*A copy of this preliminary Prospectus has been filed with the securities regulatory authority in the Provinces of British Columbia, Alberta, Manitoba and Ontario but has not yet become final. Information contained in this preliminary Prospectus may not be complete and may have to be amended.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This preliminary Prospectus does not constitute a public offering of securities.*

**PRELIMINARY PROSPECTUS**

**New Issue** **August 12, 2022**

# FendX Technologies Inc.

**Qualifies for Distribution 13,138,000 Common Shares and 6,569,000 Warrants of the Company upon the Conversion of Subscription Receipts**

This preliminary long form prospectus (this "**Prospectus**") of FendX Technologies Inc. (the "**Company**", "**FendX**", "**us**" or "**we**") is being filed with the Ontario Securities Commission (the "**OSC**"), as principal regulator, and with the securities regulatory authorities in the Provinces of British Columbia, Alberta, and Manitoba (together with Ontario, the "**Qualifying Jurisdictions**") to enable the Company to become a reporting issuer pursuant to applicable securities legislation in the Qualifying Jurisdictions. Upon the final receipt of this Prospectus, the Company will become a reporting issuer in the Qualifying Jurisdictions.

No securities are being offered or sold pursuant to this Prospectus, This Prospectus qualifies for distribution an aggregate of 13,138,000 common shares of the Company (the "**Subscription Receipt Shares**") and 6,569,000 share purchase warrants (the "**Subscription Receipt Warrants**") issuable upon conversion of 13,138,000 Subscription Receipts issued to subscribers at a price of $0.30 per Subscription Receipt as part of an offering of an aggregate of 13,338,000 Subscription Receipts on a non-brokered private placement basis completed on April 28, 2022 (the "**Concurrent Private Placement**") pursuant to prospectus exemptions under applicable securities legislation.

Each Subscription Receipt Warrant will entitle the holder to purchase an additional Common Share (each, a "**Subscription Receipt Warrant Share**") at an exercise price of $0.50 per share for a period of two years following the date of the satisfaction of the Escrow Release Condition (as defined herein), subject to an acceleration right, as further described in this Prospectus. See "*Plan of Distribution – Concurrent Private Placement*". This Prospectus also qualifies for distribution of the Subscription Receipt Warrant Shares issuable upon exercise of the Subscription Receipt Warrants.

The Prospectus also qualifies for distribution: (i) 609,680 common shares (the "**Subscription Receipt Broker Shares**") issuable to registrants on the date of the satisfaction of the Escrow Release Condition in connection with the Concurrent Private Placement; and (ii) 985,520 common shares (the "**Subscription Receipt Broker Warrant Shares**") issuable upon the exercise of 985,520 subscription receipt broker's warrants (the "**Subscription Receipt Broker Warrants**") issuable to registrants on the date of the satisfaction of the Escrow Release Condition in connection with the Concurrent Private Placement. This Prospectus also qualifies for distribution the Subscription Receipt Broker Warrants.

Each Subscription Receipt Broker Warrant entitles the holder thereof to purchase one Subscription Receipt Broker Warrant Share at a price of $0.30 per Subscription Receipt Broker Warrant Share at any time from the date of the satisfaction of the Escrow Release Condition until the date that is two years following the date of issuance.

13,138,000 of the Subscription Receipt Shares, 6,569,000 of the Subscription Receipt Warrants, the Subscription Receipt Warrant Shares, the Subscription Receipt Broker Shares, the Subscription Receipt Broker Warrants and the Subscription Receipt Broker Warrant Shares are collectively referred to herein as the "**Qualified Securities**".

**None of the Qualified Securities are available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Qualified Securities.** Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

**There is no market through which the securities of the Company may be sold and holders of the Company's securities may not be able to resell any such securities. This may affect the pricing of the Company's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "*Risk Factors*."**

The Company intends to apply to list its Common Shares, and following the Listing, the "**Listed Securities**") for trading on the Canadian Securities Exchange (the "**Exchange**" or the "**CSE**"). The CSE has not approved the listing of the Listed Securities. Neither the listing nor the intended timing of the listing can be guaranteed. The listing of the Listed Securities will be subject to the Company fulfilling all of the listing requirements of the Exchange, which cannot be guaranteed.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

**An investment in the securities of the Company is subject to a number of risks. Investors should carefully consider the risk factors described under the heading "*Risk Factors*" before purchasing any securities of the Company.**

**No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of its contents.**

No person has been authorized to provide any information or to make any representation not contained in this Prospectus and, if provided or made, such information or representation should not be relied upon. The information contained in this Prospectus is accurate only as of the date of this Prospectus.

**This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.**

The Company's head office is located at 2010 Winston Park Dr., 2nd Floor, Oakville, ON L6H 5R7, and its registered and records office is located at 800 – 885 West Georgia Street, Vancouver, British Columbia V6C 3H1.

Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or that resides outside of Canada, even if the party has appointed an agent for service of process in Canada. See "*Enforcement of Judgments Against Foreign Persons*".

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## ABOUT THIS PROSPECTUS

No person has been authorized to provide any information or to make any representation not contained in this Prospectus, and, if provided or made, such information or representation should not be relied upon. You should assume that the information contained in this Prospectus is accurate only as of the date of this Prospectus. In the event that a material change occurs before the completion of the listing of the Common Shares on the CSE, the Company will file an amendment to this Prospectus as soon as practicable. No securities are being offered pursuant to this Prospectus.

