CONDENSED INTERIM FINANCIAL STATEMENTS

**For the three months and nine months ended September 30, 2021
and September 30, 2020**

Expressed in Canadian dollars
(Unaudited – prepared by management)

Notice to Reader:
As required by National Instrument 51-102 subsection 4.3(3)(a), readers are advised that an auditor has not performed a review of these interim financial statements.

SEPSET BIOSCIENCES INC.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

	September 30, 2021 (unaudited)	December 31, 2020
	$	$
Assets		
Current		
Cash	84,843	10,201
Prepaid expenses	928	-
Promissory note receivable	500,000	-
GST receivable	5,277	978
	591,048	11,179
Non-current		
Computer equipment (Note 7)	533	-
	591,581	11,179
Liabilities		
Current		
Accounts payable and accrued liabilities	42,881	41,300
Payroll tax payable	1,850	-
Loan payable (Note 6)	-	250,000
	44,731	291,300
Non-current		
Convertible note (Note 4)	1,000,000	-
	1,044,731	291,300
Shareholders' Deficiency		
Share capital (Note 7)	100	100
Deficit	(453,250)	(280,221)
	(453,150)	(280,121)
	591,581	11,179

Going Concern (Note 1)
Commitments (Note 10)
Subsequent Events (Note 11)

Approved by the Director:
"Robert E. W. Hancock"
Robert E. W. Hancock – Director

SEPSET BIOSCIENCES INC.
Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars – Unaudited)

	Three months ended		Nine months ended	
	September 30, 2021	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
	$	**$**	**$**	**$**
Operating expenses				
UBC contract for research	43,348	-	43,348	-
Legal and professional fees	62,571	2,002	96,289	20,207
Compensation	18,767	-	21,925	-
Business development	4,541	-	4,541	-
General & administrative	136	20	2,304	61
Interest	-	2,156	3,206	6,469
Consulting	823	-	1,383	-
Amortization	33	-	33	-
	130,219	4,178	173,029	26,737
Loss and comprehensive loss for period	(130,219)	(4,178)	(173,029)	(26,737)
Basic and diluted loss per common share	(0.01)	(0.00)	(0.02)	(0.00)
Weighted average number of common shares outstanding	10,000,000	10,000,000	10,000,000	10,000,000

The accompanying notes are an integral part of the interim financial statements

SEPSET BIOSCIENCES INC.
Condensed Interim Statements of Changes in Deficiency
(Expressed in Canadian dollars – Unaudited)

	Common Shares #	Share Capital $	Deficit $	Total Deficiency $
Balance, December 31, 2019	**10,000,000**	**100**	**(236,772)**	**(236,672)**
Net loss for the period	-	-	(26,737)	(26,737)
Balance, September 30, 2020	**10,000,000**	**100**	**(263,509)**	**(263,409)**
Balance, December 31, 2020	**10,000,000**	**100**	**(280,221)**	**(280,121)**
Net loss for the period	-	-	(173,029)	(173,029)
Balance, September 30, 2021	**10,000,000**	**100**	**(453,250)**	**(453,150)**

The accompanying notes are an integral part of the interim financial statements

SEPSET BIOSCIENCES INC.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars – Unaudited)

	Nine months ended	
	September 30, 2021	**September 30, 2020**
Cash flows from:	$	$
Operating Activities		
Net loss for the period	(173,029)	(26,737)
Add items not affecting cash:		
Amortization expense	33	-
Changes in non-cash operating working capital items		
GST receivable	(4,299)	(1,487)
Prepaid expenses	(928)	-
Payroll tax payable	1,850	-
Accounts payable and accrued liabilities	1,581	7,805
	(174,792)	(20,419)
Financing Activities		
Repayment of loan	(250,000)	-
Demand promissory note receivable	(500,000)	-
Convertible note	1,000,000	-
	250,000	-
Investing Activities		
Equipment purchases	(567)	-
(Decrease) increase in cash	74,641	(20,419)
Cash, beginning of period	10,201	48,293
Cash, end of period	84,843	27,874

The accompanying notes are an integral part of the interim financial statements

1. Nature and Continuance of Operations and Going Concern

Sepset Biosciences Inc. (the "Company") was incorporated on April 23, 2015, under the laws of the province of British Columbia, Canada. The Company's records office and registered address are located at 1750 – 1055 West Georgia Street, Vancouver, British Columbia V6E 3P3.

The Company is a preclinical biotechnology company with a vision to be a leader in the management of sepsis. Its lead product will be to develop a quick and more accurate blood-based test for doctors in the emergency room to identify sepsis and predict sepsis severity to reduce cases of misdiagnosis and improve triage of patients with sepsis.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company is in the development stage and currently has no sources of cash from operations. Further funds will be required to successfully develop the Company's business and there is no certainty that these funds will be available. As at September 30, 2021 the Company had accumulated losses of $453,250 and a working capital surplus of $546,850. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations and ultimately achieve profitable operations. Management intends to finance operating costs over the next twelve months through the issuance of convertible notes and/or the issuance of common shares (see Note 4).

