BioNxt Solutions Inc.

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
BioNxt Solutions Inc.

Opinion

We have audited the accompanying consolidated financial statements of BioNxt Solutions Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholder's equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has a working capital deficit of $5,831,192 as at December 31, 2023 and incurred a loss of $7,722,927 for the year then ended. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's 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 Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 19, 2024

BIONXT SOLUTIONS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	Note	December 31, 2023	December 31, 2022
Assets			
Current Assets			
Cash		$ 363,655	$ 136,196
Amounts receivable		282,563	458,717
Prepaid expenses		72,809	96,193
		719,027	**691,106**
Non-current Assets			
Property and equipment	4	548,528	890,894
Intangible assets	5	2	12
Right-of-use assets	6	-	30,578
Total Assets		**$ 1,267,557**	**$ 1,612,590**
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	7, 12	$ 1,502,464	$ 1,369,975
Contingent share obligation	16	153,600	-
Lease liabilities	6	-	34,700
Convertible debt	8	4,894,155	612,666
		6,550,219	**2,017,341**
Non-current Liabilities			
Convertible debt	8	-	3,723,644
Total Liabilities		**6,550,219**	**5,740,985**
Equity			
Shareholders' Deficiency			
Share capital	9a	50,749,565	45,376,693
Obligation to issue shares	9b	25,000	-
Reserves		4,020,513	6,142,270
Accumulated other comprehensive loss		(149,313)	(100,563)
Accumulated deficit		(59,928,427)	(55,546,795)
Total Shareholders’ Deficiency		**(5,282,662)**	**(4,128,395)**
Total Liabilities and Shareholders’ Deficiency		**$ 1,267,557**	**$ 1,612,590**

Nature and Continuance of Operations (Note 1)
Commitment (Note 16)
Subsequent Events (Note 19)

Approved by the directors on April 19, 2024

Hugh Rogers (signed) ***Wolfgang Probst (signed)***

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

BIONXT SOLUTIONS INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2023	2022
Revenues (Note 11)	$ 372,247	$ 297,442
Cost of Sales	-	(101,827)
Gross Profit	372,247	195,615
Operating Expenses		
Bad debts	4,423	17,662
Consulting fees (Note 12)	916,932	1,207,718
Depreciation and amortization (Notes 4, 5 and 6)	195,763	215,602
Foreign exchange gain	(44,023)	(137,673)
Marketing and advertising	749,160	660,919
Office and miscellaneous	428,956	355,561
Professional fees (Note 12)	348,431	529,064
Regulatory fees	51,804	109,767
Rent and utilities	123,174	68,291
Research and lab fees (Note 12)	2,553,506	2,110,587
Salaries, benefits and other remuneration (Note 12)	765,352	833,412
Selling and distribution	-	13,782
Share-based compensation (Note 10)	614,461	113,825
Travel and related	31,617	35,801
Total Operating Expenses	(6,739,556)	(6,134,318)
Operating Loss	(6,367,309)	(5,938,703)
Other Income (Expenses)		
Finance costs (Notes 6 and 8)	(1,042,546)	(1,142,562)
Government subsidy	19,672	13,786
Loss on extinguishment of convertible debt (Note 8)	(168,042)	-
Gain on settlement of convertible debt (Note 8)	3,244	28,604
Loss on disposal of property and equipment (Note 4)	(46,257)	-
Impairment of property and equipment (Note 4)	(48,079)	-
Gain on termination of lease liability (Note 6)	-	662,743
Impairment of intangible assets and goodwill (Note 5)	(10)	(5,886,924)
Write-down of inventory	-	(606,929)
Change in fair value of contingent share obligation (Note 16)	(73,600)	-
Total Other Income (Expenses)	(1,355,618)	(6,931,282)
Loss Before Income Tax Recovery	(7,722,927)	(12,869,985)
Corporate tax recovery	-	101,063
Deferred tax recovery	-	392,851
Loss for the Year	(7,722,927)	(12,376,071)
Items that may be subsequently reclassified to profit or loss		
Cumulative translation adjustment	(48,750)	(150,167)
Comprehensive Loss for the Year	$ (7,771,677)	$(12,526,238)
Loss Per Share – Basic and Diluted	$ (0.08)	$ (0.15)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	99,322,983	83,773,816

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

BIONXT SOLUTIONS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2023	Year Ended December 31, 2022
Operating Activities		
Loss for the year	$ (7,722,927)	$ (12,376,071)
Adjustments for		
Bad debts	4,423	17,662
Depreciation and amortization	195,763	215,602
Share-based compensation	614,461	113,825
Shares to be issued for research and lab fees	25,000	-
Finance costs	1,042,546	1,142,562
Foreign exchange gain	(67,179)	(193,402)
Loss on extinguishment of convertible debt	168,042	-
Gain on settlement of convertible debt	(3,244)	(28,604)
Loss on disposal of property and equipment	46,257	-
Impairment of property and equipment	48,079	-
Gain on termination of lease liability	-	(662,743)
Impairment of intangible assets and goodwill	10	5,886,924
Deferred tax recovery	-	(392,851)
Write-down of inventory	-	606,929
Changes in non-cash working capital items		
Amounts receivable	171,731	69,943
Inventory	-	129,235
Prepaid expenses	23,384	(26,800)
Accounts payable and accrued liabilities	132,489	(731,926)
Contingent share obligation	153,600	-
Cash Used in Operating Activities	(5,167,565)	(6,229,715)
Investing Activities		
Purchases of property and equipment	(201,421)	(3,858)
Proceeds on disposal of property and equipment	302,261	-
Cash Provided by (Used in) Investing Activities	100,840	(3,858)
Financing Activities		
Proceeds from issuance of shares	4,425,750	5,900,000
Share issuance costs	(448,299)	(472,000)
Proceeds from exercise of warrants	1,563,500	-
Proceeds from exercise of options	-	357,000
Proceeds from issuance of convertible debenture, net of cash costs	-	2,583,060
Convertible debenture payments	(210,575)	(3,439,755)
Repayment of lease liabilities	(36,960)	(73,804)
Payment to terminate lease	-	(31,737)
Proceeds on sale of treasury shares	-	200,000
Cash Provided by Financing Activities	5,293,416	5,022,764
Effect of Exchange Rate on Cash	768	(4,976)
Change in Cash for the Year	227,459	(1,215,785)
Cash, Beginning of Year	136,196	1,351,981
Cash, End of Year	$ 363,655	$ 136,196

Supplemental Disclosure with Respect to Cash Flows (Note 17)

