

**SURENANO SCIENCE LTD.**

Condensed Interim Financial Statements

For the six months ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 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 interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**SURENANO SCIENCE LTD.**

Condensed interim statements of financial position  
(Expressed in Canadian dollars)  
(unaudited)

	September 30, 2023 \$	March 31, 2023 \$
<b>ASSETS</b>		
Current assets		
Cash	179,680	276,991
Amounts receivable	4,269	21,321
Prepaid expenses	20,386	11,168
Total current assets	204,335	309,480
Non-current assets		
Equipment (Note 3)	6,875	8,125
Total assets	211,210	317,605
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	4,177	6,224
Due to related parties (Note 5)	98,359	51,673
Total current liabilities	102,536	57,897
Shareholders' equity		
Share capital (Note 6)	1,439,845	1,439,845
Share-based payment reserves (Note 7)	405,056	405,056
Deficit	(1,736,227)	(1,585,193)
Total shareholders' equity	108,674	259,708
Total liabilities and shareholders' equity	211,210	317,605

Nature of operations and continuance of business (Note 1)  
Commitments (Note 8)

Approved and authorized for issuance on behalf of the Board of Directors on November 24, 2023:

/s/ "Charles MaLette"

Charles MaLette, Director

/s/ "James Bordian"

James Bordian, Director

(The accompanying notes are an integral part of these condensed interim financial statements)

**SURENANO SCIENCE LTD.**

Condensed interim statements of operations and comprehensive loss

(Expressed in Canadian dollars)

(unaudited)

	Three months ended September 30, 2023 \$	Three months ended September 30, 2022 \$	Six months ended September 30, 2023 \$	Six months ended September 30, 2022 \$
<b>Expenses</b>				
Consulting fees (Note 5)	32,000	47,219	32,000	86,116
License fee (Note 4 and 5)	–	–	–	10,000
Management fees (Note 5)	24,000	24,750	48,000	49,500
Office and miscellaneous	(6,027)	(16,231)	19,588	26,432
Professional fees (Note 5)	22,639	41,543	44,199	45,689
Research and development (Note 8)	7,247	34,064	7,247	34,919
Share-based compensation recovery (Notes 7)	–	(389)	–	(5,193)
<b>Total expenses</b>	<b>79,859</b>	<b>130,956</b>	<b>151,034</b>	<b>247,463</b>
<b>Net loss and comprehensive loss for the period</b>	<b>(79,859)</b>	<b>(130,956)</b>	<b>(151,034)</b>	<b>(247,463)</b>
<b>Loss per share, basic and diluted</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average shares outstanding</b>	<b>21,457,800</b>	<b>21,457,800</b>	<b>21,457,800</b>	<b>21,457,800</b>

(The accompanying notes are an integral part of these condensed interim financial statements)

**SURENANO SCIENCE LTD.**

Condensed interim statement of changes in equity  
(Expressed in Canadian dollars)  
(unaudited)

	Share capital		Share-based payment reserves \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$			
Balance, March 31, 2022	21,457,800	1,439,845	411,277	(1,201,174)	649,948
Share-based compensation recovery	–	–	(5,193)	–	(5,193)
Net loss for the period	–	–	–	(247,463)	(247,463)
Balance, September 30, 2022	21,457,800	1,439,845	406,084	(1,448,637)	397,292
Balance, March 31, 2023	21,457,800	1,439,845	405,056	(1,585,193)	259,708
Net loss for the period	–	–	–	(151,034)	(151,034)
Balance, September 30, 2023	21,457,800	1,439,845	405,056	(1,736,227)	108,674

(The accompanying notes are an integral part of these condensed interim financial statements)

**SURENANO SCIENCE LTD.**

Condensed interim statements of cash flows  
(Expressed in Canadian dollars)  
(unaudited)

	Six months ended September 30, 2023 \$	Six months ended September 30, 2022 \$
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(151,034)	(247,463)
Items not involving cash:		
Depreciation	1,250	1,250
Share-based compensation (recovery)	–	(5,193)
Changes in non-cash operating working capital:		
Amounts receivable	17,052	(37,792)
Prepaid expenses	(9,218)	(15,367)
Accounts payable and accrued liabilities	(2,047)	1,733
Due to related parties	46,686	(15,784)
<b>Net cash used in operating activities</b>	<b>(97,311)</b>	<b>(318,616)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	–	(20,000)
<b>Net cash used in investing activities</b>	<b>–</b>	<b>(20,000)</b>
Change in cash	(97,311)	(338,616)
Cash, beginning of period	276,991	667,092
<b>Cash, end of period</b>	<b>179,680</b>	<b>328,476</b>

