

**ASEP MEDICAL HOLDINGS INC.**  
**Condensed Interim Consolidated Financial Statements**  
**As at and for the three month period ended March 31, 2024**

**Expressed in Canadian Dollars**

*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.*

ASEP Medical Holdings Inc.  
Condensed Interim Consolidated Statements of Financial Position - unaudited  
(Expressed in Canadian Dollars)

	Notes	March 31, 2024	December 31, 2023
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 18,664	\$ 64,721
GST receivable		33,447	25,423
Deposits and prepaid expenses		159,212	160,799
		211,323	250,943
<b>Non-current assets</b>			
Equipment	4	33,621	37,183
Intangible assets	5	22,626,058	22,949,560
Investment in Hunan Sanway Sepsmart Ltd.	6	2,360,630	2,375,000
		25,020,309	25,361,743
<b>TOTAL ASSETS</b>		\$ 25,231,632	\$ 25,612,686
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	10	\$ 1,082,841	\$ 677,731
Deferred revenue	6	223,596	297,586
Due to related parties	10	94,800	-
Loan payable	7,10	20,881	20,270
		1,422,118	995,587
<b>Non-current liabilities</b>			
Deferred revenue	6	2,056,274	2,056,274
<b>TOTAL LIABILITIES</b>		3,478,392	3,051,861
<b>Equity</b>			
Share capital	8	24,548,977	24,045,616
Other components of equity	8	3,172,657	3,550,141
Deficit		(15,745,795)	(14,983,767)
		11,975,839	12,611,990
Non-controlling interests	9	9,777,401	9,948,835
<b>TOTAL EQUITY</b>		21,753,240	22,560,825
<b>TOTAL LIABILITIES AND EQUITY</b>		\$ 25,231,632	\$ 25,612,686

Nature of operations and going concern (note 1)

Commitments (note 12)

Subsequent events (note 13)

On behalf of the board:

*"/s/ Derrold Norgaard"*

Derrold Norgaard, Chairman of the Audit  
Committee and Independent Director

*"/s/ Richard Heinzl"*

Dr. Richard Heinzl, Independent Director

ASEP Medical Holdings Inc.  
Condensed Interim Consolidated Statements of Comprehensive Loss - unaudited  
(Expressed in Canadian Dollars)

	Notes	For the three month period ended	
		2024	March 31, 2023
Revenue	6	\$ 73,990	\$ -
		73,990	-
Expenses			
Amortization		327,253	320,607
Board advisory fees		65,325	30,523
Compensation	10	198,118	203,100
Consulting	10	91,501	83,525
General & administrative		57,828	39,133
Investor relations		55,538	312,349
Patent fees		6,157	6,817
Professional fees		89,493	102,822
Research & development costs		(11,598)	195,887
Share-based compensation	8,10	80,877	330,423
Transfer agent & filing fees		30,410	31,697
		990,902	1,656,883
Operating loss		(916,912)	(1,656,883)
Other income (expenses)			
Borrowing costs	7,10	(611)	(8,138)
Foreign exchange gain (loss)		(1,569)	(2,994)
SafeCoat Medical Inc. acquisition expense		-	(570,000)
Share of loss of Hunan Sanway Sepsmart Ltd.	6	(14,370)	-
Loss and comprehensive loss for year		\$ (933,462)	\$ (2,238,015)
Net loss and comprehensive loss attributable to:			
Shareholders		\$ (762,028)	\$ (1,942,010)
Non-controlling interests		(171,434)	(296,005)
		\$ (933,462)	\$ (2,238,015)
Loss per share - basic & fully diluted		\$ (0.01)	\$ (0.03)
Weighted average number of common shares - basic & fully diluted		74,691,692	58,830,344

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

ASEP Medical Holdings Inc.  
Condensed Interim Consolidated Statement of Changes in Equity - unaudited  
(Expressed in Canadian Dollars)

