PASCAL BIOSCIENCES INC.
Condensed Interim Consolidated Financial Statements
For the Three Months Ended February 28, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, released by the Canadian Securities Administrators, the Company discloses that its independent auditors have not reviewed the condensed interim consolidated financial statements for the three months ended February 28, 2023 and 2022.

Pascal Biosciences Inc.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Notes	February 28, 2023	November 30, 2022
ASSETS		$	$
Current			
Cash		10,411	8,370
Prepaid expenses		4,233	3,245
Receivables		11,039	7,208
Total current assets		25,683	18,823
Total assets		25,683	18,823
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	723,643	626,586
Short-term loan payable	7	300,160	224,617
Total current liabilities		1,023,803	851,203
Accounts payable		76,845	111,725
Total liabilities		1,100,648	962,928
SHAREHOLDERS' DEFICIENCY			
Equity attributable to shareholders			
Share capital	5	13,052,100	13,052,100
Reserves	5	374,705	424,152
Deficit		(14,501,770)	(14,420,357)
Total shareholders' deficiency		(1,074,965)	(944,105)
Total liabilities and shareholders' deficiency		25,683	18,823

Approved on behalf of the Board:

"Patrick W. Gray" — Director

"Terry Pearson" — Director

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

Pascal Biosciences Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

For the three months ended February 28

	Notes	2023	2022
General and administrative expenses			
Accounting and audit fees		38,336	14,331
Administrative and general office		3,854	11,155
Amortization		-	2,728
Bank charges and interest		1,069	1,540
Consulting fees	7	13,487	(8,561)
Salaries and benefits	4, 7	-	96,016
Foreign exchange loss		5,359	(1,986)
Insurance		712	4,779
Investor relations and marketing		6,805	(5,693)
Legal fees		38,844	6,402
Research and development	4	36,501	(1,793)
Share-based payments	5, 7	1,774	15,508
Transfer agent, listing and filing fees		10,722	3,181
Travel and entertainment		-	(741)
Total general and administrative expenses		(157,463)	(136,866)
Other Income			
Interest income		-	1,402
Other income		17,585	-
Gain on sale of equipment		7,244	-
Net loss and comprehensive loss for the period		(132,634)	(135,464)
Loss per share, basic and diluted		(0.00)	(0.00)
Weighted average common shares outstanding - basic and diluted		65,594,769	65,402,461

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

Pascal Biosciences Inc.

Condensed Interim Consolidated Statements in Shareholders' Deficiency

(Unaudited - Expressed in Canadian Dollars)

	Common Shares					Total
	Number of			Option		Shareholders'
			Shares to be			
	Shares	Amount	Issued	Reserve	Deficit	Deficiency
		$	$	$	$	$
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	-	-	-	15,508	-	15,508
Fair value transfer on expiry of options	-	-	-	(150,444)	150,444	-
Net loss for the period	-	-	-	-	(135,464)	(135,464)
Balance, February 28, 2022	65,594,769	13,052,100	-	577,915	(14,261,266)	(631,251)
Share-based payments	-	-	-	31,962	-	31,962
Fair value transfer on expiry of options	-	-	-	(185,725)	185,725	-
Net loss for the period	-	-	-	-	(344,816)	(344,816)
Balance, November 30, 2022	65,594,769	13,052,100	-	424,152	(14,420,357)	(944,105)
Share-based payments	-	-	-	1,774	-	1,774
Fair value transfer on expiry of options	-	-	-	(51,221)	51,221	-
Net loss for the period	-	-	-	-	(132,634)	(132,634)
Balance, February 28, 2023	**65,594,769**	**13,052,100**	**-**	**374,705**	**(14,501,770)**	**(1,074,965)**

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

Pascal Biosciences Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

For the three months ended February 28:	**2023**	**2022**
	$	**$**
Cash provided by (used in):		
Operating activities:		
Net loss for the period	(132,634)	(135,464)
Items not involving cash:		
Amortization	-	2,728
Share-based payments	1,774	15,508
Gain on sale of equipment	(7,244)	-
Changes in non-cash working capital:		
Prepaid expenses	(988)	(13,821)
Receivables	(3,831)	(683)
Accounts payable and accrued liabilities	62,177	84,153
	(80,746)	(47,579)
Investing activity:		
Proceeds from sale of equipment	7,244	-
Financing activities:		
Proceeds from short-term loan	75,543	80,002
Share issuance costs	-	(20,000)
	75,543	60,002
Net change in cash	2,041	12,423
Cash, beginning of period	8,370	(7,759)
Cash, end of period	10,411	4,664
Supplemental cash flow information:		
Shares issued for services applied to accounts payable	-	-
Shares issued for services applied to share capital	-	(46,000)

The accompanying notes are an integral part of these condensed interim 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 quarter ended February 28, 2023, the Company plans to de-list from the Exchange and list on the Canadian Securities Exchange ("CSE") upon receiving approval (Note 11).

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 condensed interim 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 February 28, 2023, the Company has a working capital deficiency of $998,120 (November 30, 2022: $832,380) and reported a net loss of $132,634 (2022: $135,464). 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 condensed interim 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 condensed interim consolidated financial statements were authorized for issue by the Board of Directors on April 27, 2023.