(The accompanying notes are an integral part of these condensed interim financial statements)

# SURENANO SCIENCE LTD.

Notes to the condensed interim financial statements  
For the six months ended September 30, 2023 and 2022  
(Expressed in Canadian dollars)

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## 1. Nature of Operations and Continuance of Business

SureNano Science Ltd. (the “Company”) was incorporated under the Business Corporations Act in British Columbia on January 14, 2021. The principal business of the Company is the sale and distribution of the SureNano™ surfactant, which is a ready-to-mix food grade compound that provides the base for high performance nano-emulsions to create incredibly homogeneous and stable products while maximizing bioavailability, clarity, and taste. The Company has exclusive licenses to distribute the SureNano™ surfactant within Canada, the State of Oklahoma, USA, and the State of Colorado, USA (Note 4). The Company’s shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “SURE” and are trading on the OTCQB Venture Market (“OTCQB”) under the stock symbol “SURNF”. The Company’s head office is located at 350 – 1650 West 2nd Avenue, Vancouver, British Columbia.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Realization values may be substantially different from carrying values as shown and these condensed interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. As at September 30, 2023, the Company has negative cash flow from operations, and has an accumulated deficit of \$1,736,227. The Company expects to incur further losses in the development of its business. The Company’s ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. These factors indicate the existence of a material uncertainty that may cast doubt on the Company’s ability to continue as a going concern. These condensed interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These adjustments could be material.

## 2. Significant Accounting Policies

### (a) Statement of Compliance and Basis of Presentation

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, “*Interim Financial Reporting*”.

These condensed interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company’s functional currency.

The accounting policies used in these condensed interim financial statements are the same as those used in the Company’s audited financial statements as at, and for the period ended March 31, 2023. These condensed interim financial statements should be read in conjunction with those statements.

### (b) Use of Estimates and Judgments

The preparation of these condensed interim financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. 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 and in any future periods affected.

Significant areas requiring the use of estimates include share-based compensation, the recovery of amounts receivable, useful lives and carrying values of equipment, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

## SURENANO SCIENCE LTD.

Notes to the condensed interim financial statements  
For the six months ended September 30, 2023 and 2022  
(Expressed in Canadian dollars)

### 2. Significant Accounting Policies (continued)

#### (b) Use of Estimates and Judgments (continued)

Judgments made by management include the assessment of the classification of joint arrangements, and the factors used to determine the assessment of whether the going concern assumption is appropriate.

The Company has equal joint control in a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement on a proportionate basis. The arrangement is therefore recognized as a joint operation. Neither of the parties involved have unilateral control of the joint operation. The Company accounts for its 50% interest in joint operations by recognizing separately its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations. The Company records 50% of all operational activity in its financials including 50% of all assets and liabilities. This assessment is to be performed on a continuous basis.

The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

#### (c) Recent Accounting Pronouncements

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 condensed interim financial statements.

### 3. Equipment

	Nano emulsion equipment \$
<b>Cost:</b>	
Balance, March 31, 2023 and September 30, 2023	10,000
<b>Accumulated depreciation:</b>	
Balance, March 31, 2023	1,875
Depreciation	1,250
Balance, September 30, 2023	3,125
<b>Carrying amounts:</b>	
Balance, March 31, 2023	8,125
Balance, September 30, 2023	6,875



## SURENANO SCIENCE LTD.

Notes to the condensed interim financial statements  
For the six months ended September 30, 2023 and 2022  
(Expressed in Canadian dollars)

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### 4. Licensing Agreements

- (a) On February 19, 2021, the Company entered into a licensing agreement (the “Licensing Agreement”) with 1150641 B.C. Ltd. (“1150641”), a company controlled by an individual who was appointed as a Director of the Company subsequent to entering into the Licensing Agreement, whereby the Company was granted an exclusive license and right to produce, distribute, and enter into sub-licenses or agreements within Canada with respect to the SureNano™ surfactant (the “Product”), which is owned by 1150641. The Company was also granted the first right of refusal over licenses and rights to the Product in Europe over the life of the Licensing Agreement. The Licensing Agreement is for an initial term of 10 years, with an option to renew for an additional 10 years upon the Company providing written notice to 1150641 prior to the expiration of the initial term.

