LEXSTON LIFE SCIENCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED AUGUST 31, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS)

(Prepared by Management)

(UNAUDITED)

NOTICE OF NO AUDITORS' REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of Lexston Life Sciences Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada ("CPA Canada") for a review of interim financial statements by an entity's auditor.

LEXSTON LIFE SCIENCES CORP.

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
(UNAUDITED)

	Note	**AUGUST 31, 2023 $**	MAY 31, 2023 $
ASSETS			
Current assets			
Cash		**569,452**	**510,995**
Accounts receivable	4	**5,646**	**6,350**
Prepaid expenses and advances	11	**87,175**	**240,325**
Total current assets		**662,273**	**757,670**
Non-current assets			
Investment	6	**1**	**1**
Property and equipment	7	**50,008**	**56,631**
Total non-current assets		**50,009**	**56,632**
TOTAL ASSETS		**712,282**	**814,302**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**21,606**	**11,207**
Total current liabilities		**21,606**	**11,207**
Shareholders' equity			
Share capital	8	**4,163,662**	**4,163,662**
Share-based payment reserves	8,9	**151,462**	**151,462**
Deficit		**(3,624,448)**	**(3,512,029)**
Total shareholders’ equity		**690,676**	**803,095**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**712,282**	**814,302**

Nature of operations and continuance of business (Note 1)
Subsequent event (Note 12)

Approved and authorized for issuance by the Board of Directors on October 25, 2023:

/s/ Clinton Sharples
Clinton Sharples, Director

/s/ Jagdip Bal
Jagdip Bal, Director

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

LEXSTON LIFE SCIENCES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
(UNAUDITED)

	Note	**Three- month period ended August 31, 2023 $**	Three- month period ended August 31, 2022 $
Operating expenses			
Advertising and promotion		**2,500**	118,650
Amortization	7	**6,623**	8,606
Consulting fees		**30,000**	37,500
Management fees	11	**20,000**	22,500
Office and miscellaneous		**2,037**	6,074
Professional fees		**30,609**	49,581
Regulatory and transfer agent fees		**11,148**	20,405
Rent		**9,502**	7,602
Salaries and benefits	11	**–**	18,301
Total operating expenses		**112,419**	289,219
Net loss and comprehensive loss		**(112,419)**	(289,219)
Loss per share, basic and diluted		**(0.01)**	(0.01)
Weighted average number of shares outstanding, basic and diluted		**30,309,167**	23,449,135

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

LEXSTON LIFE SCIENCES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)
(UNAUDITED)

	Share capital				
	Number of shares	Amount $	Share-based reserves $	Deficit $	Total $
Balance, May 31, 2022	11,746,727	3,276,996	793,059	(3,196,344)	873,711
Issuance of common shares pursuant to private placement	18,562,440	928,122	–	–	928,122
Share issue costs	–	(41,456)	21,576	–	(19,880)
Net loss for the period	–	–	–	(289,219)	(289,219)
Balance, August 31, 2022	30,309,167	4,163,662	814,635	(3,485,563)	1,492,734
Fair value of stock options granted	–	–	129,886	–	129,886
Transfer from reserves to deficit relating to cancelled options	–	–	(793,059)	793,059	–
Net loss for the period	–	–	–	(819,525)	(819,525)
Balance, May 31, 2023	30,309,167	4,163,662	151,462	(3,512,029)	803,095
Net loss for the period	–	–	–	(112,419)	(112,419)
Balance, August 31, 2023	**30,309,167**	**4,163,662**	**151,462**	**(3,624,448)**	**690,676**

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

LEXSTON LIFE SCIENCES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
(UNAUDITED)