If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of the assets and liabilities, the reported amount of expenses and the classifications used on the statement of financial position. Such adjustments could be material.

During the latter part of 2019, there was an outbreak of COVID-19 in China. By March 2020, this had spread to Northern America. The Canadian and U.S. governments placed restrictions on travel, business operations and isolation/quarantine orders as a result of the COVID-19 outbreak. At this time, the extent that these restrictions may impact on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. The duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada, U.S. and other countries may have a future impact on the Company. The Company will continue to monitor its operations and assess the impact that these restrictions will have on its business activities.

2. Basis of Preparation

a) Statement of Compliance and Basis of Measurement

These unaudited condensed interim financial statements as at and for the three months and nine months ended September 30, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with IAS 34, Interim Financial Reporting ("IAS 34").

The unaudited condensed interim financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, the unaudited condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Board of Directors approved these condensed interim financial statements for issuance on November 29, 2021

These unaudited condensed interim financial statements are presented in Canadian dollars, the Company's functional and presentation currency.

3. Significant Accounting Policies

The significant accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited financial statements for the years ended December 31, 2020 and 2019. These unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020.

<u>Equipment</u>

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses. Cost includes costs paid to acquire assets from third parties as well as costs incurred in internally constructed assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss. Amortization is calculated as follows:

- Computer equipment is amortized on a straight-line basis over its estimated useful lives of 36 months starting when the asset is available for use.

No amortization is recorded where an asset is in development and not yet ready for its intended use.

4. Convertible Notes

On May 14, 2021 (the "Effective Date"), the Company entered into an option agreement (the "Option Agreement") with ASEP Medical Inc. ("ASEP"). Under Option Agreement, the Company has the option (the "Option") to acquire 50.1% of the common shares of Sepset (the "Sepset Shares") in exchange for aggregate cash consideration of $2,500,000.

Pursuant to the terms of the Option Agreement, ASEP agreed to subscribe for, and the Company agreed to issue, unsecured convertible notes of the Company (the "Notes") in the aggregate principal amount of up to $2,500,000 in five equal tranches of $500,000 on or prior to each of the dates (the "Note Subscription Date") set forth below: (a) $500,000 on the Effective Date; (b) $500,000 on the four month anniversary of the Effective Date; (c) $500,000 on the eight month anniversary of the Effective Date; (d) $500,000 on the twelve month anniversary of the Effective Date; and (e) $500,000 on the last Business Day prior to the sixteen month anniversary of the Effective Date.

Notwithstanding the foregoing, ASEP is not obligated to subscribe for any Notes where a Note Subscription Date occurs after the exercise date of the Option. The Notes are unsecured, non-interest bearing and repayable on the Maturity Date, being the earlier of the Expiry Date, September 14, 2022 and the Breach Date, the date on which the Option Agreement is breached due to ASEP's failure to fund the Notes on the Note Subscription Dates.

The Notes can be converted by ASEP at any time up to the Maturity Date and will be automatically converted, subject to there not being an occurrence of an event of default, into such number of shares on the Maturity Date as determined in accordance with the Automatic Conversion Calculation (as defined below), and the Note(s) shall be terminated, and the total aggregate principal amount shall be automatically applied towards satisfaction of ASEP's payment for such shares. The number of Sepset Shares to be determined by the Company on the Expiry Date, Breach Date or Default Date, as applicable, is calculated by dividing (A) by (B), and then rounding the quotient of such equation down to the nearest whole number, where (A) is the product obtained by multiplying: (a) the aggregate number of Sepset Shares that are issued and outstanding, as of the Expiry Date, Breach Date or Default Date, as applicable, on a fully diluted basis assuming conversion of all outstanding convertible securities of the Company other than the Notes, with (b) the product obtained by 10.02 multiplied by the number of Notes outstanding as of the Expiry Date, Breach Date, or Default Date, as applicable, and where (B) is the product obtained by subtracting: (c) the product obtained by 10.02 multiplied by the number of Notes outstanding as of the Expiry Date, Breach Date, or Default Date, as applicable, from (d) 100 (the "Automatic Conversion Calculation"). On May 14, 2021, ASEP subscribed for the $500,000 note referred to in (a) above. On September 14, 2021, ASEP subscribed for the $500,000 note referred to in (b) above by issuing a demand promissory note. The convertible note balance at September 30, 2021 is $1,000,000 (December 31, 2020 - $nil).

