transactions affecting cash flows from investing and financing activities during the three months ended July 31, 2022:

- The Company issued 5,500,000 common shares valued at $82,500 on settlement of debt.
- The Company received equity investments valued at $121,763 on sale of patents.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Aion Therapeutic 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 condensed interim 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 July 31, 2023, the Company had cash of $33,920 (April 30, 2023 – $336), working capital deficit of $2,733,415 (April 30, 2023 – $2,738,781), and an accumulated deficit of $20,405,781 (April 30, 2023 – $20,077,201). 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 condensed interim 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 condensed interim 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 condensed interim 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 condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standards ("IAS") 34 – *Interim Financial Reporting* and do not include all information required for full annual consolidated financial statements in accordance with IFRS and should be read in conjunction with the audited consolidated financials for the year ended April 30, 2023. These condensed interim consolidated financial statements of the Company and its subsidiaries were prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee ("IFRIC").

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

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 policies 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 condensed interim consolidated financial statements from the date that control commences until the date that control ceases. These condensed interim 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 condensed interim 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.

2. BASIS OF PRESENTATION (continued)

Significant accounting judgments and estimates (continued)

Critical Judgements

The preparation of these condensed interim consolidated financial statements requires management to make judgements regarding the going concern of the Company, as previously discussed in Note 1, 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.

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 condensed interim 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.

2. BASIS OF PRESENTATION (continued)

Significant accounting judgments and estimates (continued)

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 the 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.

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. 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.

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

Significant accounting judgments and estimates (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the consolidated financial statements as at and for the year ended April 30, 2023 have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

4. PROPERTY AND EQUIPMENT

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

		Equipment[(a)]		Total
Cost				
Balance at April 30, 2022	**$**	**-**	**$**	**-**
Reversal of impairment[(c)]		135,185		135,185
Sale of equipment[(c)]		(135,185)		(135,185)
Balance at April 30, 2023 and July 31, 2023	**$**	**-**	**$**	**-**
Net Book Value				
Balance at April 30, 2023 and July 31, 2023	**$**	**-**	**$**	**-**

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

b) 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.

c) 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).

(Unaudited - 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, 2022	**$ -**	**$ -**	**$ -**
Reversal of impairment on patents	-	111,659	111,659
Sale of patents	-	(111,659)	(111,659)
Balance at April 30, 2023 and July 31, 2023	**$ -**	**$ -**	**$ -**
Net Book Value			
Balance at April 30, 2023 and July 31, 2023	**$ -**	**$ -**	**$ -**

The Company's intangible assets relate to the development of intellectual property and development of a patent portfolio. 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 10). The Company recorded a reversal of impairment at $111,659 and gain on the sale at $10,104 during the year ended April 30, 2023.

6. LOAN 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).

The Company did not enter into any promissory notes during the three months ended July 31, 2023.

Interest expense in the amount of $34,448 was recorded for the three months ended July 31, 2023 (July 31, 2022 – $34,031). As at July 31, 2023, the outstanding loans payable including accrued interest amounted to $1,004,748 (April 30, 2023 – $970,300).

7. 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 regard to the Company's residual assets.

As at July 31, 2023, the Company had 147,299,269 (April 30, 2023 -147,299,269) Class A common shares issued and outstanding. There were no issuances of Class C common shares during the three months ended July 31, 2023 and year ended April 30, 2023.

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 three months ended July 31, 2023 and year ended April 30, 2023.

c) Share issuances

Three months ended July 31, 2023

The Company did not issue any shares during the three-month period ended July 31, 2023.

During the three months ended July 31, 2023, the Company received $155,000 as subscriptions for 15,500,000 units at $0.01 per unit, in addition to the receipt of $100,000 received during the year ended April 30, 2023 as a subscription for 10,000,000 units at $0.01 per unit. These common shares were issued subsequent to the period ended July 31, 2023 (Note 16).

Year ended April 30, 2022

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.

(Unaudited - Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

d) Warrants

The Company did not issue any share purchase warrants during the three months ended July 31, 2023 and the year ended April 30, 2023.

As at July 31, 2023, the Company had the following share purchase warrants issued and outstanding:

	Number of Warrants	Weighted Average Exercise Price ($)
Outstanding, April 30, 2022	**38,172,648**	**0.17**
Expired	(28,661,848)	-
Outstanding, April 30, 2023	**9,510,800**	**0.16**
Expired	(8,735,800)	-
Outstanding, July 31, 2023	**775,000**	**0.30**

As at July 31, 2023, the Company had the following share purchase warrants outstanding:

Outstanding	Exercise Price ($)	Remaining Life (Years)	Expiry Date
575,000	0.25	0.69	April 8, 2024
200,000	0.45	0.69	April 8, 2024
775,000	**0.30**	**0.69**	

e) Stock options

The Company did not grant any stock options during the three months ended July 31, 2023 and the year ended April 30, 2023.