The Company presents its financial statements in Canadian dollars. Amounts in this Prospectus are stated in Canadian dollars unless otherwise indicated.

## MEANING OF CERTAIN REFERENCES

Certain terms used in this Prospectus have the meanings ascribed to them in the "*Glossary*", unless the context indicates or requires otherwise. All references to "**FendX**" the "**Company**", "**we**", "**us**" and "**our**" mean FendX Technologies Inc.

## FORWARD-LOOKING INFORMATION

This Prospectus contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, budgets, product development, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information may be found, among other places, under "*Prospectus Summary*", "*Description of the Business*", "*Industry Trends and Market*", "*Management's Discussion and Analysis*", "*Use of Available Funds*", *"Plan of Distribution"*, "*Description of Share Capital*", "*Dividends or Distributions*", "*Principal Shareholders*", "*Consolidated Capitalization*", "*Directors and Executive Officers*", "*Executive Compensation*", and "*Risk Factors*".

This forward-looking information includes, among other things, statements relating to:

- expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies;
- the use of available funds;
- the performance of the Company's business and operations;
- our expectations regarding revenues, expenses and anticipated cash needs;
- the intention to grow our business and operations;
- the expected timing and completion of our near-term objectives;
- laws and regulations and any amendments thereto applicable to us;

- our competitive advantages and business strategies;
- our future product offerings;
- our research and development initiatives and expected results thereof;
- our ability to enter into distribution, manufacturing and other business relationships;
- our plans with respect to the payment of dividends; and
- the market price for the Common Shares.

The forward-looking information in this Prospectus is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. In providing forward-looking information, we have made certain assumptions in respect of our ability to build our market share; the performance of the Company's business and operations; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in our product candidates to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry or the global economy; the size of the target markets for our product candidates; our ability to maintain, expand and protect our intellectual property; and the changes in laws, rules, regulations, and global standards.

The forward-looking information in this Prospectus is subject to known and unknown risks and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied, including but not limited to the risks described below and the additional risks factors described under the heading "*Risk Factors*":

**Risks Related to Our Business and the Development of Our Product Candidates**

- product candidates only being in formulation/reformulation stages;
- limited operating history, no revenues and uncertainty around additional financing;
- no production history and lack of revenues from sales;
- no history of manufacturing or distribution;
- highly competitive industry;
- satisfying the terms of the License Agreement and Collaborative Research Agreement and maintaining the License in good standing;
- inability of the Licensor (as defined herein) to satisfy the terms under the License Agreement and Collaborative Research Agreement
- completion of scale-up and development of a commercial product;
- research and development activities;
- reliance on grant funding;
- limited number of products;
- dependence on collaborative partners, licensors and others;
- changes and restrictions due to legal and regulatory requirements;
- dependence on each product's acceptance in the market;
- possibility of smaller market opportunities than anticipated;

- increasing regulatory and compliance costs for public companies;
- global economic instability;
- product liability claims and lawsuits; and
- system failures.

**Risks Related to Management and Personnel**

- reliance on management and loss of key employees or inability to hire key personnel;
- limited experience of senior management in managing a public company;
- fraudulent or illegal activity by employees, contractors and consultants;
- inability to effect service of process on some of our directors and officers;
- management's efforts and abilities; and
- potential conflicts of interest.

**Risks Related to Intellectual Property**

- inability to protect intellectual property rights;
- inability to secure patents; and
- infringement on proprietary rights of third parties.

**Risks Related to Ownership of Our Common Shares**

- risks related to forward-looking information;
- volatility of the market price of our Common Shares;
- potential dilution of the Common Shares;
- lack of an active, liquid and orderly trading market for the Common Shares;
- failure of securities or industry analysts to publish research or publish inaccurate or unfavourable research about the Company; and
- inability or unwillingness to pay dividends.

**Risks Related to Exchange Rate**

- exchange rate fluctuations between the Canadian dollar and the U.S. dollar.

**Other Risks**

- effect of COVID-19 public health crisis or another global health pandemic;
- use of available funds;
- effect of general economic and political conditions; and
- internal controls.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in "*Risk Factors*" should be considered carefully by readers.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the

date made. The forward-looking information contained in this Prospectus represents our expectations as of the date of this Prospectus (or as the date they are otherwise stated to be made) and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

**All of the forward-looking information contained in this prospectus is expressly qualified by the foregoing cautionary statements Accordingly, potential investors should not place undue reliance on forward-looking statements or the information contained in those statements.**

## MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this Prospectus concerning the Company's industry and the markets in which it operates, including general expectations and market position, market opportunities and market share, is based on information from independent industry organizations, other third-party sources (including industry publications, surveys and forecasts) and management studies and estimates.

Unless otherwise indicated, the Company's estimates are derived from publicly available information released by independent industry analysts and third-party sources as well as data from the Company's internal research, and knowledge of the surface protection markets and economy, and include assumptions made by the Company which Management believes to be reasonable based on their knowledge of the Company's industry and markets. The Company's internal research and assumptions have not been verified by any independent source, and it has not independently verified any third-party information. While the Company believes the market position, market opportunity and market share information included in this Prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the Company's future performance and the future performance of the industry and markets in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the headings "*Forward-Looking Information*" and "*Risk Factors.*"

## TRADEMARKS AND TRADE NAMES

This Prospectus includes certain trademarks and trade names, which are protected under applicable intellectual property laws. Solely for convenience, such trademarks and trade names referred to in this Prospectus may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that the relevant owner will not assert, to the fullest extent under applicable law, their rights to these trademarks and trade names. The trademarks and trade names used in this Prospectus are the property of their respective owners.