	Share Capital		Other components of equity			Deficit	Equity Attributable to Shareholders	Non- Controlling Interest	Total Equity
	Shares	Amount	Convertible Debenture	Warrants	Contributed Surplus				
Balance-December 31, 2022	62,130,344	\$ 19,842,132	\$ 241,714	\$ -	\$ 2,111,220	\$ (6,725,067)	\$ 15,469,998	\$ 11,080,429	\$ 26,550,427
Release of contingently returnable shares		570,000	-	-	-	-	570,000	-	570,000
Borrowing costs		-	8,138	-	-	-	8,138	-	8,138
Share-based compensation		-	-	-	330,423	-	330,423	-	330,423
Net loss and comprehensive loss for period		-	-	-	-	(1,942,010)	(1,942,010)	(296,005)	- 2,238,015
Balance-March 31, 2023	62,130,344	\$ 20,412,132	\$ 249,852	\$ -	\$ 2,441,643	-\$ 8,667,077	\$ 14,436,549	\$ 10,784,424	\$ 25,220,973
Balance - December 31, 2023	74,184,087	\$ 24,045,616	\$ -	\$ 744,699	\$ 2,805,442	\$ (14,983,767)	\$ 12,611,990	\$ 9,948,835	\$ 22,560,825
Issue of common shares for services	209,301	45,000	-	-	-	-	45,000	-	45,000
Issue of common shares on vesting of RSUs	1,665,759	458,361	-	-	(458,361)	-	-	-	-
Share-based compensation		-	-	-	80,877	-	80,877	-	80,877
Net loss and comprehensive loss for period		-	-	-	-	(762,028)	(762,028)	(171,434)	(933,462)
Balance-March 31, 2024	76,059,147	\$ 24,548,977	\$ -	\$ 744,699	\$ 2,427,958	\$ (15,745,795)	\$ 11,975,839	\$ 9,777,401	\$ 21,753,240

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

ASEP Medical Holdings Inc.  
Condensed Interim Consolidated Statements of Cash Flows - unaudited  
(Expressed in Canadian Dollars)

	Notes	For the three month period ended	
		2024	March 31, 2023
<b>Cash provided by (used for) operating activities</b>			
Loss for period		\$ (933,462)	\$ (2,238,015)
Items not involving cash			
Amortization		327,253	320,607
Borrowing costs		611	8,138
Revenue		(73,990)	-
SafeCoat acquisition expenses		-	570,000
Shares issued for services	8	45,000	-
Share-based compensation		80,877	330,423
Share of loss of Hunan Sanway Sepsmart Ltd.		14,370	-
Changes in operating assets and liabilities			
GST receivable		(8,023)	89,788
Deposits and prepaid expenses		1,588	357,712
Accounts payable and accrued liabilities		405,110	(17,077)
		(140,667)	(578,424)
<b>Cash flows provided by (used for) investing activities</b>			
Purchase of equipment		-	(1,227)
Trademark costs		(190)	-
		(190)	(1,227)
<b>Cash flows provided by (used for) financing activities</b>			
Advances from related parties		94,800	-
		94,800	-
Increase (decrease) in cash		(46,057)	(579,651)
Cash - beginning of period		64,721	2,130,390
Cash - end of period		\$ 18,664	\$ 1,550,739
<b>Non cash investing and financing activities</b>			
Consideration given to acquire SafeCoat Medical Inc.		\$ -	\$ 570,000

ASEP Medical Holdings Inc.  
Condensed Interim Consolidated Notes to the Financial Statements  
For the three month period ended March 31, 2024 - unaudited  
(Expressed in Canadian Dollars)

**1. Nature of operations and going concern**

ASEP Medical Holdings Inc. (the “Company” or “ASEP”) was incorporated under the British Columbia Business Corporations Act on January 20, 2021. On November 22, 2021, the Company commenced trading on the Canadian Securities Exchange (the “CSE”) as a life sciences issuer under the trading symbol “ASEP”. The Company’s head office is located at Unit 420, 730 View Street, Victoria, BC V8W 3Y7. ASEP is in the business of acquiring research and development assets, technologies and/or businesses in the area of life sciences and medical diagnostics.

These condensed interim consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for at least the next twelve months from March 31, 2024 and will be able to realize on its assets and discharge its liabilities in the normal course of business. For the three month period ended March 31, 2024, the Company incurred a net loss of \$933,642 and used cash in operating activities of \$140,667. As at March 31, 2024, the Company had an accumulated deficit of \$15,745,795 and a working capital deficit of \$1,210,794.

