ORION NUTRACEUTICALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

Notice to Readers

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

The accompanying unaudited condensed interim consolidated financial statements of Orion Neutraceuticals Inc. for the nine months ended February 29, 2024 and February 28, 2023 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These condensed interim consolidated financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these condensed interim consolidated financial statements.

Orion Nutraceuticals Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

AS AT,	Note		February 29, 2024		May 31, 2023 (Audited)
ASSETS					
Current assets					
Cash		$	**2,710**	$	3,992
Marketable securities	4		**500,000**		-
TOTAL ASSETS		$	**502,710**	$	3,992
LIABILITIES AND SHAREHOLDERS' DEFICIT					
Current liabilities					
Accounts payable	5	$	**393,549**	$	375,759
Accrued liabilities	5		**577,074**		452,873
Loans payable	5,6		**109,995**		90,333
TOTAL LIABILITIES			**1,080,618**		918,965
SHAREHOLDERS' DEFICIT					
Share capital	7		**8,513,978**		8,513,978
Share-based payment reserve	7		**1,336,860**		1,336,860
Deficit			**(10,427,824)**		(10,764,889)
Attributable to shareholders			**(576,986)**		(914,051)
Non-controlling interest	2		**(922)**		(922)
TOTAL SHAREHOLDER'S DEFICIT			**(577,908)**		(914,973)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		$	**502,710**	$	3,992

Nature of Operations and Going Concern (Note 1)
Promissory Notes (Note 3)
Subsequent Events (Note 10)

Approved and authorized by the Board on April 19, 2024

"Amanda Boudreau"	Director	**"Guy Bourgeois"**	Director

See accompanying notes to the condensed interim consolidated financial statements

Orion Nutraceuticals Inc.

Condensed Interim Consolidated Statements of Income and Comprehensive Income (Loss)
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

		For the three month period ended,		For the nine month period ended,	
	Note	**February 29, 2024**	February 28, 2023	**February 29, 2024**	February 28, 2023
EXPENSES					
Consulting fees	5	$ **-**	$ 14,700	$ **-**	$ 30,450
Management fees	5	**22,500**	22,500	**67,500**	67,500
Office administration		**61**	291	**109**	6,740
Professional fees		**18,900**	14,075	**75,645**	73,407
Regulatory and transfer agent fees		**7,460**	3,150	**19,681**	9,608
Share based compensation	5,7	**-**	-	**-**	889
		48,921	54,716	**162,935**	188,594
OTHER ITEMS					
Unrealized loss on marketable securities	4	**-**	-	**375,000**	-
Recovery of promissory notes	3	**-**	-	**(875,000)**	-
Write-off of accounts payable		**-**	(202,205)	**-**	-
Income and comprehensive income (loss) for the period		$ **(48,921)**	$ (256,921)	$ **337,065**	$ (188,594)
Basic and diluted income (loss) per share		**$ (0.00)**	**$** (0.00)	**$ 0.01**	**$** (0.00)
Weighted average number of common shares outstanding		**29,307,965**	29,307,965	**29,307,965**	29,307,965

See accompanying notes to the condensed interim consolidated financial statements

Orion Nutraceuticals Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

		Share capital					
	Note	Number of shares	Amount	Share-based payment reserve	Deficit	Non-controlling interest	Total
Balance at May 31, 2022		**29,307,965**	**$ 8,513,978**	**$ 1,335,971**	**$ (10,485,198)**	**$ (922)**	**$ (636,171)**
Share based compensation	8	-	-	889	-	-	889
Net and comprehensive loss		-	-	-	(188,594)	-	(188,594)
Balance at February 28, 2023		**29,307,965**	**$ 8,513,978**	**$ 1,334,430**	**$ (10,673,792)**	**$ (922)**	**$ (823,876)**
Balance at May 31, 2023		**29,307,965**	**$ 8,513,978**	**$ 1,336,860**	**$ (10,764,889)**	**$ (922)**	**$ (914,973)**
Net and comprehensive income		-	-	-	337,065	-	337,065
Balance at February 29, 2024		**29,307,965**	**$ 8,513,978**	**$ 1,336,860**	**$ (10,427,824)**	**$ (922)**	**$ (577,908)**

See accompanying notes to the condensed interim consolidated financial statements