## CURRENCY PRESENTATION

In this Prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.*

**Company**

FendX Technologies Inc.

**Principal Business of the Company**

FendX is a technology company focused on developing surface protection products that protect surfaces from pathogen contamination. The Company acquired an exclusive world-wide license for the Licensed Technology from McMaster and entered into a Collaborative Research Agreement with McMaster, pursuant to which ongoing research and development activities are being conducted on the Licensed Technology. The Company is currently developing its anticipated first product, REPELWRAP™ to protect high-contact surfaces from contamination to reduce the transmission of harmful pathogens. See "*Business of the Company*".

**No Proceeds Raised**

No securities are being offered pursuant to this Prospectus. This Prospectus is being filed for the purpose of allowing the Company to become a reporting issuer in the jurisdictions of British Columbia, Alberta, Manitoba and Ontario and to enable the Company to develop an organized market for its Common Shares. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.

**Funds Available and Use of Available Funds**

The Company had approximately $55,600 in working capital as at July 31, 2022 (not including gross proceeds held in escrow pursuant to the Concurrent Private Placement). Assuming satisfaction of the Escrow Release Condition, the net proceeds of the Concurrent Private Placement, being $3,888,648, less any related expenses will be released to the Company, resulting in an aggregate of approximately $3,944,248 in funds expected to be available to the Company.

| Use of Available Funds | Amount |
|---|---|
| Research and development | $330,000 |
| REPELWRAP™ scale-up and testing | $334,000 |
| Patents and regulatory | $85,000 |
| Salaries and consulting fees | $861,000 |
| General and administrative costs | $1,497,000 |
| Business development | $100,000 |
| Public listing costs | $60,000 |
| Unallocated working capital | $677,248 |
| **Total** | $3,944,248 |

The Company intends to spend its available funds as stated in this Prospectus. There may be circumstances, however, where, for sound business reasons, a reallocation of funds may be necessary. See "*Use of Available Funds*".

**Summary of Financial Information**

The following selected financial information has been derived from and is qualified in its entirety by the financial statements of the Company and notes thereto. The selected should be read in conjunction with the Company's audited financial statements for the period from incorporation on July 28, 2020 to December 31, 2020, the audited annual financial statements for the year ended

December 31, 2021 and the unaudited condensed interim financial statements for the three month period ended March 31, 2022.

The Company has established December 31 as its financial year-end. See "*Management's Discussion and Analysis*" and "*Financial Statements*", as included elsewhere in this Prospectus:

| | For the three month period ended March 31, 2022 (Unaudited) ($) | For the year ended December 31, 2021 (Audited) ($) | For the period from July 28, 2020 to December 31, 2020 (Audited) ($) |
|---|---|---|---|
| Total revenues | - | - | - |
| Loss for the Period | (486,507) | (1,123,082) | (336,875) |
| Total Assets | 1,260,536 | 1,247,122 | 356,566 |
| Total Liabilities | 607,049 | 387,629 | 329,940 |
| Shareholder's Equity | 653,487 | 859,493 | 26,626 |
| Loss per share (basic and diluted) | (0.01) | (0.07) | (336,875) |

**The Listing**

Upon the issuance of a receipt for the filing of this Prospectus, the Company intends to apply to list the Listed Securities on the CSE. Listing will be subject to the Company's fulfilling all of the listing requirements of the CSE, including, without limitation, the distribution of the Company's Common Shares to a minimum number of public shareholders and the Company meeting the minimum listing requirements of the CSE.

**Risk Factors**

An investment in the Offered Shares is speculative and involves a high degree of risk. These risks include, but are not limited to, risks related to:

- product candidates only being in formulation/reformulation stages;
- limited operating history, no revenues and uncertainty around additional financing;
- no production history and lack of revenues from sales;
- no history of manufacturing or distribution;
- highly competitive industry;
- satisfying the terms of the License Agreement and Collaborative Research Agreement and maintaining the License in good standing;
- inability of the Licensor (as defined herein) to satisfy the terms under the License Agreement and Collaborative Research Agreement;
- completion of scale-up and development of a commercial prototype;
- research and development activities;
- reliance on grant funding;
- limited number of products;
- dependence on collaborative partners, licensors and others;
- changes and restrictions due to legal and regulatory requirements;
- dependence on each product's acceptance in the market;
- possibility of smaller market opportunities than anticipated;
- increasing regulatory and compliance costs for public companies;
- global economic instability;
- product liability claims and lawsuits;
- system failures;
- reliance on management and loss of key employees or inability to hire key personnel;
- limited experience of senior management in managing a public company;

- fraudulent or illegal activity by employees, contractors and consultants;
- inability to effect service of process on some of our directors and officers;
- management's efforts and abilities;
- potential conflicts of interest;
- inability to protect intellectual property rights;
- inability to secure patents;
- infringement on proprietary rights of third parties;
- risks related to forward-looking information;
- volatility of the market price of our Common Shares;
- potential dilution of the Common Shares;
- lack of an active, liquid and orderly trading market for the Common Shares;
- failure of securities or industry analysts to publish research or publish inaccurate or unfavourable research about the Company;
- inability or unwillingness to pay dividends;
- exchange rate fluctuations between the Canadian dollar and the U.S. dollar;
- effect of COVID-19 public health crisis or another global health pandemic;
- use of available funds;
- effect of general economic and political conditions; and
- internal controls.

