PASCAL BIOSCIENCES INC.
Consolidated Financial Statements
For the Years Ended November 30, 2022 and 2021

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PASCAL BIOSICENCES INC.

Opinion

We have audited the consolidated financial statements of Pascal Biosciences Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as at November 30, 2022 and 2021;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' deficiency for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at November 30, 2022 and 2021, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $480,280 during the year ended November 30, 2022 and, as of that date, the Company's working capital deficiency is $832,380. 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.

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 identified above 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.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we 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 Consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 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 auditors' 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 auditors' 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 auditors' report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
February 23, 2023

Pascal Biosciences Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at November 30:

	Notes	2022	2021
ASSETS		$	$
Current			
Cash		8,370	-
Prepaid expenses		3,245	3,192
Receivables	4	7,208	142,007
Total current assets		18,823	145,199
Equipment	5	-	9,989
Total assets		18,823	155,188
LIABILITIES			
Current liabilities			
Bank indebtedness		-	7,759
Accounts payable and accrued liabilities	6, 10	626,586	588,944
Short-term loan payable	10	224,617	49,780
Total current liabilities		851,203	646,483
Accounts payable		111,725	-
Total liabilities		962,928	646,483
SHAREHOLDERS' DEFICIENCY			
Equity attributable to shareholders			
Share capital	7	13,052,100	13,026,100
Shares to be Issued	7	-	46,000
Reserves	7	424,152	712,851
Deficit		(14,420,357)	(14,276,246)
Total shareholders' deficiency		(944,105)	(491,295)
Total liabilities and shareholders' deficiency		18,823	155,188

Approved on behalf of the Board:

"Patrick W. Gray"

Director

"Terry Pearson"

Director

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

Pascal Biosciences Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the years ended November 30

	Notes	2022	2021
General and administrative expenses			
Accounting and audit fees		93,659	68,978
Administrative and general office		38,459	71,293
Amortization	5	8,294	16,325
Bank charges and interest		3,901	5,585
Consulting fees	10	3,306	132,348
Salaries and benefits	4, 10	232,821	291,607
Foreign exchange loss		25,698	2,284
Insurance		19,848	40,280
Investor relations and marketing		(4,683)	108,947
Legal fees		19,673	16,522
Research and development	4	(48,628)	57,775
Share-based payments	7, 10	47,470	200,027
Transfer agent, listing and filing fees		17,937	26,188
Travel and entertainment		(754)	49
Total general and administrative expenses		(457,001)	(1,038,208)
Other Income			
Bad debt expense	4	(129,477)	(50,723)
Interest income		1,402	-
Gain on sale of equipment	5	7,281	
Gain on debt settlement	6	97,515	-
Net loss and comprehensive loss for the year		(480,280)	(1,088,931)
Loss per share, basic and diluted		(0.01)	(0.02)
Weighted average common shares outstanding - basic and diluted		65,546,824	63,484,358

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

Pascal Biosciences Inc.
Consolidated Statements in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Common Shares					Total
	Number of Shares	Amount	Shares to be Issued	Option Reserve	Deficit	Shareholders' Deficiency
		$	$	$	$	$
Balance, November 30, 2020	57,594,769	12,331,652	-	887,921	(13,571,912)	(352,339)
Shares issued for cash	7,500,000	740,500	-	9,500	-	750,000
Share issuance costs	-	(46,052)	-	-	-	(46,052)
Shares to be issued in lieu of salaries	-	-	46,000	-	-	46,000
Share-based payments	-	-	-	200,027	-	200,027
Fair value transfer on expiry and cancellation of options	-	-	-	(384,597)	384,597	-
Net loss for the year	-	-	-	-	(1,088,931)	(1,088,931)
Balance, November 30, 2021	**65,094,769**	**13,026,100**	**46,000**	**712,851**	**(14,276,246)**	**(491,295)**
Share issuance costs	-	(20,000)		-	-	(20,000)
Shares issued in lieu of salaries	500,000	46,000	(46,000)	-	-	-
Share-based payments	-	-	-	47,470	-	47,470
Fair value transfer on expiry of options	-	-	-	(336,169)	336,169	-
Net loss for the year	-	-	-	-	(480,280)	(480,280)
Balance, November 30, 2022	**65,594,769**	**13,052,100**	**-**	**424,152**	**(14,420,357)**	**(944,105)**