	Three-month period ended August 31, 2023	Three-month period ended August 31, 2022
	$	$
OPERATING ACTIVITIES		
Net loss	**(112,419)**	(289,219)
Items not involving cash:		
Amortization	**6,623**	8,606
Loss on disposal of equipment	**–**	1,663
Changes in non-cash operating working capital:		
Amounts receivable	**704**	27,609
Prepaid expenses and advances	**153,150**	113,094
Accounts payable and accrued liabilities	**10,399**	(23,747)
Due to related party	**–**	(6,923)
Net cash used in operating activities	**58,457**	(168,917)
FINANCING ACTIVITIES		
Net proceeds from private placement	**–**	908,242
Net cash provided by financing activities	**–**	908,242
Change in cash	**58,457**	739,325
Cash, beginning of year	**510,995**	590,494
Cash, end of year	**569,452**	1,328,819
Non-cash investing and financing activities:		
Fair value of broker warrants issued	**–**	21,576

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Lexston Life Sciences Corp. (the "Company") was incorporated on January 3, 2020 under the laws of the province of British Columbia. The address of the Company's registered and records office is 1150 – 789 West Pender Street, Vancouver, BC, V6C 1H2 and its principal place of business is 929 Mainland Street, Vancouver, BC V6B 1S3. Subsequent to August 31, 2023, the Company completed a change of business to mineral exploration and changed its name to Lexston Mining Corporation.

During the three-month period ended August 31, 2023, the Company incurred a net loss of $112,419 (2022 – 289,219) and has generated net cash in operating activities of $58,457 (used net cash during the three-month period ending August 31, 2022 - $168,917). As at August 31, 2023, the Company has an accumulated deficit of $3,624,448 (May 31, 2023 - $3,512,029). The Company expects to incur further losses in the development of its operations. While the Company has positive working capital, the ability of the Company to carry out its business objectives is dependent on its ability to secure continued financial support from related parties, to obtain public equity financing, or to ultimately attain profitable operations in the future. If and when the Company can attain profitability and positive cash flows is uncertain.

While the Company has been successful in securing financing in the past, there is no assurance that financing will be available in the future on terms acceptable to the Company. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis and in accordance with International Financial Reporting Standards ("IFRS"). These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value. These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Principles of Consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Egret Bioscience Ltd. ("Egret") and Zenalytic Laboratories Ltd. ("Zen").

The Company's unaudited condensed interim consolidated financial statements include the accounts of all subsidiaries subject to control by the Company. Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions, and unrealized intercompany gains and losses are eliminated upon consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates and Judgments

The preparation of these unaudited condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Significant areas requiring the use of management estimates include the collectability of accounts receivable, carrying value of investment, the useful lives and carrying value of property and equipment and intangible assets, fair value of share-based compensation, and recoverability of unrecognized deferred income tax assets.

Significant judgments include the following:

- Assessment of whether the going concern assumption is appropriate which requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period;
- Determining whether the acquisitions of Egret and Zen are a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in the acquisition transaction. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity;
- Judgment with respect to the assessment of fair value of investment in a private company. The fair value of common shares in a private company is determined by valuation techniques such as recent arm's length transactions, option pricing models, or other valuation techniques commonly used by market participants; and
- Costs to develop products that will be sold are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38, *Intangible Assets,* are met. Those criteria require that the product is technically and economically feasible, which management assesses based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible.

Significant Accounting Policies

These unaudited condensed interim consolidated financial statements follow the same accounting policies and methods of application as the annual audited consolidated financial statements for the year ended May 31, 2023.

(Expressed in Canadian dollars)

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of these exposures. These risks include liquidity risk, credit risk, price risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Fair values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at August 31, 2023 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Carrying Amount $
Investment	–	1	–	1

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The fair values of other financial instruments, which include cash, accounts receivable, accounts payable and accrued liabilities, and amounts due to related party approximate their carrying values due to the relatively short-term maturity of these instruments.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt and equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company has cash of $569,452 at August 31, 2023 (May 31, 2023 – $510,995) in order to meet short-term liabilities of $21,606 (May 31, 2023 – $11,207). There is no assurance that financing will be available or, if available, that such financing will be on terms acceptable to the Company. The Company monitors its risk of shortage of funds by monitoring the maturity dates of its existing liabilities. The Company's accounts payable and amounts due to related parties are all due within one year.