See "*Risk Factors*" and the other information included in this Prospectus for a discussion of the risks. Readers should carefully consider all such risks.

## CORPORATE STRUCTURE

### Name, Address and Incorporation

The Company was incorporated under the *Business Corporations Act* (British Columbia) on July 28, 2020 under the name "1259192 B.C. LTD". It changed its name to "FendX Technologies Inc." on September 18, 2020.

The Company's head office is located at 2010 Winston Park Dr., 2nd Floor, Oakville, ON L6H 5R7, and its registered and records office is located at 800 – 885 West Georgia Street, Vancouver, BC VC6 3H1.

### Intercorporate Relationships

The Company has no subsidiaries.

## DESCRIPTION OF THE BUSINESS

### Business Overview

The Company is focused on the development and commercialization of a surface protection coating technology licensed from McMaster University, Hamilton, Ontario, Canada ("**McMaster**"). The Company entered into a License Agreement (as defined herein) with McMaster dated February 5, 2021, as amended July 14, 2021 and July 15, 2022, which provides the Company with an exclusive world-wide license to several patent applications and certain technology to develop and commercialize surface protection coating products (the "**Licensed Technology**"). The Company is conducting research and development activities using the Licensed Technology in collaboration with McMaster pursuant to a research and development collaboration agreement (the "**Collaborative Research Agreement" or "CRA**") with McMaster with an effective date of August 1, 2021. The Company has engaged third parties to assist with prototype development and testing in order to assess the scalability of products being developed through the CRA.

Lead Researchers (as defined herein) at McMaster created a surface coating film prototype using the Licensed Technology which has been shown to effectively repel certain pathogens that come into contact with its surface. Although this film is still in the development stage, the Company believes this film will be important to control the spread of pathogens on surfaces that are prone to contamination. This technology works by combining hierarchical wrinkled molecular structure with chemical functionalization to reduce pathogen adhesion and biofilm formation. It is flexible and can be applied to most surface shapes.

The Company believes this surface coating film is unique and differentiated from current protective coatings in the marketplace. Lead Researcher's research and development efforts and results, as published in several journals to-date, have shown the original prototype to be effective in repelling and preventing biofilm formation of World Health Organization-designated priority pathogens such as Gram-positive methicillin-resistant Staphylococcus aureus, and Gram-negative Pseudomonas and Enterococci strains, as well as being effective in repelling SARS-CoV-2 related viruses.

The Company has been collaborating with consultants and other third-party manufacturers to assist in optimizing the scalability of the original lab prototype with the Lead Researchers. The Company, with the Lead Researchers, has been working to reformulate the original lab prototype to streamline the scale-up process. The Company believes it has a reformulated product, and the reformulated product is being tested to confirm that it shows similar repelling properties to the original lab prototype. Once confirmed, the Company intends to engage third-party manufacturers to assess scalability of the reformulated product. If successful, the Company intends to move to the scale-up phase to create a commercial product, which would be tested to ensure it meets the repelling specifications. Once final development is complete, the Company intends to commercialize using manufacturing and distributor partnerships.

The Company plans to name its first product REPELWRAP™ and believes the REPELWRAP™ film will be the first product introduced to the Canadian market that repels pathogens. This differs from other currently available surface coating films which have antimicrobial properties that require bacteria and viruses to adhere to their surfaces to be

killed. The Company has not generated any revenues to-date from any product sales as its products are in the development and testing stage and has not entered into any distribution or manufacturing agreements.

Once fully developed, the Company intends to initially target REPELWRAP™ towards healthcare settings (i.e., hospitals, long-term care, senior's residences, clinics) and high traffic public touchpoints (i.e., transportation, hospitality, stadiums/arenas/malls, restaurants, schools, business offices) prone to high levels of surface contamination. The Company expects to launch REPELWRAP™ in the Canadian market in late 2023 or early 2024, conditional on achieving successful product scale-up and commercial manufacturing. After launching in Canada, the Company intends to seek any required approvals in the United States as well as certain European and Asian countries in the longer term.

The Company is also actively exploring additional applications of the Licensed Technology, including development of enhancements to the current reformulated version of REPELWRAP™ to create films with repelling and killing properties. In addition, the Company is assessing the Licensed Technology to develop a coating for catheters to prevent catheter-related occlusion and infection.

**History of Development - Licensed Technology**

McMaster, Drs. Leyla Soleymani ("**Soleymani**") and Tohid Didar ("**Didar**") (Soleymani and Didar together, the "**Lead Researchers**"), and other collaborators at McMaster began research and development of the Licensed Technology starting in 2016 and an initial lab prototype was finalized in 2018. Bacterial repellency was demonstrated in 2019 and SARS-CoV-2-like virus repellency completed in late 2020. These activities were funded through McMaster and various grants including the Natural Sciences and Engineering Research Council of Canada ("**NSERC**") Discovery grant and CRD grants, Ontario Early Researcher Award grant and McMaster start-up funding.

On June 3, 2019, McMaster filed US Provisional Patent No. 62/856,392 application entitled "Omniphobic surfaces with Hierarchical Structures, and Methods of Making and Uses Thereof".