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

BIONXT SOLUTIONS INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital $	Obligation to Issue Shares $	Treasury Shares $	Reserves $	Accumulated Other Comprehensive Income (Loss) $	Accumulated Deficit $	Total Shareholders' Equity (Deficiency) $
Balance, January 1, 2022	77,453,034	39,346,125	-	(200,000)	5,850,295	49,604	(43,377,380)	1,668,644
Share issuances, financing	12,300,000	5,900,000	-	-	-	-	-	5,900,000
Issuance costs	-	(472,000)	-	-	-	-	-	(472,000)
Finders' warrants	-	(199,002)	-	-	300,217	-	-	101,215
Issuance of shares on settlement of accounts payable and accrued liabilities	442,839	177,136	-	-	-	-	-	177,136
Issuance of shares on conversion of convertible debt	100,000	104,022	-	-	(4,022)	-	-	100,000
Share-based compensation	-	-	-	-	113,825	-	-	113,825
Issuance of convertible debt	-	-	-	-	252,023	-	-	252,023
Issuance of shares on exercise of options	714,000	520,412	-	-	(163,412)	-	-	357,000
Expired options	-	-	-	-	(206,656)	-	206,656	-
Sale of treasury shares	200,000	-	-	200,000	-	-	-	200,000
Cumulative translation adjustment	-	-	-	-	-	(150,167)	-	(150,167)
Loss for the year	-	-	-	-	-	-	(12,376,071)	(12,376,071)
Balance, December 31, 2022	91,209,873	45,376,693	-	-	6,142,270	(100,563)	(55,546,795)	(4,128,395)
Share issuances, financing	12,600,000	4,425,750	-	-	-	-	-	4,425,750
Issuance costs	-	(448,299)	-	-	-	-	-	(448,299)
Finders' warrants	-	(365,931)	-	-	365,931	-	-	-
Obligation to issue shares for research and lab fees	-	-	25,000	-	-	-	-	25,000
Issuance of shares to settle convertible debt interest	162,192	77,852	-	-	-	-	-	77,852
Issuance of convertible debt	-	-	-	-	191,104	-	-	191,104
Share-based compensation	-	-	-	-	614,461	-	-	614,461
Finders's fees for convertible debt	250,000	120,000	-	-	48,042	-	-	168,042
Issuance of shares on exercise of warrants	3,127,000	1,563,500	-	-	-	-	-	1,563,500
Expired options	-	-	-	-	(3,341,295)	-	3,341,295	-
Cumulative translation adjustment	-	-	-	-	-	(48,750)	-	(48,750)
Loss for the year	-	-	-	-	-	-	(7,722,927)	(7,722,927)
Balance, December 31, 2023	107,349,065	50,749,565	25,000	-	4,020,513	(149,313)	(59,928,427)	(5,282,662)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

BioNxt Solutions Inc. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on December 12, 2017. The principal business of the Company is to focus on next generation drug formulations and delivery systems. The Company's shares are trading on the Canadian Securities Exchange ("CSE") under the symbol "BNXT", on the OTCQB under the symbol "BNXTF" and on the Frankfurt exchange under the symbol "4XT".

The Company's head office is located at 270 – 1820 Fir Street, Vancouver, British Columbia, Canada, V6J 3B1. The Company's registered and records office is 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operations for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business.

To date, the Company has incurred losses and further losses are anticipated as the Company continues to develop its business. The continuing operations of the Company are dependent upon its ability to generate profitable operations in the future, and to continue to secure additional financing. There can be no assurance that the Company will be successful in its efforts to raise additional financing or if financing is available, or that it will be on terms that are acceptable to the Company. The Company has a working capital deficit of $5,831,192 as at December 31, 2023 and incurred a loss of $7,722,927 for the year then ended. The Company anticipates it will need further funding to maintain its operations and activities for the next twelve months. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

There are many external factors that can adversely affect general workforces, economies and financial markets globally, including, but not limited to, political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

2. BASIS OF PRESENTATION

a) Statement of compliance to International Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized by the Company's directors on April 19, 2024.

2. BASIS OF PRESENTATION (cont'd)

b) Basis of consolidation

The following entities have been consolidated within these consolidated financial statements:

Entity	Registered	Holding
BioNxt Solutions Inc.	British Columbia, Canada	Parent company
XPhyto Laboratories Inc.	Alberta, Canada	100% owned
Bunker Pflanzenextrakte GmbH ("Bunker")	Germany	100% owned
XP Diagnostics GmbH	Germany	100% owned
Vektor Pharma TF GmbH ("Vektor")	Germany	100% owned
BioNxt Europe GmbH (formerly SCUR Alpha 1108 GmbH)	Germany	100% owned
3a-diagnostics GmbH ("3a GmbH")	Germany	100% owned
Vektor Vermogens und Grundbesitz GmbH	Germany	100% owned

The subsidiaries are controlled by the Company. Control exists when the Company is exposed, or has rights, to the variable returns from its involvement with the investee and can affect those returns through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

c) Basis of measurement

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at fair value. The consolidated financial statements are presented in Canadian dollars.

d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and further periods if the review affects both current and future periods.

2. BASIS OF PRESENTATION (cont'd)

d) Use of estimates and judgments (cont'd)

Key sources of estimation uncertainty

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

i) Share-based compensation
Share-based compensation expense is estimated using the Black-Scholes option pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options and the estimated forfeiture rate. Changes in these subjective input assumptions can materially affect the fair value estimate.

ii) Deferred tax assets
Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

iii) Intangible assets and goodwill
Management has determined that capitalized intangible asset costs may have future economic benefits and may be economically recoverable. Management uses estimates in determining the recoverable amount of intangible assets and goodwill. Intangible assets are assessed for impairment indicators at each reporting date and goodwill is tested for impairment annually. The determination of the recoverable amount for the purposes of impairment testing requires the use of estimates, such as anticipated future cash flows and discount rates.

iv) Convertible debentures
The equity component of the convertible debenture is calculated using a discounted cash flow method, which requires management to make an estimate on an appropriate discount rate. Changes in the discount rate can materially affect the calculation of the equity component.

v) Contingent share obligation
The financial liability is calculated by taking the Company's share price at period end and the expected number of shares to be issued. Management applies judgement when determining the likelihood of achieving certain milestones (Note 16).

Significant judgments in applying accounting policies

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

2. BASIS OF PRESENTATION (cont'd)

d) Use of estimates and judgments (cont'd)

i) Determination of functional currency
The Company determines the functional currency through an analysis of several indicators, such as expenses and cash flow, financing activities, retention of operating cash flows and frequency of transactions within the reporting entity.