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

Pascal Biosciences Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended November 30:	**2022**	**2021**
	$	**$**
Cash provided by (used in):		
Operating activities:		
Net loss for the year	(480,280)	(1,088,931)
Items not involving cash:		
Amortization	8,294	16,325
Share-based payments	47,470	200,027
Gain on debt settlement	(97,515)	-
Gain on sale of equipment	(7,281)	
Shares issued for services	-	46,000
Bad debt expense	129,477	50,723
Changes in non-cash working capital:		
Prepaid expenses	(53)	7,406
Receivables	5,322	(108,928)
Accounts payable and accrued liabilities	246,882	262,450
	(147,684)	(614,928)
Investing activity:		
Proceeds from sale of equipment	8,976	-
Financing activities:		
Shares issued for cash	-	624,500
Proceeds from short-term loan	174,837	45,630
Share issuance costs	(20,000)	(46,052)
	154,837	624,078
Net change in cash	16,129	9,150
Bank indebtedness, beginning of year	(7,759)	(16,909)
Cash (bank indebtedness), end of year	8,370	(7,759)
Supplemental cash flow information:		
Short-term loan payable applied to shares issued for cash	-	125,500
Shares issued for services applied to accounts payable	48,774	-
Shares issued for services applied to share capital	(46,000)	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Pascal Biosciences Inc. (the "Company") was incorporated on January 28, 2011 pursuant to the *Business Corporations Act* (British Columbia). On May 24, 2013, the Company acquired all of the issued and outstanding shares of bioMmune Advanced Technologies Inc. ("BAT"), a private company (incorporated on July 5, 2012) formed to commercially exploit a number of patents and patent applications that surround three technologies. On March 27, 2017, the Company incorporated a wholly owned subsidiary in Seattle, Washington, named Pascal Biosciences US, Inc. ("Pascal (US)"). The Company is a Tier 2 Biotechnology Issuer engaged in the research and development of products for the treatment of cancers and for improvement of the immune system, trading on the TSX Venture Exchange (the "Exchange") under the trading symbol "PAS". Subsequent to the year ended November 30, 2022, the Company plans to de-list from the Exchange and list on the Canadian Securities Exchange ("CSE") upon receiving approval (Note 14).

The Company's head office is Suite 304, 4000 Mason Road, Seattle, WA 98195.

The Company has not generated any revenues and has incurred losses since inception. The Company expects to spend a significant amount of capital to fund research and development. As a result, the Company expects that its operating expenses will increase significantly, and consequently, will require significant revenues to become profitable. Even if the Company does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Company cannot predict when, if ever, it will be profitable. There can be no assurances that the intellectual property of the Company will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed.

These consolidated financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at November 30, 2022, the Company has a working capital deficiency of $832,380 (2021: $501,284) and reported a net loss of $480,280 (2021: $1,088,931). The Company's ability to maintain its existence is dependent upon the continuing support of its creditors and its success in obtaining new equity financing for its ongoing operations. Financing options available to the Company include equity financings and loans. These conditions indicate the existence of material uncertainties that may cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Realization values of the Company's assets may be substantially different from carrying values as shown in these condensed interim consolidated financial statements and, accordingly, should the Company be unable to continue as a going concern, the adjustments could be material.

Since January 2020, the outbreak of the worldwide COVID-19 pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The Company may face disruption to operations, supply chain delays, travel and trade restrictions, and impacts on economic activity in affected countries can be expected that are difficult to quantify.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration and enduring impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results, condition, and financings (equity and debt) of the Company in future periods.

There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic's impact on global industrial and financial markets which may reduce share prices and financial liquidity, thereby limiting access to additional capital.

2. STATEMENT OF COMPLIANCE, BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards, as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on February 23, 2023.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair values. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are the same as those disclosed in Note 3.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its wholly owned subsidiaries, BAT and Pascal (US).

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, BAT and Pascal (US). A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. All significant intercompany transactions and balances have been eliminated upon consolidation.