In addition, pursuant to the terms of the Option Agreement, all of the shareholders of the Company granted ASEP, subject to the exercise of the Option, an option (the "Additional Option") to acquire the remaining 49.9% equity interest in the capital of the Company from each of the shareholders of the Company (excluding ASEP), resulting in ASEP, after exercise of the Additional Option, holding a 100% equity interest in the capital of the Company. ASEP may exercise the Additional Option at any time prior to the third anniversary of the exercise by ASEP of the Option upon payment of an aggregate $20,000,000 (the "Additional Option Exercise Price") payable pro rata to each of the shareholders of the Company (excluding ASEP). The Additional Option Exercise Price is payable as follows:

(Expressed in Canadian dollars - unaudited)

4. Convertible Notes – Continued

a. if ASEP's shares (including any shares of any assignee of ASEP) are listed on a recognized stock exchange, the Additional Option Exercise Price shall be payable to the shareholders of the Company (excluding ASEP), on a pro rata basis: (A) in cash, as to an aggregate minimum of $5,000,000; and (B) in shares of ASEP (or its assignee) as to the balance of the Additional Option Exercise Price remaining after deduction of the cash portion advance under part (A), with such shares to be issued based on the 20-day volume-weighted average trading price of ASEP (or its assignee) ending on the trading day preceding the date on which ASEP provides notice to the Company that it is exercising the Additional Option; or

b. if ASEP's shares are not listed on a recognized stock exchange, the Additional Option Exercise Price shall be payable in cash, on a pro rata basis, as to the full $20,000,000.

5. Promissory Note Receivable

On September 14, 2021 the Company was issued a demand promissory note of $500,000 by ASEP. The demand promissory note was received as consideration of the second tranche payment under the Option Agreement. The demand promissory note is non-interest bearing and will become due and payable upon the date which ASEP exercises its option to acquire a 50.1% fully diluted equity interest in the Company.

6. Related Party Transactions and Balances

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

During the nine months ended September 30, 2021, the Company incurred $Nil (September 30, 2020 - $Nil) in short-term benefits key management personnel and entities over which they have control or significant influence.

On May 14, 2021, the Company repaid a loan from CDRD Ventures Inc. of $282,015, comprised of $250,000 principal and $32,015 in interest. As at September 30, 2021, the Company had $Nil in loans payable to CDRD Ventures Inc. (December 31, 2020 - $250,000) and $Nil in accrued interest.

7. Equipment

	Equipment
Balance, December 31, 2020	-
Additions	567
Amortization	(33)
Balance, September 30, 2021	534

(Expressed in Canadian dollars - unaudited)

8. Share Capital

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

As at September 30, 2021, the Company had 10,000,000 common shares issued and outstanding.

During the periods ended September 30, 2021 and September 30, 2020, the Company had no transactions that resulted in the issuance of common stock.

9. Fair Values and Classification of Financial Instruments

As at September 30, 2021, the Company's financial instruments consist of cash, accounts payable and convertible notes. The fair values of these financial instruments approximate their carrying values due to their current nature and current market rates for similar instruments.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchies as follows:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2021 are as follows:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Balance, September 30, 2021
	$	$	$	$
Assets:				
Cash	84,843	–	–	84,843
Total assets measured at fair value	84,843	–	–	84,843

10. Commitments

a) The Company entered into a license agreement with Robert E.W. Hancock, a shareholder and director of the Company, and other inventors of the intellectual property for Sepsis diagnostic on February 15, 2017. In consideration of the license, the Company will pay the parties, collectively, a royalty equal to 2% of revenue and 10% of sublicensing revenue. The contract term ends on the earlier of (a) 20 years; or (b) the expiry of the last patent licensed under the agreement.

b) The Company entered into an engagement agreement with Burton Financial Inc. for transaction advisory services on January 18, 2021. Upon the successful close of an acquisition, merger, sales, divestitures, or similar transaction, the Company will allocate to Burton Financial Inc. the number of securities in the Company equal to 10% equity interest in the Company, calculated prior to the closing of the transaction.

11. Subsequent Events

On November 10, 2021, ASEP exercised the option to acquire 50.1% of the common shares of the Company, on a fully diluted basis, in exchange for aggregate cash consideration of $2,500,000. On November 12, 2021, the Company received $2,000,000 representing payment for the $500,000 demand promissory note issued for the second unsecured convertible note and $1,500,000 for payment of the remaining $2,500,000 exercise price. As payment for the Success Fee related to the option exercise, the Company allocated 1,111,111 common shares to Burton Financial Inc. with a fair value of $1,019,835. In connection with the option exercise and full payment of $2,500,000 received, the Company issued ASEP 11,155,645 common shares, representing a 50.1% fully diluted equity interest in the Company.