On December 13, 2019, an article titled "Flexible Hierarchical Wraps Repel Drug-Resistant Gram-Negative and Positive Bacteria" written by the Lead Researchers in collaboration with colleagues from McMaster's Institute for Infectious Disease Research and the McMaster-based Canadian Centre for Electron Microscopy, was published in ACS Nano 2020 14(1) 454-465 (https://pubs.acs.org/doi/10.1021/acsnano.9b06287). The flexible plastic wrap combines a hierarchical wrinkled structure with chemical functionalization to reduce bacterial adhesion, biofilm formation, and the transfer of bacteria through an intermediate surface. The research showed the hierarchical wraps were effective for reducing biofilm formation of World Health Organization-designated priority pathogens Gram positive methicillin-resistant *Staphylococcus aureus* (MRSA) and Gram-negative *Pseudomonas aeruginosa* by 87 and 84%, respectively. In addition, these surfaces remain free of bacteria after being touched by a contaminated surface with Gram negative *E. coli*. The results of this research were further highlighted in McMaster's December 13, 2019 "Brighter World" publication (https://brighterworld.mcmaster.ca/articles/the-ultimate-non-stick-coating/).

On June 3, 2020, McMaster, filed PCT/CA2020/05076 which claimed priority to the June 3, 2019 provisional application.

On November 12, 2020, REPELWRAP™ won the grand prize of the "2020 Create the Future Design" contest. There were approximately 750 entries from 60 countries around the world. This contest, launched in 2020 by Tech Briefs Media Group (publishers of *Tech Briefs* magazine), recognizes and rewards engineering innovations that benefit humanity, the environment, and the economy.

On November 23, 2020, a clinical paper titled "Hierarchical Structures, with Submillimeter Patterns, Micrometer Wrinkles, and Nanoscale Decorations, Suppress Biofouling and Enable Rapid Droplet Digitization" was published in Nano - Micro Small Journal (https://onlinelibrary.wiley.com/doi/10.1002/smll.202004886). The paper noted that liquid repellant flexible films, fabricated through nanoparticle deposition and heat-induces thin film wrinkling appear to suppress blood adhesion and clot formation. These liquid repellant surfaces are expected to have a wide range of applications in blood contacting medical devices.

**History Since Incorporation**

The Company was incorporated on July 28, 2020 under the *Business Corporations Act* (British Columbia). Dr. Carolyn Myers became a director and was appointed to CEO and president of the Company on July 28, 2020.

On July 29, 2020, the Company and McMaster entered into an option agreement, as amended (the ("**Option Agreement**") which granted the Company the option to enter into a license agreement in respect of certain technology and patents developed by McMaster.

On September 29, 2020 the Company exercised its option to license certain technology from McMaster pursuant to the Option Agreement.

On February 5, 2021, the Company and McMaster entered into a license agreement (the "**License Agreement**") in respect of the technology and patents which form the primary basis of the Company's business, which granted the Company an exclusive worldwide license to the Licensed Technology. See "*Description of the Business - The License Agreement*").

On May 10, 2021, the Company appointed Ann Fehr as Chief Financial Officer ("CFO") of the Company.

On May 17, 2021, Andrea Mulder was appointed Chief Operating Officer ("COO") of the Company.

On June 19, 2021, the Company completed a private placement raising aggregate gross proceeds of $45,000 through the issuance of 9,000,000 common shares at $0.005 per share.

On June 19, 2021, the Company entered into agreements (each, a "**Bonus Share Agreement**") with each of Dr. Tohid Didar and Dr. Leyla Soleymani, as the Lead Researchers related to the Licensed Technology. Pursuant to the agreements, each of Dr. Didar and Dr. Soleymani may be entitled to receive up to 2,075,000 common shares of the Company (the "**Bonus Shares**") should certain milestones related to the development of the Licensed Technology be achieved.

On June 24, 2021, the Company and Draganfly Inc. ("**Draganfly**"), a company listed on the CSE, entered into a non-exclusive letter of intent ("**LOI**") for a collaboration to conduct real-world beta-testing of REPELWRAP™ when commercial prototypes are available. The initial term of the LOI is one year from the date of execution, subject to mutual extension or termination.

On June 29, 2021, the Company completed a private placement raising aggregate gross proceeds of $60,000 through the issuance of 1,200,000 units at $0.05 per unit.

On June 29, 2021, the Company issued 1,435,000 common shares at a deemed value of $0.05 per common share as consideration to McMaster under the License Agreement and pursuant to the License Share Agreement. See "*Description of the Business - The License Agreement*".

During June 2021, the Company issued an aggregate of 5,500,000 common shares to settle $207,500 of debts.

The Company entered into a first amendment to the License Agreement, dated July 14, 2021 with an effective date of February 5, 2021.

On August 15, 2021, Dr. Ian Mark Landy and Mr. Prakash Gowd were appointed to the Company's board of directors.

On August 18, 2021, McMaster filed US Provisional Application No. 63/260,371 titled "Fluorine-free Superhydrophobic Surfaces, Methods of Making and Uses Thereof".

On August 18, 2021, McMaster filed US Provisional Application No. 63/260,372 titled "Methods of Making Omniphobic Materials with Hierarchical Structures and Uses Thereof".

On August 24, 2021, the Company, Lead Researchers and McMaster signed the Collaboration Research Agreement which outlines the research and development work to be conducted by McMaster on behalf of the Company on the Licensed Technology. See "*The Collaboration Research Agreement*".