Orion Nutraceuticals Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

For the period ended:		**February 29, 2024**		February 28, 2023
OPERATING ACTIVITIES				
Income (loss) for the period	$	337,065	$	(188,594)
Adjustments for non-cash items:				
Recovery of promissory notes		(875,000)		-
Unrealized loss on marketable securities		375,000		-
Share based compensation		-		889
Net change in non-cash working capital accounts:				
Accounts payable and accrued liabilities		141,991		136,042
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(20,944)**		**(51,663)**
FINANCING ACTIVITIES				
Loans received		19,662		46,333
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		**19,662**		**46,333**
Change in cash for the period		(1,282)		(5,330)
Cash, beginning		3,992		9,430
CASH, ENDING	**$**	**2,710**	**$**	**4,100**

See accompanying notes to the condensed interim consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Orion Nutraceuticals Inc. (the "Company" or "Orion") was incorporated under the Business Corporations Act of British Columbia on November 7, 2017. On October 17, 2018, the shares of the Company commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol ORI. The Company's head office and principal place of business is located at Suite 1890 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9. The Company was in the business of pursuing acquisitions of, or investments in, subsidiaries in global markets to grow cannabis and extract cannabis oil that will be used as an ingredient in proprietary health and beauty products and distributed in bulk to other manufacturers. During the year ended May 31, 2021, the Company changed its business model to focus on re-purposing a United States Food and Drug Administration approved drug to target asthma and chronic obstructive pulmonary disease (COPD) (Note 3).

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning they will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. During the period ended February 29, 2024, the Company generated a net income of $337,065 (February 28, 2023 – net loss of $188,594) and at February 29, 2024, the Company had a working capital deficit of $577,908 (May 31, 2023 - $914,973). The Company's ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements, continued cooperation of creditors and related parties, and ultimately upon generating profits from operations. These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern.

The Company depends almost exclusively on equity financing. Such equity financings include the issuance of additional equity shares. There can be no assurance that equity financings will be available to meet the continuing operating costs or, if the equity is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected, thus giving rise to doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance with International Financial Reporting Standards

These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies described in Note 2 of the Company's annual audited financial statements as at and for the year ended May 31, 2023. Accordingly, these condensed consolidated interim financial statements for the period ended February 29, 2024 should be read together with the annual audited consolidated financial statements as at and for the year ended May 31, 2023.

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").

These condensed interim consolidated financial statements have been prepared on the accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars, which unless otherwise noted, is the Company and its subsidiary's functional currency.

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on April 19, 2024.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Basis of Consolidation

The Company's condensed interim consolidated financial statements include the accounts of the Company and its subsidiary MedicOasis Inc. ("MedicOasis") in which the Company has a 99% ownership. A subsidiary is an entity controlled by the Company, where control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the Company's subsidiary is included in these consolidated financial statements. All intercompany balances and transactions, income and expenses have been eliminated upon consolidation.

During the year ended May 31, 2020, MedicOasis incurred losses. MedicOasis has been inactive since June 1, 2020. The non-controlling interest of 1% in MedicOasis was held by other minority shareholders.

	$
Non-controlling interest, May 31, 2021	(922)
Non-controlling interest in loss of Orion during May 31, 2022 and 2023 and February 29, 2024	-
Total non-controlling interest, May 31, 2022 and 2023 and February 29, 2024	(922)

Significant Judgements and Estimates

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty are the same as those that applied to the Company's audited consolidated financial statements for the year ended May 31, 2023, with exception to the new accounting policies adopted by the Company discussed below.

The preparation of condensed interim consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgement in the process of applying the accounting policies.

Marketable Securities

The Company classifies its marketable securities at fair value through profit and loss ("FVTPL") under IFRS 9. The standards applied are the same as those that applied to the Company's audited consolidated financial statements for the year ended May 31, 2023. The assets are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

New or revised accounting standards

Other 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)

3. PROMISSORY NOTES

On August 25, 2020, the Company signed a non-binding letter of intent, as amended, to acquire all of the issued and outstanding securities of 2740162 Ontario Inc. (d/b/a "August Therapeutics"), a private corporation, in consideration for the issuance of 60 million common shares in the capital of the Company to the shareholders of August Therapeutics pro rata to their ownership interest (the "Transaction"), expiring on December 31, 2021. In connection with the proposed Transaction the Company extended to August Therapeutics a series of secured notes, bearing interest at 1% per annum compounded monthly totaling $1,725,017 (US$1,301,664). The notes were recorded at fair value using a discount rate of 20% at initial recognition and subsequently.