During the three months ended July 31, 2023, 2,725,000 stock options expired, unexercised, and 2,250,000 stock options were forfeited and cancelled.

As at July 31, 2023 and April 30, 2023, the Company had the following stock options issued and outstanding:

	Number of Options	Weighted Average Exercise Price ($)
Outstanding, April 30, 2023	**6,725,000**	**0.13**
Expired	(2,725,000)	0.10
Cancelled	(2,250,000)	0.15
Outstanding, July 31, 2023	**1,750,000**	**0.15**

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

Outstanding	Exercisable	Exercise Price ($)	Remaining Life (Years)	Expiry Date
1,750,000	1,750,000	0.15	0.51	February 1, 2024

(Unaudited - Expressed in Canadian Dollars)

8. 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 condensed interim Condensed Interim Consolidated financial statements include the following:

During the three months ended July 31, 2023 and 2022, amounts expensed for key management services include the following:

		July 31, 2023		July 31, 2022
Fees for services of CEO	$	45,000	$	45,000
Fees for services of CFO		15,000		15,000
Fees for services of Director		-		14,500
Management fees	**$**	**60,000**	$	74,500

As at July 31, 2023, the Company had the following balances with related parties:

- Included in accounts payable and accrued liabilities is $248,400 (April 30, 2023 – $283,500) due to related parties.

The right-of-use asset (Note 11), the lease obligations (Note 12), and repayment of lease obligation of $nil (2022 – $6,169) for the three months ended July 31, 2023, were paid to entities which are under common control with the Company.

9. FINANCIAL INSTRUMENTS

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

9. FINANCIAL INSTRUMENTS (continued)

Financial risk management and objectives (continued)

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 July 31, 2023, the Company had cash of $33,920 and current liabilities of $2,871,817.

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 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.

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 10), as this is based on the price in the quoted market.

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS (continued)

Financial risk management and objectives (continued)

(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 July 31, 2023 and April 30, 2023, the Company did not use derivative instruments to hedge its exposure to foreign currency risk.

10. 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 at 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.

11. RIGHT-OF-USE ASSET

Balance, April 30, 2022	**$**	**-**
Addition during the period		45,093
Amortization		(17,301)
Early termination of sub-leased premises		(28,511)
Foreign exchange adjustment		719
Balance, April 30, 2023 and July 31, 2023	**$**	**-**

Right-of-use asset consisted of a sub-lease of commercial space in Jamaica amortized over 24 months. Effective January 31, 2023, the Company terminated the lease and recorded a net gain of $1,059. During the three months ended July 31, 2023, the Company amortized $nil (July 31, 2022 – $5,548) of its right-of-use asset.

(Unaudited - Expressed in Canadian Dollars)

12. 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, 2022	**$**	**-**
Addition during the period		45,093
Interest accretion expense		2,927
Lease payments made during the period		(19,160)
Early termination of sub-leased premises		(29,570)
Foreign exchange adjustment		710
Balance, April 30, 2023 and July 31, 2023	**$**	**-**

13. LOANS AND ADVANCES

On July 31, 2023, the Company advanced a loan of $64,776 (US $50,000) to an arms-length party under a promissory note. The promissory note bears interest at 10% per annum and matures on October 31, 2023.

14. 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 revenue; 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.

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 new common shares and warrants.

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.

(Unaudited - Expressed in Canadian Dollars)

15. RESTATEMENT OF PRIOR PERIOD COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements for the three months ended July 31, 2022 are restated to reflect the reversal of the impairment of intangible assets and adjustment to the gain on settlement of debt. There are no changes to the total cash used in operating activities or total cash provided by financing activities.

The effect of the changes in the comparative financial statements is summarized as follows:

	For the Three Months Ended July 31, 2022	
	Prior to Restatement	**Restated**
	$	**$**
Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive (Income) Loss:		
Foreign exchange loss	1,347	**12,980**
Total operating loss	(368,945)	**(380,578)**
Reversal of impairment of intangible assets	-	**111,659**
Gain on settlement of debt	1,177,038	**562,236**
Net income for the period	808,093	**293,317**
Income per share – basic	0.006	**0.002**
Income per share – diluted	0.005	**0.002**
Comprehensive income for the period	793,320	**278,544**
Condensed Interim Consolidated Statements of Cash Flows:		
Net Income for the period	808,093	**293,317**
Items not involving cash:		
Reversal of impairment of intangible assets	-	**(111,659)**
Gain on settlement of debt	(1,177,038)	**(562,236)**
Non-cash working capital adjustment:		
Accounts payable and accrued liabilities	285,414	**297,047**

16. 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, 25,500,000 units were issued for the $255,000 subscription received in advance (Note 7 (c)).