In December 2021, at the direction of the Company, McMaster filed PCT/CA2020/05076 National Filings in the United States, Canada, China and Japan.

The Company completed several tranches of a non-brokered private placement on August 16, 2021, November 9, 2021 and December 23, 2021, raising aggregate gross proceeds of $1,505,199.75 through the issuance of 10,034,665 units at a price of $0.15 per unit. In connection with the closings of the non-brokered private placements, the Company issued an aggregate of 688,107 broker warrants and 688,107 common shares issued as compensation to finders. See "*Prior Sales*".

On January 18, 2022, the research article titled "Producing Fluorine- and Lubricant-Free Flexible Pathogen- and Blood-Repellent Surfaces Using Polysiloxane-Based Hierarchical Structures" was published in *ACS Applied Materials and Interfaces* (2022, 14, 3, 3864–3874). This paper referred to a flexible hierarchical coating without the use of fluorine or lubricant demonstrated repellency, with contact angles over 153° and sliding angles <1°, and 97.5% reduction in transmission of *E. coli*.

On January 20, 2022 the Company closed the final tranche of a non-brokered private placement raising gross proceeds of $45,000 through the issuance of an aggregate of 300,000 units at $0.15 per unit. In connection with the financing, the Company issued an aggregate of 8,000 broker warrants and 8,000 common shares issued to finders. See "*Prior Sales*".

On February 17, 2022, Rose Zanic was appointed as CFO.

On February 28, 2022, an article titled "Pathogen-Repellent Plastic Wrap with Built-in Hierarchical Structuring Prevents the Contamination of Surfaces with Coronaviruses" authored by the Lead Researchers was published in *ACS Applied Materials and Interfaces* (2022, 14, 9, 11068–11077). The article noted that REPEPWRAP™ film reduced contamination with a human coronavirus by more than 99.99% compared to commercially available polyethylene plastic wrap. (https://pubs.acs.org/doi/10.1021/acsami.1c21476?ref=pdf).

On February 28, 2022, an article titled "Transparent and Highly Flexible Hierarchically Structured Polydimethylsiloxane Surfaces Suppress Bacterial Attachment and Thrombosis Under Static and Dynamic Conditions" authored by the Lead Researchers was published in the Micro Nano Small publication. The paper showed reduction in biofilm production of 98.5% of two clinically relevant pathogens – methicillin-resistant Staphylococcus aureus and Pseudomonas aeruginosa. They also demonstrated that with blood, 95% suppression of thrombin generation. The Lead Researchers claim the surface may show applicability in catheters, extracorporeal circuits and microfluidic devices. (https://onlinelibrary.wiley.com/doi/10.1002/smll.202108112).

On April 22, 2022, the Company issued an aggregate of 1,050,000 common shares at $0.15 per share to settle an agreement of $157,500 of debts. See "*Prior Sales*".

On April 22, 2022, the Company granted an aggregate of 1,025,000 stock options with an exercise price of $0.15 per share. See "*Options to Purchase Securities – Outstanding Options*".

On April 28, 2022, the Company closed a non-brokered private placement raising gross proceeds of $4,001,400 and issued an aggregate of 13,338,000 Subscription Receipts at $0.30 per Subscription Receipt. The gross proceeds will be held in escrow with the Escrow Agent and released to the Company upon receipt of a Final Prospectus. See "*Plan of Distribution – Concurrent Private Placement*".

On May 9, 2022, NSERC provided the Lead Researchers with notice of approval for an Alliance Grant of $361,520 over two years, for its project entitled "Developing a pathogen repellant wrap-improving performance and manufacturing throughput and evaluating real-world potential" with the Company as the main sponsor (the "NSERC Grant"). The first installment of the NSERC Grant for the project was $182,010 which commenced May 15, 2022 and the second installment of $179,510 will be available starting May 23, 2023. The NSERC Grant requires cash contributions by the Company of $93,500 for each of the two years) and in-kind contributions totaling $229,400 and

$309,200 in years 1 and 2, respectively, from FendX and other parties including Draganfly and a future manufacturing partner. The Company's obligations for cash and in-kind services will be satisfied by the Company's contributions pursuant to the CRA as well as through time spent by its senior management and employees related to the project. See "*The Collaboration Research Agreement*" and "*Use of Available Funds - Available Funds and Principal Purposes*" and "*Risk Factors*".

The Company signed an extension agreement with Draganfly, which extended the LOI expiry date to June 23, 2024.

The Company entered into the second amendment to the License Agreement, dated July 15, 2022 with an effective date of May 5, 2022

**The License Agreement**

The Company and McMaster (also defined as the "**Licensor**") entered into a license agreement dated February 5, 2021, as amended July 14, 2021 and July 15, 2022 (the "**License Agreement**"), which granted the Company (the "**Licensee**") an exclusive royalty-bearing worldwide license to use and practice certain licensed patent applications (the "**Licensed Patents**") and other related technology which together is included as the Licensed Technology) with an exclusive license to manufacture, have manufactured, make, have made, import, have imported, sell, offer to sell, distribute, and market the Licensed Patents or otherwise transfer the licensed products. Pursuant to the License Agreement, the Company agreed to the following key terms:

- the issuance to Licensor of common shares equal to 5% of its fully diluted share capital on achievement of certain funding thresholds, whereby 1,435,000 common shares have been issued to McMaster. All License Shares issued are subject to a voluntary escrow condition of 18 months after the date the Company's common shares commence trading on an exchange;

- payment of a royalty on Net Sales (as defined in the License Agreement);

- a minimum annual royalty starting in the first 12-month period ending on the anniversary of the date of the License Agreement (each, a "**License Year**") is due to the Licensor; and

- pursuant to the Option Agreement and License Agreement, the Company is to contribute an aggregate of $350,000 toward sponsored research projects in year one, of which $175,000 was due on signing the Collaborative Research Agreement and receipt of an invoice from McMaster (paid). In year two and year three, the Company is to contribute a minimum of $150,000 each year to a sponsored research project to further develop the Licensed Technology, provided the research aims are approved by the Company.