(b) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of long-lived assets to determine whether there is an indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment charge (if any).

The recoverable amount used for this purpose is the higher of the fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(c) Research and development costs

Research costs, including costs for new patents and patent applications, are expensed in the period in which they are incurred. Development costs are expensed in the period in which they are incurred unless certain criteria, including technical feasibility, commercial feasibility, intent and ability to develop and use the technology, are met for deferral and amortization. No development costs have been deferred to date.

(d) Government assistance

Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

Grants that compensate the Company for expenses incurred are recognized in profit or loss in reduction thereof on a systematic basis in the same years in which the expenses are recognized. Grants that compensate the Company for the cost of an asset are applied against the cost of the asset and recognized in profit or loss on a systematic basis over the useful life of the asset.

(e) Share capital

Common shares issued by the Company are classified as shareholders’ equity (deficiency). Incremental costs directly attributable to the issuance of shares are recognized as a deduction from shareholders’ equity (deficiency).

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated using the residual method whereby proceeds are allocated first to common shares based on the market trading price of the common shares, and any remaining balance is allocated to warrants.

(f) Share-based payments

The Company accounts for share-based payments using a fair value-based method with respect to all share-based payments measured and recognized, to directors, employees and non-employees.

For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the options are recorded at the fair value of the goods or services received. When the value of the goods or services received in exchange for the share-based payments cannot be reliably estimated, the fair value is measured using the Black-Scholes option pricing model. When options and warrants are exercised, the related amount in the options and warrants reserve is transferred to share capital. When options and warrants expire unexercised, such amounts are transferred to deficit.

(g) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, deferred income tax assets and liabilities are determined based on differences between financial statement carrying amounts of existing assets and liabilities, and their respective tax basis (temporary differences). Deferred income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantively enacted. The amount of deferred income tax assets recognized is limited to the amount of the benefit that is probable of being realized.

(h) Functional currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

i. Monetary assets and liabilities, at the rate of exchange in effect as at the consolidated statement of financial position date;
ii. Non-monetary assets and liabilities, at the exchange rates prevailing at the time of acquisition of the assets or assumption of the liabilities; and
iii. Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange on the transaction date.

Gains and losses arising from this translation of foreign currency are included in determination of profit or loss for the year.

(i) Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimated uncertainty that management has made as at the consolidated statements of financial position date that could result in a material adjustment to the carrying amount of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical Accounting Estimates

Critical accounting estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities include, but are not limited to, the following:

- Accounts receivable

  Accounts receivable is recorded at the estimated recoverable amount, which involves the estimate of uncollectable amounts.

- Share-based payments

  The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices and changes in other subjective input assumptions that can materially affect the fair value estimate.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

- Going concern

  The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual research and development programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

- Treatment of research and development expenses

  The application of the Company's accounting policy for research and development expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Significant judgment is required to distinguish between the research and development phases. Estimates and assumptions may change if new information becomes available. If new information suggests future economic benefits are unlikely, the amount capitalized is written off to profit or loss.

- Recovery of deferred tax assets

  The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the consolidated financial statements.

- Functional currency

  The functional currency of the Company and its subsidiaries is the currency of their respective primary economic environment, and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment.

- Discontinued operations

  Judgment is applied in determining whether disposal groups represent a component of the entity, the results of which should be recorded as discontinued operations in the consolidated statements of loss and comprehensive loss.

(j) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The computation of diluted earnings (loss) per share assumes the exercise or contingent issuance of securities only when such exercise or issuance would have a dilutive effect on the earnings (loss) per share.

(k) Equipment

Equipment is recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is recorded using the declining-balance method and is intended to depreciate the cost of the assets over their estimated useful lives as follows:

Lab equipment	20%
Computer equipment	55%

(l) Financial instruments

Financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized costs
A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary. The Company's receivables are classified as amortized costs.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")
A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in other comprehensive income. The Company does not have financial assets classified as FVTOCI.

Financial assets measured at fair value through profit or loss ("FVTPL")
A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss). The Company's cash is classified as FVTPL.

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable. The Company's financial liabilities include accounts payable and accrued liabilities; short-term loan payable are classified as financial liabilities subsequently measured at amortized cost.