During the year ended May 31, 2021, the Company extended to Ketiko Bio Corp. ("Ketiko") a note, bearing interest of 1% per annum calculated monthly totaling $672,880 (US$500,000). The note matures and was due and payable on October 28, 2021. The note was recorded at fair value using a discount rate of 20% at initial recognition and subsequently. During the period ended May 31, 2022, the Company advanced an additional $187,832 (US$150,000) note to Ketiko on the same terms as the initial advance.

At May 31, 2022, $2,278,745 (US$1,801,664) of the notes had reached maturity and had not been repaid. During the year-ended May 31, 2022, the Company deemed the notes to be uncollectable, and recorded impairment expense of $2,502,912, resulting in balance of $nil in promissory notes receivable as at May 31, 2023 and February 29, 2024.

On December 19, 2022, the Company entered into a debt settlement agreement (the "Debt Settlement Agreement") with August Therapeutics and Ketiko (the "Debtors") relating to the promissory notes the Company extended to the Debtors in prior years. The Debtors are in the process of settling and entering into an Asset Purchase Agreement with Therma Bright Inc. ("Therma") where the Debtors will sell certain assets in exchange for 55,000,000 shares of Therma (the "Consideration Shares"). On October 23, 2023, the Debtors transferred 25,000,000 Consideration Shares with a fair value of $875,000 to fully satisfy the outstanding debt with the Company (Note 4) and recorded a recovery of promissory notes of $875,000.

The following table summarizes the promissory note activity:

	August Therapeutics	Ketiko	Total
Balance, May 31, 2021	$ 1,481,807	$ 565,653	$ 2,047,460
Promissory notes advanced	-	187,832	187,832
Change in fair value	115,006	45,301	160,307
Foreign exchange	76,190	31,123	107,313
Impairment	(1,673,003)	(829,909)	(2,502,912)
Balance, May 31, 2022 and May 31, 2023 and February 29, 2024	$ -	$ -	$ -

4. MARKETABLE SECURITIES

At February 29, 2024, the Company held the following marketable securities:

Investee	Number of Shares	Cost $	Fair Value $
Public Companies			
Therma Bright Inc. – Shares (Note 3)	25,000,000	875,000	500,000

At May 31, 2023, the Company did not hold any marketable securities.

(Expressed in Canadian dollars)

4. MARKETABLE SECURITIES (CONTINUED)

The continuity of the Company's marketable securities is as follows:

	May 31, 2023	Additions	Disposals	Fair value change	February 29, 2024
Investment in public entities:	$	$	$	$	$
- Shares	-	875,000	-	(375,000)	500,000
Total	**-**	**875,000**	**-**	**(375,000)**	**500,000**

During the period ended February 29, 2024, the Company received a 25,000,000 common shares of Therma with a fair value of $875,000 pursuant to the Debt Settlement Agreement (Note 3).

The shares had a fair value of $500,000 as at February 29, 2024 and the Company recognized an unrealized loss on marketable securities of $375,000.

5. RELATED PARTY TRANSACTIONS AND BALANCES

The Company defines key management as directors and officers of the Company.

The following are the transactions with related parties during the periods ended February 29, 2024, and February 28, 2023, respectively:

	2024	2023
Management fees paid or accrued to the former CEO and related companies	$ 67,500	$ 67,500
Share based compensation to a former Director of the Company	-	889
Total	$ 67,500	$ 68,389

At February 29, 2024, the Company owes $392,500 (May 31, 2023 - $325,000) directly or to companies controlled by key management personnel, which is included in accrued liabilities. At February 29, 2024, the Company owes $72,662 (May 31, 2023 - $53,000) directly to key management personnel, which is included in loans payable (Note 6). These amounts are unsecured, non-interest bearing and due on demand.

6. LOANS PAYABLE

	Loans $	Related Party Loans $	Total $
Balance, May 31, 2021 and May 31, 2022	**24,000**	**20,000**	**44,000**
Additions	13,333	33,000	46,333
Balance, May 31, 2023	**37,333**	**53,000**	**90,333**
Additions	**-**	19,662	19,662
Balance, February 29, 2024	**37,333**	**72,662**	**109,995**

During the year ended May 31, 2023, the Company received loans of $33,000 from a former related party (Note 5) and loans of $13,333 from third parties for total loans of $46,333 for the year ended May 31, 2023.