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Cash

Cash includes highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

b) Property and equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Equipment is depreciated annually on a straight-line basis over the estimated useful life of the assets. Both office equipment and fixtures and computer hardware are depreciated over a useful life of three years. Testing, lab equipment and machines are depreciated over useful lives ranging up to 15 years. Land is carried at cost and has an unlimited useful life, and therefore, is not depreciated. Equipment depreciation begins when it is available for use, which is when it is in the location and condition necessary for it be capable of operating in the manner intended by management.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

The Company compares the carrying value of equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

c) Right-of-use assets and lease liabilities

The Company assesses whether a contract is or contains a lease at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term unless another systematic basis is more representative of the usage of the economic benefits from the leased asset.

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrow rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, payments made on or before the lease commencement and any direct costs. They are subsequently measured at cost less depreciation and any impairment losses. Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset.

During the year ended December 31, 2023, the Company incurred $98,708 (2022 - $12,946) for short-term leases not included in lease liabilities.

d) Impairment of non-current assets

At each reporting date, the carrying amounts of the Company's non-current assets are reviewed to determine whether there is any 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, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, to the extent the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

e) Convertible debt

Convertible debentures are financial instruments that are accounted for separately depending on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

f) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as finance costs in profit or loss.

g) Share capital

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of tax, from the proceeds.

The value of common shares and warrants issued as private placement units is measured using the residual value method, which first allocated value to the more easily measurable component based on fair value (common shares in the private placements) and then the residual value, if any, to the less easily measurable component (warrants in the private placements). Warrants that are issued as agency compensation or other transaction costs are accounted for as share issuance costs.

h) Share-based payments

The Company grants stock options to directors, officers, employees and/or consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes option pricing model and is recognized over the vesting period of the related options. Consideration paid for the shares on the exercise of stock options is credited to share capital. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

i) Reserves

Reserve records items recognized as share-based compensation until such time that the options or compensatory warrants are exercised, at which time the corresponding amount is reallocated to share capital. Amounts recorded for forfeited or expired options are transferred to deficit.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the options or compensatory warrants, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option or warrant.

j) Loss per share

Basic and diluted loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. For all years presented, the loss available to common shareholders equals the reported loss. Diluted loss per share does not adjust the loss attributable to common shareholders when the effect is anti-dilutive. Contingently returnable shares are not considered outstanding for loss per share calculations.

As the Company incurred net losses for the years presented, outstanding options and warrants were not included in the computation of diluted loss per share, as their inclusion would be anti-dilutive.

k) Revenue recognition

The Company recognizes revenue from analytical testing and consulting services. Revenue is recognized upon transfer of control of the promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services or upon satisfaction of performance obligations under the contract terms. Performance obligations are satisfied and revenue is recognized, either over time or at a point in time, according to the specific terms of the contract

l) Research and development

Expenditures on research activities, undertaken with the prospect of gaining new or technical knowledge and understanding, are recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and has the ability to use or sell the asset. The expenditures capitalized include the costs of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use and borrowing costs on qualifying assets. Other development expenditures are recognized in profit or loss as incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

m) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations.

n) Foreign currency translation

The functional currency of BioNxt Solutions Inc., the parent entity, is the Canadian dollar, which is also the presentation currency of the consolidated financial statements. The functional currencies for the subsidiaries are as follows:

- Canadian dollars for XPhyto Laboratories Inc., Bunker, XP Diagnostics GmbH, Vektor Vermogens und Grundbesitz GmbH, 3a GmbH and BioNxt Europe GmbH.
- Euros for Vektor.

Transactions in currencies other than the functional currency of an entity are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities are translated using the period-end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Where applicable, the functional currency of an entity is translated into the presentation currency using the period-end rates for assets and liabilities while the operations and cash flows are translated using average rates of exchange. Exchange adjustments arising when net assets and profit or loss are translated into the presentation currency are taken into a separate component of equity and reported in other comprehensive income or loss.

o) Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition, except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI, are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income or loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash and amounts receivable are measured at amortized cost with subsequent impairments recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

q) Financial instruments (cont'd)

Impairment

An "expected credit loss" impairment model applies, which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted as the financial asset's original effective interest rate, either directly or through the use of an allowance account, and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either (i) FVTPL; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost, except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities, lease liabilities and convertible debt are classified at amortized cost. Contingent share obligation is measured at FVTPL.

p) Goodwill

Goodwill arising on the acquisition of a business is carried at cost as established at the date of the acquisition less accumulated impairment losses, if any. Goodwill is allocated to each of the Company's CGU that is expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

q) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss, except to the extent that it relates to items recognized directly in equity, in which case the income tax is also directly recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous years.

3. MATERIAL ACCOUNTING POLICY INFOMRATION (cont'd)

r) Income taxes (cont'd)

Deferred tax is provided for using temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent it becomes probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset, and they relate to the income taxes levied by the same tax authority and the Company intends to settle current tax liabilities and assets on a net basis or their tax assets and tax liabilities will be realized simultaneously.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

r) Treasury shares

The cost of the Company's own equity instruments that it has re-acquired is deducted from equity. Gain or loss is not recognized on the purchase, sale, issue or cancellation of treasury shares.

s) Standards issued or amended but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

	Land $	Office Equipment and Fixtures $	Computer Hardware $	Testing, Lab Equipment and Machines $	Total $
Cost					
Balance at January 1, 2022	348,518	104,990	30,088	926,713	1,410,309
Additions	-	3,858	-	-	3,858
Cumulative translation adjustment	-	1,804	12	2,563	4,379
Balance at December 31, 2022	348,518	110,652	30,100	929,276	1,418,546
Additions	-	-	1,567	199,854	201,421
Disposals	(348,518)	-	-	-	(348,518)
Cumulative translation adjustment	-	949	39	20,570	21,558
Balance at December 31, 2023	**-**	**111,601**	**31,706**	**1,149,700**	**1,293,007**
Accumulated Depreciation					
Balance at January 1, 2022	-	23,895	22,901	305,776	352,572
Depreciation	-	13,595	5,096	150,554	169,245
Cumulative translation adjustment	-	535	16	5,284	5,835
Balance at December 31, 2022	-	38,025	28,013	461,614	527,652
Depreciation	-	13,524	2,598	148,769	164,891
Impairment	-	-	-	48,079	48,079
Cumulative translation adjustment	-	305	39	3,513	3,857
Balance at December 31, 2023	**-**	**51,854**	**30,650**	**661,975**	**744,479**
Carrying Amounts					
As at December 31, 2022	348,518	72,627	2,087	467,662	890,894
As at December 31, 2023	**-**	**59,747**	**1,056**	**487,725**	**548,528**

During the year ended December 31, 2023, the Company sold land for proceeds of $302,261 (2022 - $nil), resulting in a loss on disposal of $46,257 (2022 - $nil). At December 31, 2023, the Company recorded an impairment of $48,079 (2022 - $nil) on lab equipment that was sold subsequent to year-end. The Company purchased lab equipment of $199,854 during the year ended December 31, 2023 (2022 - $nil) which is in the process of being set-up and built therefore no depreciation has been taken as is not in the condition necessary for it to be capable of operating in the manner intended by management.