Based on the Company’s financial position as at March 31, 2024, the available funds are not considered adequate to meet requirements for the estimated operations and development activities on the Company’s technologies in the coming twelve-month period. These requirements may be adversely impacted by an absence of normal available financing due to the continued uncertainty in the markets. To address its financing requirements, the Company will seek financing through and not limited to debt financing, equity financing and strategic alliances. However, there is no assurance that such financing will be available. This material uncertainty casts significant doubt upon the Company’s ability to continue as a going concern. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported income and expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

**2. Statement of compliance and basis of presentation**

These condensed interim consolidated financial statements are prepared in accordance with IAS 34 - Interim Financial Reporting under IFRS, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted.

These condensed interim financial statements follow the same accounting policies and methods of application as the Company’s audited consolidated financial statements for the year ended December 31, 2023. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued as of May 30, 2024 the date the Board of Directors approved the financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2023.

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Condensed Interim Consolidated Notes to the Financial Statements  
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**3. Significant accounting policies**

The financial statements have been prepared on an accrual basis and are on a historical cost basis, except for certain financial instruments, which are measured at fair value. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in note 3 in the Company's annual financial statements for the year ended December 31, 2023.

These condensed interim consolidated financial statements are prepared in Canadian dollars. The functional currency of the Company is Canadian dollars.

**4. Equipment**

	March 31, 2024	December 31, 2023
Cost	\$ 66,641	\$ 66,641
Accumulated amortization	(33,020)	(29,458)
	<u>\$ 33,621</u>	<u>\$ 37,183</u>

**5. Intangible assets**

	Intellectual Property	Website	Trademarks	Total
<b>Cost</b>				
Balance - December 31, 2023	\$ 25,617,534	\$ 49,404	\$ 9,904	\$ 25,676,842
Acquisitions	-	-	190	190
Balance - March 31, 2023	<u>\$ 25,617,534</u>	<u>\$ 49,404</u>	<u>\$ 10,094</u>	<u>\$ 25,677,032</u>
<b>Accumulated amortization</b>				
Balance - December 31, 2023	\$ 2,687,564	\$ 38,205	\$ 1,513	\$ 2,727,282
Amortization	319,324	4,117	250	323,692
Balance - March 31, 2024	<u>\$ 3,006,888</u>	<u>\$ 42,322</u>	<u>\$ 1,763</u>	<u>\$ 3,050,974</u>
Net carrying value - December 31, 2023	<u>\$ 22,929,970</u>	<u>\$ 11,199</u>	<u>\$ 8,391</u>	<u>\$ 22,949,560</u>
Net carrying value - March 31, 2024	<u>\$ 22,610,646</u>	<u>\$ 7,082</u>	<u>\$ 8,330</u>	<u>\$ 22,626,058</u>

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**6. Investment in Hunan Sanway SepSMART Ltd. and revenue**

ASEP holds a 25% interest in Hunan Sanway SepSMART Ltd.

	March 31, 2024	December 31, 2023
Opening balance	\$ 2,375,000	\$ 2,375,000
Share of loss	(14,370)	-
Closing balance	\$ 2,360,630	\$ 2,375,000

On October 27, 2023, the Company through its subsidiary, Sepset Biosciences, Inc. (“Sepset”) entered into a joint venture agreement (the “JV Agreement”) with Sansure Biotech Inc.’s subsidiary Hunan Xiang Jiang Sansure Biotech Fund, L.P. (the “Sansure Fund”). Under the JV Agreement, an equity joint venture entity, Hunan Sanway SepSMART Ltd. (“SepSMART”), was formed on December 5, 2023 in China, whereby the Sansure Fund subscribed for RMB 37,500,000 (CAD \$7,125,000) of the registered capital (75%) and Sepset subscribed for RMB 12,500,000 (CAD \$2,375,000) of the registered capital (25%) through the licensing of certain patent rights and know-how to Sepset’s first generation rapid sepsis test, SepSetER (“Intellectual Property”). Pursuant to the Technology License and Collaborative Agreement (the “Contract”), the term of the license is for a period of 8 years commencing on December 5, 2023 and includes the Company’s participation on a joint project team for the duration of the Contract. Under the Contract, the Company is also entitled to a royalty of 5% of future sales.