Pursuant to the License Agreement, the Company acquired the Licensed Technology which includes the Licensed Patents, Created IP, Funded IP, Graduate Student IP and other related technology as follows:

*Licensed Patents*: means all patents in any jurisdiction throughout the world claiming inventions included in the definition of Technology (as defined in the License Agreement), and all continuations, continuations-in-part, divisions, extensions, substitutions, reissues, re-examinations, any other patent filing claiming priority to any of the foregoing, and renewals of any of the foregoing, and all further patent applications claiming or describing inventions contained in any of the foregoing, and all patents which may issue from any of such patent applications, including, without limitation, the patent filings listed pursuant to the License Agreement, any patent filing claiming priority to any patent filing listed in the License Agreement, any continuations, continuations-in-part, divisions, extensions, substitutions, reissues, re- examinations, and renewals of any of the foregoing, and any patents resulting from any of the foregoing. See "*Intellectual Property – Licensed Patent Rights*" for additional details of the Company's Licensed Patents.

*Created IP*: The Company shall own any intellectual property and other proprietary rights (other than the Licensed Patents) created or developed, in each case in whole or in part, by or on behalf of the Company, including any intellectual property or other proprietary rights related to the Licensed Technology described in the License Agreement created or developed in whole or in part by the Lead Researchers, in each case, until the earlier of five (5) years from the effective date or the date that is six (6) months from the date on which either of the Lead Researchers provided the Company with written notice that he/she no longer wishes to be actively engaged with the Company ("**Created IP**"),

and McMaster agrees to assign and hereby assigns any such rights to the Company if such rights are first owned by McMaster. Created IP shall not include any intellectual property or other proprietary rights created in whole or in part by any graduate student of McMaster where the Company has not funded at least 70% of the cost of such graduate student related to the technology.

*Funded IP*: The Company shall own any intellectual property or other proprietary rights created or developed in whole or in part by McMaster that is funded, in whole or in part, by grants, government funding or institutional funding where such funding was awarded to the Licensee, an affiliate of the Licensee or by any sublicensee or other person supporting the development or exploitation on behalf of the Licensee, an affiliate or sublicensee ("Sponsor") or results at least in part from monetary contributions of one or more Sponsors ("Funded IP"), and McMaster agrees to assign and hereby assigns any such rights to Licensee if such rights are first owned by McMaster. Funded IP shall not, however, include Graduate Student IP. To the extent that Funded IP is an improvement on or extension of intellectual property or other proprietary rights created by or on behalf of McMaster independently of Licensee ("Pre-Existing IP"), Licensee's ownership shall be limited to such improvement or extension, and the Pre-Existing IP shall be included in the Licensed Patents licensed to Licensee.

*Graduate Student IP*: Where any intellectual property or other proprietary rights that would qualify as Created IP or Funded IP but for the involvement of a graduate student of McMaster where the Company has not funded at least 70% of the cost of such graduate student, such technology shall be owned by McMaster and licensed to the Company at no additional costs to the Company.

*Other technology* (also defined as "Technology" in the License Agreement)*:* means: any and all knowledge, know-how and/or technique or techniques in the field of the technology described in the License Agreement and (i) invented and/or developed in either of the Lead Researcher labs prior to the effective date of the License Agreement; (ii) acquired prior to the date of commencement by McMaster; or (iii) known to McMaster to have been invented and/or developed at McMaster prior to the effective date, whether or not patentable, copyrightable, trademarkable or otherwise protectable by law or commercially useful or reducible to writing or practice. Technology shall include, without limitation, any and all trade secrets, research, development and manufacturing data, inventions, technical, engineering and scientific information, methods, processes, procedures, discoveries, protocols, formulas, designs, drawings, specifications, instructions, manuals, papers or other materials of any nature whatsoever, whether written or otherwise, relating to same. Technology shall also include all inventions, whether or not patentable, and other intellectual property rights described or disclosed in the Licensed Patents.

In addition, the Company is responsible for all matters related to the prosecution, filing and maintenance of all patent applications related to the Licensed Patents or Licensed Technology, including meeting all filing deadlines and paying all related fees and expenses from the Effective Date of the License Agreement. The Company shall reimburse McMaster for all expenses related to patent filings made by McMaster related to the Licensed Technology.

**The Collaboration Research Agreement**

On August 24, 2021, the Company, Lead Researchers and McMaster signed the Collaboration Research Agreement dated July 7, 2021 with an effective date of August 1, 2021 which outlines the proposed research and development work to be conducted by the Lead Researchers at McMaster on behalf of the Company on the Licensed Technology (the "**Project**"). Pursuant to the Collaborative Research Agreement, McMaster will provide the human resources, materials, facilities and equipment as designated to conduct the sponsored project work. Subject to the terms of the License Agreement, the Company will have the right to apply for patents based on the results. The term of the Project shall be three (3) years or longer as agreed to by the parties.