5. INTANGIBLE ASSETS AND GOODWILL

On August 20, 2018, the Company signed an exclusive dealing agreement with Dr. Raimar Löbenberg (“Löbenberg”) with respect to commercial operations under the license issued pursuant to the Canadian *Controlled Drugs and Substance Act* held by Löbenberg and Löbenberg’s cannabis-related research and associated intellectual property. The agreement granted the Company an exclusive right to benefit from the exercise of Löbenberg’s rights under the license. The agreement expired during the year ended December 31, 2023 and the Company recorded an impairment of $1.

During the year ended December 31, 2019, as part of the acquisition of the Company’s wholly owned subsidiary, Vektor, the Company acquired several narcotics licenses and permits pursuant to EU GMP certification and other governing regulations.

During the year ended December 31, 2021, as part of the acquisition of 3a GmbH, the Company recognized an intangible asset of $1,012,033, which represented intellectual property, and goodwill of $4,874,892, which represented expected synergies, future income, growth, assembled workforce and other intangibles that did not qualify for separate recognition.

(Expressed in Canadian Dollars)

5. INTANGIBLE ASSETS AND GOODWILL (cont'd)

During the year ended December 31, 2022, the Company performed an annual impairment test for goodwill on its wholly owned subsidiary, 3a GmbH, by comparing the carrying value of the CGU allocated the goodwill to its recoverable amount. The recoverable amount of the 3a GmbH CGU of $nil was determined based on fair value less costs of disposal using Level 3 inputs in a discounted cash flow analysis. As a result, the Company recognized an impairment charge of $4,874,892 for goodwill and $1,012,032 for intellectual property.

During the year ended December 31, 2023, the Company recorded an impairment of $9 relating to the Company's web design and software as it is no longer in use.

	Right-to-use License $	Intellectual Property $	Web Design and Software $	Licenses and Permits $	Total $
Cost					
Balance at January 1, 2022	1	1,012,033	26,600	1	1,038,635
Cumulative translation adjustment	-	-	2	-	2
Balance at December 31, 2022	1	1,012,033	26,602	1	1,038,637
Cumulative translation adjustment	-	-	9	-	9
Balance at December 31, 2023	**1**	**1,012,033**	**26,611**	**1**	**1,038,646**
Accumulated Amortization					
Balance at January 1, 2022	-	-	19,955	-	19,955
Amortization	-	-	6,636	-	6,636
Impairment	-	1,012,032	-	-	1,012,032
Cumulative translation adjustment	-	-	2	-	2
Balance at December 31, 2022	-	1,012,032	26,593	-	1,038,625
Impairment	1	-	9	-	10
Cumulative translation adjustment	-	-	9	-	9
Balance at December 31, 2023	**1**	**1,012,032**	**26,611**	**-**	**1,038,644**
Carrying Amounts					
As at December 31, 2022	1	1	9	1	12
As at December 31, 2023	**-**	**1**	**-**	**1**	**2**

The net change in goodwill is as follows:

As at December 31, 2021	$ 4,874,892
Impairment	(4,874,892)
As at December 31, 2022 and 2023	**$ -**

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at December 31, 2023, the Company did not have any right-of-use assets as the lease term ended on December 31, 2023 for its operational space for Vektor. As at December 31, 2021, right-of-use assets also consisted of the Bunker facility that the Company was not utilizing, and on April 11, 2022, the Company terminated the Bunker facility lease. As a result, as at December 31, 2021, the Company recognized an impairment charge of $3,459,481 on the right-of-use asset, and during the year ended December 31, 2022, on termination of the lease, the lease liability was reduced by $694,480 and the Company recorded a gain on termination of lease liability of $662,743.

(Expressed in Canadian Dollars)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)

		December 31, 2023		December 31, 2022
Right-of-use Assets				
Opening balance	$	30,578	$	71,449
Depreciation		(30,872)		(39,721)
Cumulative translation adjustment		294		(1,257)
Foreign exchange		-		107
	$	**-**	**$**	**30,578**
Lease Liabilities				
Opening balance	$	34,700	$	818,039
Payments		(36,960)		(73,804)
Lease termination		-		(694,480)
Accrued interest		1,926		23,177
Cumulative translation adjustment		334		(1,396)
Foreign exchange		-		(36,836)
	$	**-**	**$**	**34,700**
Current portion	$	-	$	34,700
Non-current portion	$	-	$	-

The lease liabilities were measured at the present value of the remaining lease payments, discounted using an incremental borrowing rate of 10%.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2023		December 31, 2022
Trade payables	$	598,499	$	461,040
Accrued liabilities		903,965		908,935
	$	**1,502,464**	**$**	**1,369,975**

8. CONVERTIBLE DEBT

On January 31, 2020, the Company closed the sale of 2,000 convertible debenture units for gross proceeds of $2,000,000 pursuant to a non-brokered private placement. Each debenture unit consisted of: (i) $1,000 principal amount of 8% unsecured convertible debenture, and (ii) 1,000 common share purchase warrants. The debentures accrued interest at 8% per annum, calculated and payable semi-annually, and matured two years following the date of issuance. The debentures were convertible at the option of the holder into common shares of the Company at a conversion price of $1.00 per common share. Each warrant was exercisable to acquire one common share at an exercise price of $1.50 until January 31, 2022. In connection with the offering, the Company paid a cash fee of $120,000 and issued 120,000 finders' warrants to a finder. Each finder's warrant entitled the holder thereof to purchase one common share at an exercise price of $1.00 until January 31, 2022. Debentures were converted during the year ended December 31, 2020 and the final principal amount of $100,000 were converted by the holder on January 13, 2022, with the debt having a value of $100,000 at the date of conversion.

8. CONVERTIBLE DEBT (cont'd)

On December 8, 2020, the Company issued a $3,000,000 unsecured convertible debenture pursuant to a non-brokered private placement. The convertible debenture accrued interest at 8% per annum, calculated and payable semi-annually on December 31 and December 31 of each calendar year, and matured two years from the date of issue, on December 8, 2022. The principal amount of the debenture was convertible into common shares of the Company at the election of the holder, in whole or in part, at any time prior to the maturity date at a conversion price of $1.77. In connection with the offering, the Company paid a cash fee of $240,000 and issued 135,593 finders' warrants to a finder. Each finder's warrant entitled the holder thereof to purchase one common share at an exercise price of $1.77 until December 8, 2022. On December 8, 2022, the debentures matured and the Company repaid the principal balance and outstanding interest.