It was determined by management that SepSMART meets the definition of a customer and that granting it a license to the Company’s intellectual property represents an output of the Company’s ordinary activities in exchange for the 25% interest in SepSMART and the royalty of 5% of future sales. Management determined that the license of the Intellectual Property was not distinct from other promises in the contract and that the Company transfers control of the goods and services over time. Therefore, the performance obligation and revenue will be recognized over the Contract term of 8 years. As a result, revenue of \$73,990 was recorded in the condensed interim consolidated statement of comprehensive loss for the three month period ended March 31, 2024 and the balance of unearned revenues of \$2,279,870 as at March 31, 2024 (\$2,353,860 as at December 31, 2023) is recorded in the condensed interim consolidated statement of financial position as deferred revenue and will be recognized over the remaining life of the license on a straight-line basis. The estimated transaction price included variable consideration of \$2,185,000 for which management determined it was highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.



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**6. Investment in Hunan Sanway SepSMART Ltd. and revenue – continued**

Summary of Hunan Sanway SepSMART Ltd. statements of financial position

	March 31, 2024	December 31, 2023
Current assets	\$ 557,145	\$ 570,000
Less - current liabilities	-	-
	557,145	570,000
Non-current assets	8,885,376	8,930,000
Less-non-current liabilities	-	-
	8,885,376	8,930,000
Net assets	9,442,521	9,500,000
ASEP's share - percentage	25%	25%
ASEP's share - net assets	\$ 2,360,630	\$ 2,375,000

Summary of Hunan Sanway SepSMART Ltd. statements of income (loss) and comprehensive income (loss)

	For the three month period ended March 31,	
	2024	2023
Revenues	\$ -	\$ -
Expenses	57,479	-
Net income (loss)	57,479	-
Other comprehensive income (loss)	-	-
Comprehensive income (loss)	\$ 57,479	\$ -

**7. Loan payable**

	March 31, 2024	December 31, 2023
Demand loan		
Principal	\$ 20,000	\$ 20,000
Interest	881	270
	\$ 20,881	\$ 20,270

On November 20, 2023, REWH Consulting Inc. ("REWH") provided a short-term unsecured loan to the Company for \$20,000 with an interest rate of 10% per annum. The loan is without stated terms of repayment. Interest of \$611 for the three month period ended March 31, 2024 has been accrued on the loan payable (March 31, 2023 - \$Nil) in these condensed interim consolidated financial statements. Accrued interest at March 31, 2023 is \$881 (December 31, 2023 - \$270).

REWH is an entity controlled by Robert Hancock, an officer and a director of the Company (note 10).

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**8. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

***Issued share capital***

- i. On March 1, 2024, the Company issued 209,301 common shares to certain members of the Advisory Board to compensate them for consulting services provided totalling \$45,000 for the period December 1, 2023 to February 29, 2024.
- ii. On March 7, 2024, the Company issued 1,662,500 common shares on settlement of the fourth tranche of the RSUs granted March 1, 2023 and the estimated fair value of these shares (\$457,188) was transferred from reserves to capital stock on date of issue.
- iii. On March 27, 2024, the Company issued 3,259 common shares on settlement of the third tranche of the RSUs granted June 20, 2023 and the estimated fair value of these shares (\$1,173) was transferred from reserves to capital stock on date of issue.

As at March 31, 2024, there were 76,059,147 (December 31, 2023 - 74,184,087) issued and outstanding common shares and nil issued and outstanding preferred shares (December 31, 2023 – nil).

***Escrowed shares***

As at March 31, 2024 889,366 (December 31, 2023 – 889,366) shares are being held in escrow. The shares are being released over a 36-month term that commenced on January 23, 2022.

***Warrants***

	March 31, 2024		December 31, 2023	
	Number of warrants outstanding	Amount	Number of warrants outstanding	Amount
Opening balance	6,978,930	\$ 744,699	-	\$ -
Granted	-	-	6,978,930	744,699
Expired	-	-	-	-
Closing balance	6,978,930	\$ 744,699	6,978,930	\$ 744,699

The fair value of the 2,935,000 warrants issued in connection with the unit placement completed December 19, 2023 totaled \$253,519. The fair value of the finder's warrants issued in connection with the unit placement totaled \$23,772. The fair value of the 3,915,930 warrants issued in connection with debt settlement completed December 27, 2023 totaled \$484,412. The warrants were valued using the Black-Scholes valuation model, using the following assumptions:

ASEP Medical Holdings Inc.  
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8. Share capital - continued