(b) Basis of measurement

These condensed interim 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 condensed interim 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 in the Company's annual consolidated financial statements as at and for the year ended November 30, 2022.

(c) Functional and presentation currency

These condensed interim 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

These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IIFRIC"). The accounting policies and methods of computation applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company's annual consolidated financial statements as at and for the year ended November 30, 2022.

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 three months ended February 28, 2023, the Company incurred $67,271 (US$49,878) (2022: $4,362/US$3,432) in research and development expenditures against income of $30,770 (US$22,814) (2022: $6,155/US $4,843) 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.

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). During the year ended November 30, 2022, the Company also wrote off accounts receivable of $129,477 (US$100,000) in relation to research funding from SōRSE.

5. 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

Three months ended February 28, 2023

There were no financing activities during the three months ended February 28, 2023.

Three months ended February 28, 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.

(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.

(Unaudited - 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, 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
Expired	(600,000)	0.12
Outstanding, February 28, 2023	4,075,000	0.14
Exercisable as at February 28, 2023	4,075,000	0.14

On February 28, 2022, 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 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 three months ended February 28, 2023 was $1,774 (2022: $nil).

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 February 28, 2023 are as follows:

Expiry Date	Outstanding	Exercisable	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)
August 2, 2023	800,000	800,000	0.35	0.42
November 30, 2023	500,000	500,000	0.08	0.75
December 18, 2025	400,000	400,000	0.15	2.81
April 20, 2026	2,375,000	2,375,000	0.08	3.14
	4,075,000	4,075,000	0.14	2.28

(Unaudited - Expressed in Canadian Dollars)

(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, 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
Expired	(5,600,000)	0.15	0.00
Balance, February 28, 2023	1,900,000	0.15	0.05

The warrants outstanding at February 28, 2023 are as follows:

Expiry Date	Number Outstanding	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)
March 17, 2023	1,900,000	0.15	0.05
	1,900,000	0.15	0.05

Subsequent to February 28, 2023, a total of 1,900,000 warrants with an exercise price of $0.15 expired unexercised.

6. 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 three months ended February 28, 2023.

(Unaudited - Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions that occurred during the three months ended February 28, 2023 and 2022:

Services provided by:		**2023**	**2022**
		$	**$**
Key management salaries/fees	a)	7,500	38,966
Director and officer salaries/fees	b)	-	15,132
Share-based payments		-	9,840
Benefits		-	18,163
		7,500	82,101

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 $295,520 (November 30, 2022: $473,595) 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. Additionally, there are loans to the Company by a director of the Company totaling $300,160 (US $163,053) (November 30, 2022: $224,617 /US$137,818). 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. 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. As at February 28, 2023, the Company has not issued the common shares and the full amount is recorded in accounts payable and accrued liabilities.

8. 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.

As at February 28, 2023 and November 30, 2022, the Company's financial instruments are comprised of cash, receivables 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.

(Unaudited - Expressed in Canadian Dollars)

(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 February 28, 2023, the Company had cash of $10,411 (November 30, 2022: $8,370) available to apply against short-term business requirements and current liabilities of $1,023,803 (November 30, 2022: $851,203). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of February 28, 2023. 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 February 28, 2023 and 2022, the Company’s net exposure to foreign currency risk is as follows:

US dollars	**2023**	**2022**
	$	**$**
Cash (Bank indebtedness)	6,348	2,213
Accounts receivable	-	100,000
Accounts payable	(316,161)	(300,291)
Short-term loan payable	(100,053)	(76,818)
Net exposure to foreign currency risk	(409,866)	(274,896)
Canadian dollar equivalent	(557,786)	(349,063)

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.

9. 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 during the three months ended February 28, 2023 (Note 11).

10. 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 three months ended February 28, 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.

11. TRANSACTION WITH SōRSE

On February 13, 2023, the Company signed an asset purchase agreement (the “Agreement”) with SōRSE to acquire from SōRSE the assets comprising THC Essentials, as amended March 31, 2023, April 2, 2023 and April 26, 2023. Closing must be on or before May 31, 2023 (the “Closing Date”) and the Company’s shares must be listed on the CSE (the “Listing Date’). 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 3,775,000 post-consolidation shares and 9.9% of the number of post-consolidation shares Pascal has issued and outstanding on the Closing Date, and (iii) US$625,000 payable on the Closing Date. On the Closing Date, 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 Company received the CSE conditional listing letter on April 25, 2023. Listing is subject to the Company obtaining shareholder approval to de-listing the Company’s shares from the TSX.V and closing a reorganization (“Reorganization”) on the Listing Date and completion of all CSE listing documents. The Reorganization includes, inter alia, closing both a private placement of $2,000,000 and the acquisition of THC Essentials, issuing 1,246,372 shares for debt, the appointment of a new CEO and a change of directors, a name change and a share consolidation on the basis of one new share for five old shares and listing on the CSE. The consolidation will occur before the Listing Date.

During the three months ended February 28, 2023, 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.