On November 25, 2021, the Company closed the sale of 2,000,000 convertible debenture units for gross proceeds of $2,500,000 pursuant to a non-brokered private placement. Each debenture unit consists of: (i) $1.25 principal amount of 8% unsecured convertible debenture, and (ii) one common share purchase warrant. The debentures bear interest at 8% per annum, calculated and payable semi-annually, and mature two years following the date of issuance. The debentures are convertible at the option of the holder into common shares of the Company at a conversion price of $1.25 per common share. Each warrant is exercisable to acquire one common share at an exercise price of $1.50 until November 25, 2023. In connection with the offering, the Company paid a cash fee of $200,000 and issued 160,000 finders' warrants to a finder. Each finder's warrant entitles the holder thereof to purchase one common share at an exercise price of $1.50 until November 25, 2023.

On December 4, 2023, the Company settled the convertible debenture of $2,500,000 and outstanding interest of $81,096 by issuing the creditor:

- 162,192 common shares valued at $77,852 (resulting in a gain on settlement of convertible debt of $3,244); and
- An unsecured convertible debenture with a principal amount of $2,500,000.

The new debenture is convertible, at the option of the creditor, into common shares of the Company at a price of $0.50 per share. The debenture bears interest at 8% per annum, calculated and payable semi-annually, and matures on December 4, 2024. At the Company's option, the Company may prepay all or part of the principal amount plus accrued and unpaid interest without penalty or bonus. The Company has the right to pay all accrued and unpaid interest either in cash or in shares at the conversion price. Conversion of the new debenture may be forced at the option of the Company if the 15-day volume weighted average price of the shares on the CSE exceeds 250% of the conversion price.

The new debenture is a compound financial instrument that is required to be bifurcated to record the fair value of the separate debt and equity components. The fair value of the debt was determined using a discounted cash flow model using an estimated market interest rate for equivalent debt of 16%. The initial fair value of the debt was calculated to be $2,308,896 with the residual portion of $191,104 allocated to equity.

In connection with the settlement, the Company issued 250,000 common shares of the Company and issued 250,000 finders' warrants. The common shares were valued at $120,000. Each finder's warrant entitles the holder thereof to purchase one common share at an exercise price of $0.55 until December 4, 2024. The finders' warrants had a fair value of $48,042 estimated using the Black-Scholes option pricing model with a volatility of 112.38%, risk-free interest rate of 4.77%, dividend rate of 0% and expected life of 1 year. The Company accounted for the settlement as a substantial modification to the original convertible debenture and therefore the total transaction costs of $168,042 was recognized as a loss on extinguishment of convertible debt.

(Expressed in Canadian Dollars)

8. CONVERTIBLE DEBT (cont'd)

On December 7, 2022, the Company closed the sale of 5,400,000 convertible debenture units for gross proceeds of $2,808,000 pursuant to a non-brokered private placement. Each debenture unit consists of $0.52 principal amount of 8% unsecured convertible debenture. The debentures bear interest at 8% per annum, calculated and payable semi-annually, and mature two years following the date of issuance. The debentures are convertible at the option of the holder into units of the Company at a conversion price of $0.52 per unit, at the option of the holder, at any time prior to the maturity date.

Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable to acquire one common share at an exercise price of $0.80 until December 7, 2024. In connection with the offering, the Company paid a cash fee of $224,640 and issued 432,000 finders' warrants to a finder. Each finder's warrant entitles the holder thereof to purchase one common share at an exercise price of $0.52 until December 7, 2024. The finders' warrants had a fair value of $101,215 estimated using the Black-Scholes option pricing model with a volatility of 83.26%, risk-free interest rate of 3.78%, dividend rate of 0% and expected life of 2 years.

The debentures were compound financial instruments, and the proceeds were required to be bifurcated to record the fair value of the separate debt and equity components. The fair value of the debt was determined using a discounted cash flow model using an estimated market interest rate for equivalent debt of 16%. The initial fair value of the debt was calculated to be $2,397,438 with the residual portion of $410,562 allocated to equity. Transaction costs totalled $326,156, of which $278,468 were allocated to the liability component and offset the carrying value and are amortized using the effective interest method as finance costs over the expected life of the debentures. Transactions costs of $47,688 were charged to the equity component. In addition, the resulting deferred tax amount of $110,851 has been charged to the equity component.

		December 31, 2023		**December 31, 2022**
Opening balance	$	4,336,310	$	4,637,710
Additions from principal amounts		2,500,000		2,808,000
Equity component		(191,104)		(410,562)
Transaction costs		-		(278,468)
Accrued interest (accretion)		1,040,620		1,119,385
Payments		(210,575)		(3,439,755)
Conversions and settlement of interest		(81,096)		(100,000)
Extinguishment		(2,500,000)		-
	$	**4,894,155**	**$**	**4,336,310**
Current portion	$	4,894,155	$	612,666
Non-current portion	$	-	$	3,723,644

At December 31, 2023, the balance of convertible debt includes interest of $113,243 (2022 - $nil) payable to the December 7, 2022 debenture holder and $14,754 payable to the December 4, 2023 debenture holder. These amounts were due December 31, 2023 and have yet to been paid.

At December 31, 2023, the total contractual undiscounted cash flows is $5,846,499.

9. SHARE CAPITAL

a) Common shares

Authorized

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

Transactions in the year ended December 31, 2023

On March 24, 2023, the Company issued 4,050,000 units at $0.50 per unit for gross proceeds of $2,025,000. Each unit consisted of one common share and one-half of one share purchase warrant, with each warrant exercisable into one additional common share at a price of $0.80 for a period of two years from closing. The Company paid finders' fees and costs of $159,600 and issued 319,200 finders' warrants to purchase an aggregate 319,200 common shares at a price of $0.75 per share for a period of two years from closing. The finders' warrants had a fair value of $113,417, estimated using the Black-Scholes option pricing model with a volatility of 85.66%, risk-free interest rate of 3.42%, dividend rate of 0% and expected life of 2 years.

On August 24, 2023, the Company issued 3,000,000 common shares at $0.265 per share for gross proceeds of $795,000. The Company paid finders' fees and costs of $63,600.

On September 27, 2023, the Company issued 2,500,000 common shares at $0.265 per share for gross proceeds of $662,500. The Company paid finders' fees and costs of $53,000.

On October 27, 2023, the Company issued 2,050,000 common shares at $0.265 per share for gross proceeds of $543,250. The Company paid finders' fees and costs of $43,460.