In consideration for the exclusive license and rights, the Company agreed to pay the following:

- (a) \$50,000 within 3 business days of signing the Licensing Agreement (paid);
- (b) \$50,000 on June 30, 2021 (paid);
- (c) \$50,000 on June 30, 2021 (paid); and
- (d) \$50,000 on September 30, 2021 (paid).

The Company also agreed to pay an on-going royalty calculated as 25% of net sales, which are payable within 30 days of the end of each fiscal quarter. In the event any royalty is not paid when due, interest on such unpaid amount will be payable at a rate of 8% per annum.

- (b) On June 10, 2021, the Company entered into a Licensing Agreement (the “Colorado Licensing Agreement”) with 1150641, a company controlled by a Director of the Company, whereby the Company was granted an exclusive license and right to produce, distribute, and enter into sub-licenses or agreements within the state of Colorado, USA, with respect to the Product, which is owned by 1150641. The Colorado Licensing Agreement is for an initial term of 10 years, with an option to renew for an additional 10 years upon the Company providing written notice to 1150641 prior to the expiration of the initial term. In consideration for the rights and licenses, the Company paid \$25,000 and agreed to pay an on-going royalty calculated as 25% of net sales, which is payable within 30 days of the end of each fiscal quarter. In the event any royalty is not paid when due, interest on such unpaid amount will be payable at a rate of 8% per annum.
- (c) On June 20, 2022, the Company entered into a Licensing Agreement (the “Oklahoma Licensing Agreement”) with 1150641, a company controlled by a Director of the Company, whereby the Company was granted an exclusive license and right to produce, distribute, and enter into sublicenses or agreements within the state of Oklahoma, USA, with respect to current and future products developed by 1150641. The Oklahoma Licensing Agreement is for an initial term of 10 years, with an option to renew for an additional 10 years upon the Company providing written notice to 1150641 prior to the expiration of the initial term. In consideration for the rights and licenses, the Company paid \$10,000 and agreed to pay an ongoing royalty calculated as 20% of net sales, which is payable within 30 days of the end of each fiscal quarter. In the event any royalty is not paid when due, interest on such unpaid amount will be payable at a rate of 8% per annum.

## SURENANO SCIENCE LTD.

Notes to the condensed interim financial statements  
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### 5. Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that its key management personnel are the members of the Company's current and former Board of Directors and its executive officers.

- (a) During the six months ended September 30, 2023, the Company incurred management fees of \$45,000 (2022 – \$45,000) to the Chief Executive Officer ("CEO") of the Company. As at September 30, 2023, the Company owed \$68,000 (March 31, 2023 – \$36,567) to the CEO. The amount is non-interest bearing, unsecured and due on demand.
- (b) During the six months ended September 30, 2023, the Company incurred management fees of \$3,000 (2022 – \$4,500) to the Chief Financial Officer ("CFO") of the Company.
- (c) During the six months ended September 30, 2023, the Company incurred license fees of \$nil (2022 – \$10,000) to a company controlled by a former Director of the Company.
- (d) During the six months ended September 30, 2023, the Company incurred professional fees of \$15,000 (2022 - \$nil) and consulting fees of \$30,000 (2022 – \$42,000) to a company controlled by the son of the CFO of the Company. As at September 30, 2023, the Company owed \$30,359 (March 31, 2023 – \$15,106) to the son of the CFO of the Company. The amount is non-interest bearing, unsecured and due on demand.
- (e) During the six months ended September 30, 2023, the Company purchased processing equipment for \$nil (2022 - \$20,000) from a company with common directors and officers of the Company.

### 6. Share Capital

Authorized: Unlimited number of common shares without par value.

There were no common share issuances during the six months ended September 30, 2023 and September 30, 2022.

### 7. Stock Options

On June 16, 2021, the Board of Directors of the Company adopted the Company's Stock Option Plan (the "Plan"). The Plan is administered by the Board of Directors. Stock options granted under the Plan have a maximum term of 10 years, and vest at the discretion of the Board of Directors. The aggregate number of shares of the Company's common stock available for issuance under the Plan is 10% of the Company's issued and outstanding shares on the date on which a stock option is granted.