4. RESEARCH AND DEVELOPMENT

During the year ended November 30, 2021, the Company was awarded a grant of US$321,406 from the National Cancer Institute of the US National Institutes of Health (NIH). This two-year award will fund development of Pascal's antibody drug for Acute Lymphoblastic Leukemia (ALL), which is the most common childhood leukemia. During the year ended November 30, 2022, the Company incurred $39,882 (US$30,802) (2021: $48,162/US$38,418) in research and development expenditures against income of $90,379 (US$69,803) (2021: $48,162/US $38,418) in funding from NIH.

On September 14, 2020, the Company and SōRSE announced that they have entered into a Collaborative Research Agreement (the "Agreement") to advance Pascal's immune-stimulating cannabinoid PAS-393 into clinical testing in humans. Pascal (US) and SōRSE will share their respective technologies to test the cannabinoid PAS-393 in human volunteers, enabling testing of cancer patients treated with checkpoint inhibitors.

(Expressed in Canadian Dollars)

SōRSE will provide US$750,000 in research funding to Pascal (US) throughout the 15-month collaboration and will pay for related research expenditures. During the year ended November 30, 2022, the Company received $nil (2021: $563,801/US$500,000) of research funding, which is included in salaries and benefits and has an account receivable of $nil (2021: $127,920/US$100,000). The Company also wrote off accounts receivable of $129,477 (US$100,000) in relation to research funding from SōRSE.

5. EQUIPMENT

Cost		**Lab Equipment**		**Computer Equipment**		**Total**
Balance, November 30, 2020 and 2021	$	67,228	$	4,401	$	71,629
Dispositions	$	(815)	$	(880)	$	(1,695)
Balance, November 30, 2022	$	66,413	$	3,521	$	69,934
Accumulated Amortization						
Balance, November 30, 2020	$	44,966	$	349	$	45,315
Charge for the year		14,398		1,927		16,325
Balance, November 30, 2021	$	59,364	$	2,276	$	61,640
Charge for the year		7,049		1,245		8,294
Balance, November 30, 2022	$	66,413	$	3,521	$	69,934
Carrying Value						
Balance, November 30, 2021	$	7,864	$	2,125	$	9,989
Balance, November 30, 2022	$	-	$	-	$	-

During the year ended November 30, 2022, the Company disposed of some computer and lab equipment, which resulted in a gain of $7,281.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

On March 21, 2022, the Company entered into a settlement agreement with an arm's length party to settle debt of $116,550 for $30,000 in cash, resulting in a gain on debt settlement of $86,550.

On November 30, 2022, the Company entered into a settlement agreement with an arm's length party to settle debt of $53,136 for $42,171 in cash, resulting in a gain on debt settlement of $10,965.

7. SHARE CAPITAL

(a) Authorized

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

(b) Common shares

Year ended November 30, 2022

On January 4, 2022, the Company issued 500,000 common shares, with a fair value of $46,000 to the former CEO per his employment agreement in lieu of two months' worth of salary. The fair value of $46,000 was recorded as shares to be issued in lieu of salary as at November 30, 2021.

Year ended November 30, 2021

On February 8, 2021, the Company closed the first tranche of a private placement by issuing 5,600,000 Units at a price of $0.10 per Unit for gross proceeds of $560,000. Each Unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.15 per share for a period of 24 months from the date of closing, subject to an acceleration clause which the Company may exercise once the Units are free of resale restrictions and if the Company's shares are trading at or above a volume weighted average price of $0.40 for 10 consecutive trading days. The warrants will expire upon 30 days from the date the Company provides notice in writing to the warrant holders via a news release. The Company paid $32,200 in finder's fees related to the closing of the first tranche.

On March 17, 2021, the Company closed the second tranche of the non-brokered private placement by issuing 1,900,000 Units at a price of $0.10 per Unit for gross proceeds of $190,000. Part of the gross proceeds was paid by settling $125,500 of the short-term loan payable. Each Unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.15 for a period of 24 months from the date of closing, subject to an acceleration clause, under which the Company may exercise once the Units are free of resale restrictions and if the Company's shares are trading at or above a volume weighted average price of $0.40 for 10 consecutive trading days. The warrants will expire upon 30 days from the date the Company provides notice in writing to the warrant holders via a news release. The Company paid $1,365 in finder's fees and incurred cash share issuance costs of $12,487 related to the closing of the second tranche. The Company allocated $9,500 of the gross proceeds to warrants using the residual method.