During the period ended February 29, 2024, the Company received loans of $19,662 from a former related party (Note 5).

The Company has loan balances of $109,995 owing as of February 29, 2024 (May 31, 2023 - $90,333), of which $72,662 (May 31, 2023 - $53,000) is payable to key management personnel (Note 5). The loans are unsecured, non-interest bearing and due on demand.

(Expressed in Canadian dollars)

7. SHARE CAPITAL AND RESERVES

Authorized: Unlimited common shares without par value.

Issued and Outstanding:

For the period ended February 29, 2024:

No capital activity during the period ended February 29, 2024.

For the period ended February 28, 2023:

No capital activity during the period ended February 28, 2023.

Share Purchase Warrants

The following table summarizes warrant activity:

	Number of warrants	Weighted average price $
Balance at May 31, 2022	21,084,002	0.40
Expired	(21,084,002)	0.40
Balance at May 31, 2023 and February 29, 2024	-	-

Options

The Company grants stock options to employees, Directors, officers, and consultants of the Company as compensation for services pursuant to its Stock Option Plan (the "Plan"). Options have a maximum expiry period of up to five years from the grant date and are subject to minimum vesting requirements, as determined by the Board of Directors. The number of options that may be issued under the Plan may not exceed 20% of the number of issued and outstanding common shares of the Company at the time of granting of options.

The following table summarizes options activity:

	Number of options	Weighted average price $
Balance at May 31, 2021 and May 31, 2022	**58,000**	**5.73**
Expired	(32,000)	5.31
Balance at May 31, 2023	**26,000**	**6.25**
Expired	(26,000)	6.25
Balance at February 29, 2024	**-**	**-**

The Company has no stock options outstanding as at February 29, 2024.

On September 13, 2019, the Company granted 12,000 stock options with an exercise price of $3.75 per share expiring on September 13, 2023. A third of the options vest on the first, second and third anniversary dates, respectively. The total fair value of the stock options was estimated to be $27,851 using the Black-Scholes Option Pricing Model with the following assumptions: term of 4 years; expected volatility of 210%; risk-free rate of 1.55%; and expected dividends of zero. During the year ended May 31, 2023, the Company recognized share-based compensation of $889 and all 12,000 of the stock options were cancelled without being exercised.

7. SHARE CAPITAL AND RESERVES (CONTINUED)

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to carry out its business plan and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company consists of common shares. The Company manages the capital structure and makes adjustments to it in light of changes in 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, acquire or dispose of assets or adjust the amount of cash.

There were no changes in the Company's approach to capital management during the period. There are no externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair values

The fair values of cash, loans payable and accounts payable approximate their carrying values due to the short-term to maturities of these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's cash is measured using level 1 inputs. The Company's investment portfolio is measured using the most reliable measure of fair value and range from level 1 to level 3 inputs. During the period ended February 29, 2024 and year ended May 31, 2023, there were no transfers between levels. The Company's measurement of the fair value of financial instruments as at February 29, 2024 and May 31, 2023 in accordance with the fair value hierarchy is as follows:

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Fair values

		Total		Level 1		Level 2		Level 3
February 29, 2024								
Cash	$	2,710	$	2,710	$	-	$	-
Marketable securities	$	500,000	$	-	$	500,000	$	-
Accounts payable and accrued liabilities	$	970,623	$	970,623	$	-	$	-
Loan payable	$	109,995	$	109,995	$	-	$	-
May 31, 2023								
Cash	$	3,992	$	3,992	$	-	$	-
Accounts payable and accrued liabilities	$	828,632	$	828,632	$	-	$	-
Loan payable	$	90,333	$	90,333	$	-	$	-

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash on hand to meet its financial obligations. Liquidity risk is assessed as high.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The risk on cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. The Company was exposed to risk on its promissory note, which is secured, however the promissory notes were impaired to $nil during the year ended May 31, 2022 and the Company has minimal credit risk exposure as a result. Credit risk on cash is assessed as low.

(e) Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company does not hedge its exposure to fluctuations in foreign exchange rates. At February 29, 2024, the Company has minimal impact from foreign exchange risk as it does not hold any assets in foreign currencies.

10. SUBSEQUENT EVENTS

On March 13, 2024, Mr. Joel Dumaresq resigned as CEO, CFO and Director of the Company and Mr. Guy Bourgeois was appointed as CEO and CFO of the Company.