The following table summarizes the continuity of the Company's stock options:

	Number of stock options	Weighted average exercise price \$
Balance, March 31, 2023 and September 30, 2023	1,500,000	0.25
Exercisable, September 30, 2023	1,500,000	0.25

## SURENANO SCIENCE LTD.

Notes to the condensed interim financial statements  
For the six months ended September 30, 2023 and 2022  
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### 7. Stock Options (continued)

Additional information regarding stock options outstanding and exercisable as at September 30, 2023, is as follows:

Number of stock options outstanding	Number of stock options exercisable	Exercise price \$	Weighted average remaining contractual life (years)	Expiry date
1,500,000	1,500,000	0.25	0.71	June 16, 2024
1,500,000	1,500,000			

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the six months ended September 30, 2023, the Company recognized share-based compensation recovery of \$nil (2022 – \$5,193) in share-based payment reserves. The weighted average fair value of options granted or vested during the six months ended September 30, 2023, was \$nil (2022 – \$0.01) per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	September 30, 2023	September 30, 2022
Risk-free interest rate	Nil	3.19%
Expected life (in years)	Nil	0.58
Expected volatility	Nil	94%

### 8. Commitments

- (a) On June 10, 2021, the Company entered into a Collaborative Research Agreement with 1150641, a company controlled by a former Director of the Company, whereby the Company and 1150641 will participate in a collaborative research project regarding the use of surfactants in cannabis oil and the products resulting therefrom and does not include the development of new surfactant formulae. Pursuant to the agreement, the Company agreed to pay and contribute half of the amounts required to pay for invoices of consultants in carrying out the research project to a maximum of \$100,000 during every six months of the term of the agreement. In addition, the Company was also responsible for covering half of the \$34,464 already paid by 1150641 (paid). The initial term of the agreement was 1 year and was extended by mutual agreement. The agreement may be terminated with 90 days prior written notice by either party.
- (b) On September 28, 2022, the Company entered into a joint arrangement with 1150641, a company controlled by a former Director of the Company. The Company and 1150641 agree to make contributions to a common fund for the purpose of developing and marketing worldwide a new product under development by 1150641, the SureNano™ powder nanoemulsion (the "Business Interest") and sharing equally in the profits thereof. The parties have rights to the assets, and obligations for the liabilities, relating to the joint arrangement on a proportionate basis. As a result, the joint arrangement has been recognized as a joint operation. Neither of the parties involved have unilateral control of the joint operation. The Company accounts for its 50% interest in the joint operations by recognizing separately its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations. The Company records 50% of all operational activity in its financials including 50% of all assets and liabilities. As at September 30, 2023, the joint operations did not have any assets or liabilities. During the six months ended September 30, 2023, the Company recognized research and development expense of \$nil (2022 – \$30,000) pursuant to the joint operation.

## **SURENANO SCIENCE LTD.**

Notes to the condensed interim financial statements  
For the six months ended September 30, 2023 and 2022  
(Expressed in Canadian dollars)

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### **9. Capital Management**

The Company's objectives when managing capital are to raise the necessary equity financing to fund its projects and to manage the equity funds raised which best optimizes its programs and the interests of its equity shareholders at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and adjusts it in 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 raise additional equity funds. The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's capital management during the period.

### **10. Fair Value Measurements and Risk Management**

#### **(a) Fair Values**

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data.

The Company has recorded its cash at fair value using level 1 inputs. The fair values of the Company's other financial instruments, which include amounts receivable, accounts payable, and due to related parties approximate their carrying values due to the relatively short-term maturity of these instruments. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### **(b) Credit Risk**

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including amounts receivable. Amounts receivable consists of government sales tax recoverable. The carrying amount of these financial assets represents the maximum credit exposure.

#### **(c) 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 equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

## **SURENANO SCIENCE LTD.**

Notes to the condensed interim financial statements  
For the six months ended September 30, 2023 and 2022  
(Expressed in Canadian dollars)

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### **10. Fair Value Measurements and Risk Management (continued)**

#### (d) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

##### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rates for the Company is considered minimal. The Company has no interest-bearing borrowings.

##### (ii) Foreign Exchange Rate Risk and Interest Rate Risk

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

##### (iii) Price Risk

The Company is not exposed to significant price risk.

#### (e) Economic Dependence Risk

Economic dependence risk is the risk of reliance upon a select number of customers which significantly impact the financial performance of the Company.