Foreign exchange rate and interest rate risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of cash, and equity comprised of issued share capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

4. ACCOUNTS RECEIVABLE

	August 31, 2023 $	May 31, 2023 $
Trade accounts receivable	25	25
Taxes receivable	5,621	6,325
	5,646	6,350

5. MINERAL PROPERTY

The Company entered into a mineral property option agreement dated January 18, 2023 and amended May 31, 2023. In order to exercise the option and earn a 51% interest in the Dory Property, which consists of four mineral claims located 25 km west of Port Alberni in British Columbia, the Company must, within six months from the date of acceptance by the Canadian Securities Exchange (the "Exchange") of the option agreement and the change of business of the Company:

a) pay to the Optionor $85,000; and

b) issue to the Optionor a total of 250,000 common shares of the Company.

The Company will earn a further 49% interest in the Dory Property making the total interest of the Company in the Property 100% by:

a) making a cash payment to the Optionor in the amount of $10,000 within one year from the date of the acceptance of the Option Agreement and the change of business of the Company by the Exchange;

b) incurring expenditures on the Dory Property in the amount of $100,000 within one year from the date of the acceptance of the Option Agreement and the change of business of the Company by the Exchange; and

c) issuing to the Optionor a total of 250,000 common shares of the Company within one year from the date of the acceptance of the Option Agreement and the change of business of the Company by the Exchange.

The option is subject to 2% net smelter return royalty in favour of the Optionor, 1/2 of which can be repurchased by the Company for $1,000,000.

6. INVESTMENT

On July 7, 2021, the Company acquired 750,000 Class C non-voting common shares of Psy Integrated Health Inc. ("Psy Integrated"), a private company incorporated in the province of British Columbia, at $0.10 per share for $75,000, representing 13% of the total issued and outstanding shares of Psy Integrated and no voting rights, board representation, or involvement in the day-to-day nature of its operations. The Company's investment in Psy Integrated is recorded as FVTPL.

During the year ended May 31, 2023, the Company recorded an unrealized loss of $28,999 (2022 - $46,000) on its investment in Psy Integrated, and as at May 31, 2023, has a carrying value of $1 (2022 - $29,000).

(Expressed in Canadian dollars)

7. PROPERTY AND EQUIPMENT

	Computer equipment $	Laboratory equipment $	Total $
COST			
Balance, May 31, 2022	8,491	143,111	151,602
Disposals	(7,221)	(28,518)	(35,739)
Balance, May 31, 2023	1,270	114,593	115,863
Disposals	–	–	–
Balance, May 31, 2023	1,270	114,593	115,863
ACCUMULATED DEPRECIATION:			
Balance, May 31, 2022	3,926	39,323	43,249
Amortization	1,281	28,519	29,800
Disposals	(3,937)	(9,880)	(13,817)
Balance, May 31, 2023	1,270	57,962	59,232
Amortization	–	6,623	6,623
Balance, May 31, 2023	1,270	64,585	65,855
CARRYING AMOUNT:			
Balance, May 31, 2023	–	56,631	56,631
Balance, August 31, 2023	–	**50,008**	**50,008**

8. SHARE CAPITAL

Authorized

Unlimited number of common shares, voting, without par value.

On May 27, 2022, the Company consolidated its issued and outstanding common shares on the basis of 5 old common shares to 1 new common share. Unless otherwise noted, all shares, options and warrants have been retroactively adjusted to reflect the consolidation.