On December 4, 2023, in connection with the closing of the Company's non-brokered private placement at $0.265 per share, the Company issued 604,000 finders' warrants to purchase an aggregate of 604,000 common shares at a price of $0.36 per share for a period of 24 months from the date of issuance. The finders' warrants had a fair value of $185,103, estimated using the Black-Scholes option pricing model with a volatility of 103.97%, risk-free interest rate of 4.15%, dividend rate of 0% and expected life of 2 years.

On December 4, 2023, the Company issued 162,192 common shares at a value of $77,852 for interest owing on a convertible debenture (Note 8). The Company also issued 250,000 common shares at a value of $120,000 as transaction fees to a third party in relation to the reissuance of a convertible debenture (Note 8).

On December 28, 2023, the Company issued 1,000,000 units at $0.40 per unit for gross proceeds of $400,000. Each unit consisted of one common share and one-half of one share purchase warrant, with each warrant exercisable into one additional common share at a price of $0.70 for a period of two years from closing. The Company paid finders' fees and costs of $50,464 and also issued 80,000 finders' warrants to purchase an aggregate 80,000 common shares at a price of $0.53 per share for a period of two years from closing. The finders' warrants had a fair value of $20,837, estimated using the Black-Scholes option pricing model with a volatility of 104.93%, risk-free interest rate of 3.92%, dividend rate of 0% and expected life of 2 years.

9. SHARE CAPITAL (cont'd)

a) Common shares (cont'd)

During the year ended December 31, 2023, the Company issued 3,127,000 common shares for proceeds of $1,563,500 in connection with the exercise of 3,127,000 share purchase warrants. As compensation to an agent for soliciting the exercise of the warrants, the Company paid finders' fees and costs of $78,175 and also issued 156,350 finders' warrants to purchase an aggregate 156,350 common shares at a price of $0.58 per share for a period of two years from closing. The finders' warrants had a fair value of $46,574, estimated using the Black-Scholes option pricing model with a volatility of 84.78%, risk-free interest rate of 4.30%, dividend rate of 0% and expected life of 2 years.

Transactions in the year ended December 31, 2022

On January 13, 2022, the Company issued 100,000 common shares at a value of $100,000 pursuant to a convertible debt conversion (Note 8). Upon conversion, $4,022 was allocated from equity component of convertible debt to share capital.

On March 30, 2022, the Company closed the first tranche of a non-brokered private placement and issued 1,250,000 common shares at $1.00 per common share for gross proceeds of $1,250,000. The Company paid finders' fees of $100,000 and issued 100,000 finders' warrants to purchase an aggregate 100,000 common shares at an exercise price of $1.00 for a period of two years from closing. The finders' warrants had a fair value of $30,772, estimated using the Black-Scholes option pricing model with a volatility of 73.53%, risk-free interest rate of 2.31%, dividend rate of 0% and expected life of 2 years.

On April 20, 2022, the Company closed the second and final tranche of a non-brokered private placement and issued 1,050,000 common shares at $1.00 per common share for gross proceeds of $1,050,000. The Company paid finders' fees of $84,000 and issued 84,000 finders' warrants to purchase an aggregate 84,000 common shares at an exercise price of $1.00 per share for a period of two years from closing. The finders' warrants had a fair value of $33,525, estimated using the Black-Scholes option pricing model with a volatility of 72.25%, risk-free interest rate of 2.58%, dividend rate of 0% and expected life of 2 years.

On July 29, 2022, the Company closed the first tranche of a non-brokered private placement and issued 2,810,000 units at $0.36 per unit for gross proceeds of $1,011,600. Each unit consisted of one common share and one-half of one share purchase warrant, with each warrant exercisable into one additional common share at a price of $0.50 for a period of two years from closing. The Company paid finders' fees and costs of $80,928 and issued 224,800 finders' warrants to purchase an aggregate 224,800 common shares at a price of $0.50 per share for a period of two years from closing. The finders' warrants had a fair value of $41,148, estimated using the Black-Scholes option pricing model with a volatility of 76.76%, risk-free interest rate of 2.96%, dividend rate of 0% and expected life of 2 years.

On August 29, 2022, the Company closed the second tranche of a non-brokered private placement and issued 5,000,000 units at $0.36 per unit for gross proceeds of $1,800,000. Each unit consisted of one common share and one-half of one share purchase warrant, with each warrant exercisable into one additional common share at a price of $0.50 for a period of two years from closing. The Company paid finders' fees and costs of $144,000 and issued 400,000 finders' warrants to purchase an aggregate 400,000 common shares at a price of $0.50 per share for a period of two years from closing. The finders' warrants had a fair value of $67,481, estimated using the Black-Scholes option pricing model with a volatility of 77.34%, risk-free interest rate of 3.59%, dividend rate of 0% and expected life of 2 years.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (cont'd)

a) Common shares (cont'd)

On August 30, 2022, the Company closed the third tranche of a non-brokered private placement and issued 2,190,000 units at $0.36 per unit for gross proceeds of $788,400. Each unit consisted of one common share and one-half of one share purchase warrant, with each warrant exercisable into one additional common share at a price of $0.50 for a period of two years from closing. The Company paid finders' fees and costs of $63,072 and issued 175,200 finders' warrants to purchase an aggregate 175,200 common shares at a price of $0.50 per share for a period of two years from closing. The finders' warrants had a fair value of $26,076, estimated using the Black-Scholes option pricing model with a volatility of 77.41%, risk-free interest rate of 3.63%, dividend rate of 0% and expected life of 2 years.

On September 1, 2022, the Company settled $205,740 of accounts payable and accrued liabilities by issuing 442,839 common shares of the Company valued at $177,136. The Company recognized a gain on settlement of accounts payable and accrued liabilities on the consolidated statement of loss and comprehensive loss of $28,604.

During the year ended December 31, 2022, the Company issued 714,000 common shares for proceeds of $357,000 in connection with the exercise of 714,000 stock options. Upon exercise, $163,412 was allocated from reserves to share capital.

b) Obligation to issue shares

On October 29, 2023, the Company was required to issue 100,000 common shares (valued at $25,000) of the Company in accordance with a consulting agreement (Note 16). The 100,000 common shares were issued subsequent to December 31, 2023.

c) Treasury shares

In connection with the acquisition of 3a GmbH, the Company reacquired 200,000 common shares of its own equity. On February 1, 2022, through a private sale with an arm's length party, the Company sold the shares for $200,000.

d) Share purchase warrants

The following is a summary of changes in warrants from January 1, 2022 to December 31, 2023:

	Number of Warrants	Weighted Average Exercise Price $
Balance at January 1, 2022	5,877,125	1.68
Issued	6,416,000	0.52
Expired	(1,443,593)	1.68
Balance at December 31, 2022	10,849,532	0.99
Issued	3,934,550	0.69
Exercised	(3,127,000)	0.50
Expired / cancelled	(4,433,532)	1.67
Balance at December 31, 2023	7,223,550	0.62

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (cont'd)

d) Share purchase warrants (cont'd)

As at December 31, 2023, the Company had outstanding warrants as follows:

Number Outstanding	Exercise Price $	Expiry Date
100,000	1.00	March 30, 2024*
84,000	1.00	April 20, 2024
297,300	0.50	July 29, 2024
1,512,500	0.50	August 29, 2024
863,200	0.50	August 30, 2024
250,000	0.55	December 4, 2024
432,000	0.52	December 7, 2024
156,350	0.58	March 2, 2025
319,200	0.75	March 24, 2025
2,025,000	0.80	March 24, 2025
604,000	0.36	December 4, 2025
80,000	0.53	December 28,2025
500,000	0.70	December 28,2025
7,223,550		

*See Note 19b

The weighted average remaining contractual life of warrants outstanding at December 31, 2023 is 0.62 years (December 31, 2022 – 1.34 years).