(c) Stock options

During the year ended November 30, 2012, the Company adopted a stock option plan, which provides that the Board of Directors may, from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares and exercisable for five years from the date of grant.

(Expressed in Canadian Dollars)

A summary of the Company's outstanding stock options and changes is as follows:

	Quantity	**Weighted Average Exercise Price ($)**
Outstanding, November 30, 2020	3,915,000	0.37
Granted	3,775,000	0.09
Expired	(1,510,000)	0.27
Cancelled	(392,000)	0.72
Outstanding, November 30, 2021	5,788,000	0.19
Granted	500,000	0.08
Expired	(1,613,000)	0.32
Outstanding, November 30, 2022	4,675,000	0.14
Exercisable as at November 30, 2022	4,550,000	0.14

On February 28, 2022, the Company granted 500,000 stock options to the current CEO. The stock options are exercisable at a price of $0.08 per share, for a period of five years and will vest quarterly over one year. The fair value of the stock options was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.73%, expected dividend rate of 0%, expected volatility of 94.02%, and forfeiture rate of 0%. The fair value of the options was calculated at $28,772. The share-based payment expense recognized during the year ended November 30, 2022 was $26,999 (2021: $nil).

On September 3, 2021, the Company granted 500,000 stock options to the former CEO. The stock options are exercisable at a price of $0.08 per share, for a period of five years and vest immediately on the grant. The fair value of the stock options was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 0.98%, expected dividend rate of 0%, expected volatility of 95.83%, and forfeiture rate of 0%. The fair value of the options was calculated at $31,082. The share-based payment expense recognized during the year ended November 30, 2022 was $nil (2021: $31,082).

On April 20, 2021, the Company granted 2,875,000 stock options to directors, employees and consultants of the Company. The stock options are exercisable at a price of $0.08 per share, for a period of five years and will vest quarterly over one year. The fair value of the stock options was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 0.75%, expected dividend rate of 0%, expected volatility of 94.59%, and forfeiture rate of 0%. The fair value of the options was calculated at $164,478. The share-based payment expense recognized during the year ended November, 2022 was $19,421 (2021: $123,603).

On December 18, 2020, the Company granted 400,000 stock options to directors and employees of the Company. The stock options are exercisable at a price of $0.15, for a period of five years and vest quarterly over one year. The fair value of the stock options was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 0.35%, expected dividend rate of 0%, expected volatility of 94.21%, and forfeiture rate of 0%. The fair value of the options was calculated at $42,621. The share-based payment expense recognized during the year ended November 30, 2022 was $525 (2021: $42,096).

(Expressed in Canadian Dollars)

On May 28, 2019, the Company granted 198,000 stock options to consultants, exercisable at a price of $0.20 per share. The stock options will vest quarterly over 36 months and expire on May 28, 2022. The fair value of the stock options was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 1.48%, expected dividend rate of 0%, expected volatility of 87.39%, and forfeiture rate of 0%. The fair value of the options was calculated at $21,651. The share-based payment expense recognized during the year ended November 30, 2022 was $525 (2021: $3,246).

Option pricing models require the use of highly subjective estimates and assumptions. The expected volatility assumption is based on the historical and implied volatility of the Company's common share price on the Exchange. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the expense recorded in the accompanying consolidated statements of operations and comprehensive loss.