Warrant term	Volatility	Dividend yield	Risk-free interest rate	Warrants issued	Estimated fair value	Warrant issue costs	Net
2 years	167.29%	0%	3.85%	2,935,000	\$ 253,519	\$ (17,004)	\$ 236,515
2 years	167.29%	0%	3.85%	128,000	23,772	-	23,772
2 years	167.29%	0%	3.76%	3,915,930	484,412	-	484,412
				6,978,930	761,703	(17,004)	\$ 744,699

As at March 31, 2023, the following share purchase warrants are outstanding:

Number of warrants outstanding	Weighted average exercise price \$	Expiry date	Weighted average contractual life
2,935,000	0.26	December 19, 2025	0.72
128,000	0.20	December 19, 2025	0.03
3,915,930	0.26	December 27, 2025	0.98
6,978,930	0.26		1.73

**Stock options**

In July 2021, the Company adopted a stock option plan ("Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company stock options to purchase common shares, provided that the number of common shares reserved for issuance under the Plan shall not exceed 10% of the issued and outstanding common shares at the time of grant. The Board of Directors shall determine the exercise price and the term of the stock options at the time of grant. If the shares are listed on a stock exchange, then the exercise price for the options granted will not be less than the minimum prevailing price permitted by the stock exchange. If the shares are not listed, posted and trading on any stock exchange or quoted on any quotation system, the exercise price will be determined by the Board at the time of granting.

During the year ended December 31, 2023, the Company granted 793,034 stock options with an estimated fair value of \$234,095. A total of 593,034 vested on grant date, 50,000 vest every three months over a twenty-four-month period and 200,000 vest every six months over a twenty-four-month period. The stock options were valued using the Black-Scholes model based on the following assumptions:

Expected life	Volatility	Dividend yield	Risk-free interest rate	Options issued	Estimated fair value
10 years	100%	0%	2.75%	400,000	\$ 129,738
10 years	100%	0%	3.39%	300,000	74,227
10 years	100%	0%	3.30%	93,034	30,130
				793,034	\$ 234,095

During the three month period ended March 31, 2024, the Company recognized \$8,810 (2023 - \$192,923) of share-based compensation for the vesting of stock options granted.

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Condensed Interim Consolidated Notes to the Financial Statements  
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**8. Share capital – continued**

A continuity of stock options for the three month period ended March 31, 2024 and the year ended December 31, 2023 is as follows:

	March 31, 2024		December 31, 2023	
	Number of options outstanding	Weighted average exercise price	Number of options outstanding	Weighted average exercise price
Opening balance	5,813,034	\$ 0.45	5,420,000	\$ 0.46
Granted	-	\$ -	793,034	\$ 0.34
Exercised	-	\$ -	(200,000)	\$ 0.30
Expired	-	\$ -	(200,000)	\$ 0.50
Closing balance	5,813,034	\$ 0.45	5,813,034	\$ 0.45

The following stock options are outstanding at March 31, 2024:

Number of options outstanding	Number of options outstanding and exercisable	Weighted average exercise price of options exercisable	Weighted average remaining contractual life
4,140,000	4,140,000	\$ 0.37	5.44
200,000	200,000	\$ 0.01	0.29
200,000	149,863	\$ 0.01	0.29
480,000	480,000	\$ 0.03	0.71
400,000	382,038	\$ 0.02	0.61
300,000	208,071	\$ 0.01	0.46
93,034	93,034	\$ 0.01	0.15
5,813,034	5,653,006	\$ 0.45	7.95

***Restricted stock units ("RSUs")***

During the year ended December 31, 2023, the Company adopted a Long-Term Performance Incentive Plan (the "Plan"). Under the terms of the Plan, the Company has the ability to issue restricted stock units ("RSUs), performance share units ("PSUs) or deferred share units up to a maximum of 10% of the shares issued and outstanding at date of grant to certain directors, officers, key executive and non-executive employees, consultants and advisory board members.

On March 1, 2023, the Company granted an aggregate of 6,200,000 RSUs with an estimated fair value of \$1,705,000. The RSUs vested in stages, as follows: 25% on June 1, 2023, 25% on September 1, 2023, 25% on December 1, 2023 and 25% on March 1, 2024. On June 20, 2023, the Company granted 13,034 RSUs with an estimated fair value of \$4,692. The RSUs vest in stages, as follows: 25% on September 20, 2023, 25% on December 20, 2023, 25% on March 20, 2024 and 25% on June 20, 2024. All of the RSUs are subject to a deferral right whereby the holder can defer any vesting date at their option, on five days prior written notice to the Company and in accordance with the terms of the RSU grant notice, to the earlier of the date of a change of control of the Company and the date the holder ceases to provide services to the Company and to be an eligible person. The RSUs and underlying common shares are subject to shareholder approval.