Escrow Shares

Pursuant to an escrow agreement effective June 7, 2021, a total of 4,260,000 common shares of the Company were deposited into escrow for certain principal shareholders. Under the escrow agreement, 10% of the escrowed common shares were released (on the date of listing) and 15% will be released subsequently every 6 months thereafter over a period of 36 months. As of August 31, 2023, there were 1,278,000 (May 31, 2023 – 1,917,000) shares held in escrow.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

Share Issuances

Period ended August 31, 2023

Nil

Year ended May 31, 2023

(a) During the year ended May 31, 2023, the Company issued 18,562,440 units at $0.05 per unit for proceeds of $928,122, including 800,000 units issued to officers and directors of the Company for proceeds of $40,000. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of five years at $0.075 per share. As part of the private placement, the Company paid finders' fees of $19,880 and issued 397,600 brokers warrants under the same terms and conditions as the warrants issued pursuant to the private placement. The value of the brokers warrants amounted to $21,576 based on the value of the equity instruments issued. This issuance cost was recorded as reduction in share capital and an increase in reserves.

9. SHARE PURCHASE WARRANTS

The continuity of share purchase warrants is summarized below:

	Weighted average exercise price $	Number of warrants
Balance, May 31, 2022	0.75	2,790,319
Issued pursuant to private placement	0.075	18,562,440
Broker warrants issued pursuant to private placement	0.075	397,600
Balance, May 31, 2023	**0.16**	**21,750,359**
Expired	0.75	(2,248,986)
Balance, August 31, 2023	**0.09**	**19,501,373**

The following table summarizes the warrants outstanding and exercisable at August 31, 2023:

Expiry date	Weighted average remaining contractual life (years)	Exercise price $	Number of warrants
October 16, 2023	0.00	0.75	541,333
July 4, 2027	3.74	0.075	18,960,040
	3.74		**19,501,373**

The $0.75 share purchase warrants are subject to an acceleration clause where they will expire within 30 days if the common shares of the Company are listed on a Canadian stock exchange and trade at a price of $2.00 per share or higher for ten consecutive business days. As at August 31, 2023, the weighted average remaining contractual life of all warrants outstanding was 3.74 years (May 31, 2023 – 3.59). See Subsequent Event Note 11.

The broker warrants issued pursuant to private placement were valued using the Black-Scholes option pricing model with the following assumptions: Annualized volatility of $124%; risk-free interest rate of 3.04%; expected life of 5 years; and no expected dividends.

(Expressed in Canadian dollars)

10. STOCK OPTIONS

The Company has a Stock Option Plan whereby stock options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's stock on the date of the grant and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the stock option grant.

	Weighted average exercise price $	Number of options
Outstanding, May 31, 2022	0.69	796,000
Granted	0.05	3,000,000
Cancelled	0.69	(796,000)
Outstanding, May 31, 2023 and August 31, 2023	**0.05**	**3,000,000**
Exercisable, May 31, 2023 and August 31, 2023	**0.05**	**3,000,000**

Additional information regarding stock options outstanding as at August 31, 2023 is as follows:

Expiry date	Weighted average remaining contractual life (years)	Exercise price	Stock options outstanding	Stock options exercisable
October 5, 2027	4.10	$0.05	3,000,000	3,000,000
	4.10		**3,000,000**	**3,000,000**

11. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

	Three-month period ended August 31, 2023 $	Three-month period ended August 31, 2022 $
Management fees	**20,000**	22,500
Salaries and benefits	–	18,023

(a) As at August 31, 2023, the Company prepaid $22,500 (May 31, 2023 - $22,500) consulting fees to a director. These fees are deferred until the Company completes the Change of Business and accepted by the Exchange.

(b) During the three-month period ended August 31, 2023, the Company incurred $20,000 (2022 - $22,500) of management fees to the Chief Executive Officer of the Company.

(c) During the three-month period ended August 31, 2023, the Company incurred $nil (2022 - $18,023) of salaries and benefits to two former directors.

12. SUBSEQUENT EVENT

541,333 share purchase warrants exercisable at $0.75 per common share expired unexercised.