The options outstanding at November 30, 2022 are as follows:

Expiry Date	**Outstanding**	**Exercisable**	**Weighted Average Exercise Price ($)**	**Weighted Average Remaining Contractual Life (Years)**
January 3, 2023	500,000	500,000	0.08	0.09
January 28, 2023	100,000	100,000	0.29	0.16
August 2, 2023	800,000	800,000	0.35	0.67
December 18, 2025	400,000	400,000	0.15	3.05
April 20, 2026	2,375,000	2,375,000	0.08	3.39
February 28, 2022	500,000	375,000	0.08	4.25
	4,675,000	4,550,000	0.14	2.57

(d) Share purchase warrants

A summary of the Company's outstanding share purchase warrants and changes is as follows:

	Quantity	**Weighted Average Exercise Price ($)**	**Weighted Average Remaining Contractual Life (Years)**
Balance, November 30, 2020	3,793,548	0.15	1.31
Issued	7,500,000	0.15	1.22
Balance, November 30, 2021	11,293,548	0.15	0.91
Expired	(3,793,548)	0.15	0.00
Balance, November 30, 2022	7,500,000	0.15	0.22

(Expressed in Canadian Dollars)

The warrants outstanding at November 30, 2022 are as follows:

Expiry Date	Number Outstanding	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)
February 8, 2023	5,600,000	0.15	0.19
March 17, 2023	1,900,000	0.15	0.29
	7,500,000	0.15	0.22

8. INCOME TAXES

As at November 30, 2022, the Company has non-capital losses of approximately $5,896,000, which may be applied against future income for Canadian income tax purposes and non-capital losses of approximately $6,082,000, which may be applied against future income for US income tax purposes. The potential future tax benefits of these losses have not been recorded in these consolidated financial statements.

The losses expire as follows:

	$
2031	13,000
2032	88,000
2033	396,000
2034	528,000
2035	657,000
2036	652,000
2037	796,000
2038	2,599,000
2039	3,348,000
2040	1,300,000
2041	881,000
2042	720,000
	11,978,000

(Expressed in Canadian Dollars)

A reconciliation of income tax provision computed at Canadian statutory rates to the reported taxes is as follows:

	2022	2021
	$	$
Loss before income taxes	(480,280)	(1,088,931)
Income tax as statutory rates	27.00%	27.00%
Expected income tax recovery	(129,676)	(294,011)
Non-deductible items	12,817	54,007
Temporary differences attributed to:		
Change in timing differences	30,482	(13,204)
Under (over) provided in prior years	(912)	181,433
Foreign exchange	(88,330)	37,203
Unused tax losses and tax offsets not recognized	175,619	34,572
Total income tax recovery	-	-

The Company recognizes tax benefits on losses or other deductible amounts generated where the criteria for the recognition of deferred tax assets have been met. The following are the deductible temporary differences for which no deferred tax assets are recognized in the consolidated financial statements, as it is not probable that the deferred tax assets will be realized in the future:

	2022	2021
	$	$
Non-capital losses carried forward	11,978,000	11,258,000
Equipment, patents and licenses	1,615,000	1,649,000
Share issuance costs	44,000	125,000
Cumulative eligible capital	69,000	69,000
	13,706,000	13,101,000

9. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of any identified business opportunities and to maintain a flexible capital structure for the benefit of its stakeholders.

The Company includes shareholders' equity (deficiency), comprised of issued share capital, reserves and deficit in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture arrangements, acquire or dispose of assets, or adjust the amount of cash.

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 manage its capital to be able to sustain the future development of the Company's business. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended November 30, 2022.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions that occurred during the years ended November 30, 2022 and 2021:

Services provided by:		**2022**	**2021**
		$	**$**
Key management salaries/fees	a)	203,666	307,811
Director and officer salaries/fees	b)	15,132	417,284
Share-based payments		39,937	139,193
Benefits		18,163	120,799
		276,898	985,087

Related parties include:

a) Key management salaries include amounts paid to the current CEO, former CEO and the CFO.

b) Director and officer salaries include amounts paid to the Vice President of Research and the Vice President of Therapeutic Development.

Included in accounts payable and accrued liabilities is $473,595 (2021: $233,820) payable to directors and officers of the Company. The amounts in accounts payable and accrued liabilities are non-interest bearing and due within 30 days except an amount of $24,146 which is due in the next two years. Additionally, there are loans to the Company by a director of the Company totaling $224,617 (US $137,818) (2021: $49,780 /US$34,318). The loan is unsecured, is due on demand and bears no interest.