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**8. Share capital - continued**

During the three month period ended March 31, 2024, the Company issued 1,665,759 common shares on vesting of RSUs and the estimated fair value of these shares (\$458,361) was transferred from reserves to capital stock on date of issue.

During the three month period ended March 31, 2024, the Company recognized \$72,067 (2023 - \$137,500) of share-based compensation over the vesting period of RSUs granted.

Continuity of the RSUs granted for the three month period ended March 31, 2024 and the year ended December 31, 2023 is as follows:

	March 31, 2024		December 31, 2023	
	Number of RSUs outstanding	Estimated fair value	Number of RSUs outstanding	Estimated fair value
Opening balance	1,769,016	\$ 487,033	-	\$ -
Granted	-	-	6,213,034	1,709,692
Settled	(1,665,759)	(458,361)	(4,444,018)	(1,222,659)
Closing balance	103,257	\$ 28,673	1,769,016	\$ 487,033

**9. Non-controlling interests**

ASEP holds a 50.1% equity interest in ABT and Sepset with the remaining 49.9% held by various other parties and a 88% equity interest in SafeCoat with the remaining 12% held by the non-waiving investigators.

At March 31, 2024 and December 31, 2023, the NCI consisted of the following:

	March 31, 2024	December 31, 2023
ABT	\$ 4,986,668	\$ 5,060,259
Sepset	4,732,670	4,829,496
SafeCoat	58,063	59,080
Total	\$ 9,777,401	\$ 9,948,835

The below is the summarized financial information of ABT, Sepset and SafeCoat before inter-company eliminations:

**Summary of statements of financial position**

	March 31, 2024	March 31, 2024	March 31, 2024
	ABT	Sepset	SafeCoat
NCI percentage	49.90%	49.90%	12%
Assets	\$ 12,112,676	\$ 13,848,641	\$ 615,169
Less - liabilities	(67,599)	(2,334,183)	121,601
Total net assets	\$ 12,045,077	\$ 11,514,459	\$ 736,770
	December 31, 2023	December 31, 2023	December 31, 2023
	ABT	Sepset	SafeCoat
NCI percentage	49.90%	49.90%	12%
Assets	\$ 12,287,970	\$ 14,046,405	\$ 674,333
Less - liabilities	(48,853)	(2,384,468)	(62,059)
Total net assets	\$ 12,239,117	\$ 11,661,937	\$ 612,274

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**9. Non-controlling interests - continued**

**Summary statements of loss and comprehensive loss**

For the three month period ended March 31, 2024				
	ABT	Sepset	SafeCoat	Total
Loss and comprehensive loss for period	\$ (194,040)	\$ (147,478)	\$ (8,475)	\$ (349,993)

  

For the three month period ended March 31, 2023				
	ABT	Sepset	SafeCoat	Total
Loss and comprehensive loss for period	\$ (239,752)	\$ (353,444)	\$ -	\$ (593,197)

**Summary statements of cash flows**

For the three month period ended March 31, 2024				
	ABT	Sepset	SafeCoat	Total
Net cash provided by (used in) operating activities	\$ (738)	\$ (131,020)	\$ (11)	\$ (131,769)
Net cash provided by (used in) investing activities	-	(190)	-	(190)
Net cash provided by (used in) financing activities	(2,900)	45,950	(700)	42,350

  

For the three month period ended March 31, 2023				
	ABT	Sepset	SafeCoat	Total
Net cash provided by (used in) operating activities	\$ 14,768	\$ (95,501)	\$ -	\$ (80,733)
Net cash provided by (used in) investing activities	-	(1,227)	-	(1,227)
Net cash provided by (used in) financing activities	(125,050)	(55,000)	-	(180,050)

**Changes to NCI**

	SafeCoat	ABT	Sepset	Total
Balance – December 31, 2023	\$ 59,080	\$ 5,060,259	\$ 4,829,496	\$ 9,948,835
Loss attributable to NCI	(1,017)	(73,591)	(96,826)	(171,434)
Balance – March 31, 2024	\$ 58,063	\$ 4,986,668	\$ 4,732,670	\$ 9,777,401

**10. Related party transactions**

***Key management personnel compensation***

Key management personnel include those persons having the 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.