10. SHARE-BASED COMPENSATION

The Company has a stock option plan by which the directors may grant options to purchase common shares to directors, officers, employees and services providers of the Company on the terms that the directors may determine within the limitations set forth in the stock option plan ("the Plan"). The maximum number of common shares issuable upon the exercise of options granted pursuant to the Plan is set at 10% of the total issued and outstanding shares. Options granted under the Plan will have the term, exercise price and vesting determined by the directors.

Share option transactions from January 1, 2022 to December 31, 2023 are as follows:

	Number of Options	Weighted Average Exercise Price $
Balance at January 1, 2022	6,375,000	1.41
Issued	125,000	0.55
Expired	(150,000)	2.23
Exercised	(714,000)	0.50
Balance at December 31, 2022	5,636,000	1.49
Issued	2,240,000	0.73
Expired	(2,986,000)	1.66
Forfeited	(1,700,000)	1.28
Balance at December 31, 2023	3,190,000	0.90
Exercisable at December 31, 2023	2,790,000	0.96

(Expressed in Canadian Dollars)

10. SHARE-BASED COMPENSATION (cont'd)

As at December 31, 2023, the following stock options were outstanding and exercisable:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
600,000	600,000	1.25	August 7, 2024
50,000	50,000	0.50	October 7, 2024
290,000	290,000	0.80	April 3, 2025
1,250,000	1,250,000	0.80	April 3, 2026
500,000	500,000	1.25	November 29, 2026
500,000	100,000	0.49	December 8, 2026
3,190,000	2,790,000		

The weighted average remaining contractual life of options outstanding at December 31, 2023 is 2.04 years (December 31, 2022 – 1.84 years).

The Company recorded share-based compensation of $614,461 (2022 - $113,825) for the year ended December 31, 2023. All option grants were valued using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2023	December 31, 2022
Volatility	81%-94%	80%-94%
Risk-free interest rate	3.42%-3.97%	4.05%-4.38%
Expected life of option	2-3 years	1-2 years
Dividend yield	0%	0%

11. REVENUES

Revenue disaggregated by revenue stream and timing of revenue recognition is as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Consulting, service and other	$ 372,247	$ 270,829
Product sales	-	26,613
	$ 372,247	$ 297,442

12. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors and entities controlled by such persons. The Company considers its directors, chief executive officer and chief financial officer of the Company, and its managing directors of the German subsidiaries to be key management personnel.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS (cont'd)

The following is a summary of the Company's key management compensation:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Consulting fees	$ 298,164	$ 351,784
Directors' fees (recovered)	$ 9,000	$ (21,000)
Research and lab fees	$ 262,742	$ 281,875
Salaries, benefits and other remuneration	$ 320,281	$ 495,985

As at December 31, 2023, $135,544 (2022 - $107,891) payable to related parties and $105,382 (2022 - $nil) payable to former related parties is included in accounts payable and accrued liabilities.

13. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its business and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity.

The Company's primary source of capital is through the issuance of equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term, but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital. There have been no changes to the management of capital during the current fiscal period.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities and contingent share obligation approximate their fair values due to the short-term nature of these instruments. The carrying values of convertible debt and lease liabilities approximate fair values, as there has not been any significant changes in interest rates since initial recognition.

The Company records certain of its financial instruments at fair value using various techniques. These include estimates of fair values based on prevailing market prices (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or internal and external valuation models, such as discounted cash flow analyses, using, to the extent possible, observable market-based inputs.

The financial instruments have been characterized on a fair value hierarchy based on whether the inputs to those valuation techniques are observable (inputs reflect market data obtained from independent sources) or unobservable (inputs reflect the Company's market assumptions).

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

The three levels of fair value estimation are:

Level 1 – quoted prices in active markets for identical instruments.
Level 2 – quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's contingent share obligation is a level 3 financial instrument. The Company has estimated the fair value by taking the Company's share price at period end by the number of shares granted at each milestone factoring in the probability of that milestone being achieved.

Financial risk management

The Company has exposures to risks of varying degrees of significance that could affect its ability to achieve its strategic objectives. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk at December 31, 2023 under its financial instruments is approximately $646,000.

Most of the Company's cash is held with a major financial institution in Canada and management believes the exposure to credit risk with respect to such institution is not significant. The Company actively monitors its amounts receivable and believes the exposure to credit risk is insignificant.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company currently has no debt subject to variable interest rates. Accordingly, the Company has limited exposure to interest rate movements.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it projects the funds required to support its operations.

Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Foreign exchange rate risk
The Company operates in Canada and Germany and is, therefore, exposed to foreign exchange risk arising from transactions denominated in a foreign currency. The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reporting results of the Company, and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

The Company is exposed to foreign exchange risk through the following financial assets and liabilities held in euros (translated to Canadian dollars):

	December 31, 2023 $	December 31, 2022 $
Cash	201,509	124,993
Amounts receivable	221,050	347,468
Total financial assets	422,559	472,461
Accounts payable and accrued liabilities	(699,596)	(644,161)
Lease liabilities	-	(34,700)
Net statement of financial position exposure	(277,037)	(206,400)

At December 31, 2023, a 10% appreciation (depreciation) in the value of the euro against the Canadian dollar, with all other variables held constant, would result in approximately a $28,000 increase (decrease) in the Company's net loss for the period.

15. SEGMENTED INFORMATION

The Company has one operating segment. Information by geographical area is as follows:

	December 31, 2023	December 31, 2022
Revenues		
Korea	$ 267,497	$ -
Austria	81,698	267,364
Germany	19,520	21,148
Switzerland	3,532	3,465
Israel	-	5,465
	$ 372,247	$ 297,442

	December 31, 2023	December 31, 2022
Non-current assets		
Canada	$ 56,366	$ 174,506
Germany	492,164	746,978
	$ 548,530	$ 921,484

During the year ended December 31, 2023, the Company had two (December 31, 2022 – one) major customers which comprised 100% (December 31, 2022 – 100%) of revenue.