On November 30, 2022, the Company entered into agreements with non-arm's length parties stating that Company will issue 1,204,245 common shares of the Company and $5,000 in cash to settle debt of $195,840. As at November 30, 2022, the Company has not issued the common shares and the full amount is recorded in accounts payable and accrued liabilities.

11. FINANCIAL INSTRUMENTS

(a) Fair value

Financial instruments recognized at fair value on the consolidated statements of financial position must be classified in one of the following three fair value hierarchy levels:

Level 1 – measurement based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – measurement based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability; or

Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

(Expressed in Canadian Dollars)

As at November 30, 2022 and 2021, the Company's financial instruments are comprised of cash, receivables, bank indebtedness and accounts payable and accrued liabilities. The carrying amounts reported in the consolidated statements of financial position for cash, receivables, short-term loan payable, and accounts payable and accrued liabilities approximate fair values due to the short-term maturities of these financial instruments.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company considers its exposure to credit risk to be low, as its cash is deposited with a large financial institution with a strong credit rating. During the year ended November 30, 2022, the Company recorded a provision of $129,477 against receivables from SōRSE.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

At November 30, 2022, the Company had cash of $8,370 (2021: $nil) available to apply against short-term business requirements and current liabilities of $851,203 (2021: $646,483). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of November 30, 2022. The short-term loan payable is due on demand.

(d) Currency risk

The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar. The Company does not manage currency risks through hedging or other currency management tools.

As at November 30, 2022 and 2021, the Company's net exposure to foreign currency risk is as follows:

US dollars	**2022**	**2021**
	$	**$**
Cash (Bank indebtedness)	6,169	(8,140)
Accounts receivable	-	100,000
Accounts payable	(233,320)	(265,944)
Short-term loan payable	(99,818)	(34,318)
Net exposure to foreign currency risk	(326,969)	(208,402)
Canadian dollar equivalent	(441,670)	(266,588)

Based on the above net foreign currency exposure, and assuming all other variables remain constant, a 7% weakening or strengthening of the Canadian dollar against the US dollar would have an immaterial effect on the Company's net loss and comprehensive loss.

(e) Other price risk

Other price risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

12. SEGMENTED INFORMATION

The Company has one operating segment, biotechnology research and development, with lab and computer equipment in the United States of America. The Company closed down its biotechnology research and development segment subsequent to the year (Note 14).

13. CONTINGENCY

On February 8, 2022, the Company received a Notice of Civil Claim against the Company from a former officer of the Company for damages due to a breach of contract and wrongful termination. The claim against the Company is for 500,000 common shares of the Company to be issued to the former officer, punitive damages, interest and costs. The 500,000 common shares with the fair value of $46,000 were issued during the year ended November 30, 2022. No other amounts have been accrued in respect of this claim.

On January 19, 2023, the Company received a Notice of Application from the former officer. Given the nature of the claim, it is not currently possible for the Company to predict the outcome or reasonably estimate the possible financial effect of damages in connection with the Notice of Application issued on January 19, 2023. No amounts have been accrued in respect of this claim.

14. EVENTS SUBSEQUENT TO THE YEAR

On December 30, 2022, the Company entered into an agreement with a non-arm's length party to settle debt of $402,209 by issuing 5,027,613 common shares of the Company at a deemed price of $0.08 per share.

Transaction with SōRSE

On February 11, 2023, the Company signed an asset purchase agreement (the "Agreement") with SōRSE to acquire from SōRSE the assets comprising THC Essentials. The purchase price of US$1,125,000 will be paid as follows: (i) a secured promissory note of US$500,000, bearing interest at 7.5% per annum payable 13 months from the closing date, (ii) an aggregate of the greater of 3,555,000 post-consolidation shares and 9.9% of the number of post-consolidation shares Pascal has issued and outstanding on the listing date, and (iii) US$625,000 payable at the closing of the transaction. The Company will sign a promissory note and a security agreement which secures the Company assets until the US$500,000 plus interest of 7.5% is paid. The closing of the transaction is conditional of the Company listing on the CSE.

Subsequent to the year, the Company closed down its research labs and stopped its research and development activities related to cancer programs. The Company evaluated the change in their business in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and determined that it did not meet the definition of discontinued operations as it did not represent a separate major line of business.