	Three month period ended March 31,	
	2024	2023
Consulting fees	\$ 52,500	\$ 52,500
Directors fees	18,000	18,000
Management salaries	108,375	108,375
Share-based compensation	42,316	215,455
	\$ 221,191	\$ 394,330

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**10. Related party transactions - continued**

	March 31, 2024	December 31, 2023
Balances payable to key management personnel for compensation	\$ 375,900	\$ 249,300

The balances payable are included in accounts payable and accrued liabilities.

Other amount included in the condensed interim consolidated financial statements due to related parties, is as follows:

	March 31, 2024	December 31, 2023
Due to related parties	\$ 94,800	\$ -
Loan payable (note 7)	\$ 20,881	\$ 20,270

During the three month period ended March 31, 2024, key management personnel advanced funds of \$94,800 (December 31, 2023 - \$Nil) for working capital purposes.

**11. Financial risk and capital management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***

Credit risk is the risk 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 on its cash held in a bank account. The cash is deposited in a bank account held with a major bank in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. Credit risk is assessed as low. As at March 31, 2024, the Company's maximum credit risk was \$18,664.

***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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity and debenture securities for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity and debt funding. Liquidity risk is assessed as high.

As of March 31, 2024, the Company had working capital deficit of \$1,210,794 (note 1).

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**11. Financial risk and capital management - continued**

The Company's contractual obligations at March 31, 2024 are as follows:

	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	\$ 1,082,841	\$ -	\$ -	\$ 1,082,841
Loan payable	20,881	-	-	20,881
	\$ 1,103,722	\$ -	\$ -	\$ 1,103,722

**Foreign exchange risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company had no exposure to foreign exchange risk.

**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's cash on hand is subject to minimal interest rate risk and the convertible debenture has a fixed interest rate. Interest rate risk is assessed as low.

**Capital management**

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, reserves and deficit. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

**Classification of financial instruments**

Financial assets included in the statement of financial position are as follows:

	March 31, 2024	December 31, 2023
Financial assets at FVTPL:		
Cash	\$ 18,664	\$ 64,721

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2024	December 31, 2023
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	\$ 1,082,841	\$ 677,731
Loan payable	20,881	20,270.26
	\$ 1,103,722	\$ 698,001

**Fair value**

The fair values of the Company's financial assets and liabilities approximate the carrying amounts due to their short-term nature.



**11. Financial risk and capital management – continued**

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.

Financial instruments measured at fair value on a recurring basis classified as level 1 – quoted prices in active markets include cash and cash equivalents.

**12. Commitments**

License Agreements

The Sepset<sup>ER</sup> technology is covered by two separate filed and issued patents. The first patent is owned by Dr. Robert E.W. Hancock together with other inventors. Dr. Robert E.W. Hancock is also one of three inventors for the technology underlying the second patent. However, the second patent has been assigned to the University of British Columbia, who provided an exclusive license to Sepset. Both the license agreements require the Company to pay a royalty on revenues and sublicensing revenues derived from the sale of products.

Under the License Agreements with SafeCoat and ABT, the Company is obligated to pay royalties on revenues and sublicensing revenues generated from the sale of products.

Seaspring W.L.L. (“Seaspring”)

The Company has signed a definitive agreement to form a joint venture with Bahrain-based international investment consultancy firm, Seaspring, to advance regulatory approval and commercialization of the Sepset<sup>ER</sup> technology in the Kingdom of Bahrain, the Middle East and North Africa. The terms of the definitive agreement include the formation of a 50/50 joint venture whereby Seaspring will contribute the capital required by the joint venture to conduct its business operations (regulatory approval, sales and distribution) and the Company through its subsidiary Sepset, will provide the licensing rights for the use of the Sepset<sup>ER</sup> technology in the Kingdom of Bahrain, Algeria, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates and Yemen.

**13. Subsequent events**

The following events have occurred:

- i. On April 8, 2024, the Company issued 3,000,000 performance warrants (the “Performance Warrants”) to Sansure Biotech Inc. Each Performance Warrant is exercisable into one common share at an exercise price of \$1.00 per common share for a period of one year from date of issuance.
- ii. Key management personnel have advanced a further \$96,165 for working capital purposes.