16. COMMITMENT

In February 2021, the Company signed an agreement with Applied Pharmaceutical Innovation for the synthesis of pharmaceutical-grade psychedelic compounds and the parallel development of the standard operating procedures necessary to obtain regulatory approval for the respective commercial production process. The Company will fund all infrastructure and initial lab set-up costs, which are currently estimated at $411,000 (of which $206,000 has been paid). The Company will also fund the monthly operating cost at $20,000 per month. Subsequent to December 31, 2023, the agreement was terminated.

16. COMMITMENT (cont'd)

In October 2023, the Company signed a joint development agreement with a German-based pharmaceutical developer for the acquisition of 100% of the intellectual property rights and joint development of an oral dissolvable ("ODF") drug reformulation using the active pharmaceutical ingredient Cladribine. As consideration for the intellectual property rights and development contributions, the Company has agreed to pay the following consideration:

- a cash fee of €150,000, payable in two equal installments being €75,000 on execution of the agreement (paid) and €75,000 on completion of the first pilot study;
- a monthly management fee of €15,000, which will be increased to €20,000 upon completion of the pilot study related to the Cladribine ODF;
- license fees in the event the Company grants licenses to any product using the Cladribine ODF or other film developed in performance of the joint development activities; and
- 100,000 common shares on execution of the agreement (issued subsequent to year end) and up to 2,500,000 additional shares upon the occurrence of certain specified milestones (150,000 common shares issued subsequent to year end).

The Company has recognized a contingent liability associated with the potential obligation to issue common shares upon certain milestones being met. As at December 31, 2023, the contingent share obligation is $153,600 (2022 - $nil) on the statements of financial position. The Company estimated the fair value of the obligation on signing of the contract at $80,000 which has been recorded in research and lab fees in the statements of loss and comprehensive and loss. The change in fair value from the contract date to year end of $73,600 has been recorded as change in fair value of contingent share obligation in the statements of loss and comprehensive loss.

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the year ended December 31, 2023 consisted of:

a) The issuance of 1,159,550 finders' warrants with a fair value of $365,931 related to the issuance of shares and exercise of warrants.

b) The issuance of 250,000 common shares with a fair value of $120,000 and 250,000 finders' warrants with a fair value of $48,042 related to the settlement of convertible debentures.

c) The issuance of 162,192 common shares with a fair value of $77,852 related to the settlement of $81,096 of accrued interest on convertible debentures

d) The reversal of reserves to deficit of $3,341,295 on expired options.

e) The recognition of equity component of $191,104 related to the issuance of convertible debt.

Significant non-cash transactions for the year ended December 31, 2022 consisted of:

a) The issuance of 984,000 finders' warrants with a fair value of $199,002 related to the issuance of shares.

b) The issuance of 432,000 finders' warrants with a fair value of $101,215 related to the issuance of convertible debt.

c) The recognition of equity component (net of associated transaction costs) of $252,023 related to the issuance of convertible debt.

(Expressed in Canadian Dollars)

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd)

d) The conversion of convertible debt with a principal amount of $100,000 for extinguishment of $100,000 of liability and a transfer of $4,022 from the equity component of convertible debt to share capital.

e) The reversal of reserves to share capital of $163,412 on exercise of stock options and the reversal of reserves to deficit of $206,656 on expired options.

The Company paid $nil for taxes during the years ended December 31, 2023 and 2022.

18. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2023	December 31, 2022
Loss before income taxes	$ (7,722,927)	$ (12,869,985)
Expected income tax recovery	(2,085,000)	(3,475,000)
Change in statutory, foreign tax, foreign exchange rates and other	(12,000)	(100,914)
Permanent differences	166,000	1,153,000
Share issuance cost	(121,000)	(127,000)
Adjustment to prior years' provision versus statutory tax returns and expiry of non-capital losses	(79,000)	985,000
Change in unrecognizable deductible temporary differences	2,131,000	1,071,000
Income tax recovery	$ -	$ (493,914)
Current income tax	$ -	$ (101,063)
Deferred tax recovery	$ -	$ (392,851)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2023	December 31, 2022
Deferred tax assets (liabilities)		
Property and equipment	$ 409,000	$ 353,000
Share issuance costs	340,000	323,000
Debt with accretion	195,000	(35,000)
Intangible assets	15,000	15,000
Non-capital losses available for future years	10,766,000	8,938,000
	11,725,000	9,594,000
Unrecognized deferred tax assets	(11,725,000)	(9,594,000)
Net deferred tax liability	$ -	$ -

(Expressed in Canadian Dollars)

18. INCOME TAXES (cont'd)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	December 31, 2023 $	Expiry Date Range	December 31, 2022 $	Expiry Date Range
Temporary differences				
Property and equipment	1,547,000	No expiry date	1,344,000	No expiry date
Share issuance costs	1,261,000	2044 to 2047	1,195,000	2043 to 2046
Intangible assets	49,000	No expiry date	49,000	No expiry date
Non-capital losses available for future years	39,031,000		31,713,000	
Canada	23,076,000	2037 to 2043	19,414,000	2037 to 2042
Germany	15,955,000	No expiry date	12,299,000	No expiry date

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

19. SUBSEQUENT EVENTS

a. On January 4, 2024 and January 29, 2024, the Company closed the second and third tranches of a non-brokered private placement and issued 1,200,000 and 720,000 units, respectively, at $0.40 per unit for gross proceeds of $768,000. Each unit consisted of one common share and one-half of one share purchase warrant, with each warrant exercisable into one additional common share at a price of $0.70 for a period of two years from closing. The Company paid finders' fees of $61,440 and also issued 96,000 finders' warrants to purchase an aggregate 96,000 common shares at a price of $0.55 per share for a period of two years from closing and 57,600 finders' warrants to purchase an aggregate 57,600 common shares at a price of $0.67 per share for a period of two years from closing, respectively.

b. Subsequent to December 31, 2023, 100,000 share purchase warrants expired unexercised.

c. Subsequent to December 31, 2023, 250,000 common shares were issued pursuant to a joint development agreement (note 16), including the 100,000 common shares disclosed in note 9(b).

d. Subsequent to December 31, 2023, the Company entered into an agreement to settle an aggregate $282,415 of accounts payable to a vendor through the issuance of common shares. The shares will be issued in three instalments of $94,138 worth of common shares, based on the closing price of the Company's common shares on the CSE on the day prior to issuance. The three instalments will be on or about the following dates: February 26, 2024 (not issued), October 15, 2024 and February 15, 2025.