The Company agreed to pay McMaster the following payments which are due within 30 days after receipt of an invoice from McMaster:

| | |
|---|---|
| First Contribution[(1)]: | |
| On signing (invoiced and paid) | $175,000 |
| At 4 month mark (not yet invoiced) | $87,500 |
| At 8 month mark (not yet invoiced) | $87,500 |
| Years 2 and 3[(2)]: | |

| | |
|---|---|
| On anniversary dates: | $75,000 |
| At subsequent 4 month mark | $37,500 |
| At subsequent 8 month mark | $37,500 |

(1) Year one contribution of $350,000 is in satisfaction of the obligations provided under the License Agreement. See "*The License Agreement*".

(2) $150,000 in years 2 and 3 are in satisfaction of the obligations provided under the License Agreement unless the Collaboration Research Agreement has been terminated prior to the second or third anniversary of the execution of the agreement. See "*The License Agreement*".

The detailed research and development activities proposed pursuant to the Collaboration Research Agreement represented the recommendations on experiments and tests to be conducted to develop REPELWRAP™, as well as assess potential enhancements and new formulations using the Licensed Technology to create products that protect high-touch surfaces in healthcare and other high traffic public touchpoints. The aims and recommendations for research and development work were determined as at the date of the Collaboration Research Agreement and may be amended by the parties as work progresses.

In the first year after execution of the CRA (August 31, 2021 to August 30, 2022), the initial aims set out were to:

1) conduct stability and durability testing to confirm how long REPELWRAP™ will retain its physical and pathogen repellency under real-life environmental conditions (completed);

2) conduct SARS-CoV-2 testing to test the prototype to reduce the transfer of SARS-CoV-2 by 99%. Experiments were done at the McMaster CL 3 laboratory (a facility independent from McMaster labs) with the results verified by the Institute for Infectious Disease Research at McMaster (completed);

3) conduct scale-up testing to determine if REPELWRAP™ can be scaled up to dimensions needed for high volume manufacturing using economically feasible industrial processes, with a goal to develop rolls of REPELWRAP™ (in progress as at the date of this Prospectus); and

4) conduct small-scale pathogen testing in order to assess the REPELWRAP™ iterations developed in aim 3 above. This pathogen testing will be performed using one bacterium *(E. co/i)* and one virus (human simplex virus (HSV)).

In the second year from the date of execution of the CRA, the initial aims set out were to:

5) optimize the parameters of the streamlined scaled up process and coating composition in order to reduce product manufacturing costs;

6) conduct additional pathogen testing on 5-10 additional pathogens (viruses and bacteria) that are important both in the context of infectious disease prevention via high touch surfaces; and

7) conduct additional real-life testing using the latest REPELWRAP™ iteration on high touch surfaces.

The work plan detailed above was based on what the Lead Researchers anticipated could be accomplished provided that matching funds are received from grants from NSERC. On May 9, 2022, McMaster received approval of the award of the NSERC Grant, which will contribute towards funding the work plan above. The NSERC Grant funding facilitates the ability to complete additional research work through McMaster above the minimum requirements of the CRA and the Company's requirements for the Company will be satisfied by the Company's contributions under the CRA. See "*Description of the Business - History Since Incorporation*" and "*Risk Factors*".

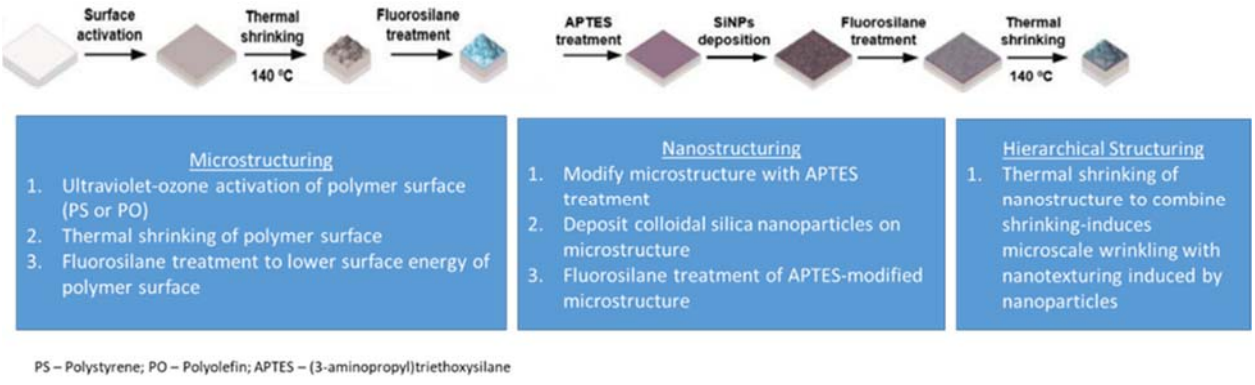
**Description of Principal Product Under Development - *REPELWRAP™ Surface Coating Film***

The Company is developing surface coatings to protect against contamination of high touch surfaces. This technology works by combining a hierarchical wrinkled molecular structure with chemical functionalization to reduce pathogen adhesion and formation of bacterial colonies.

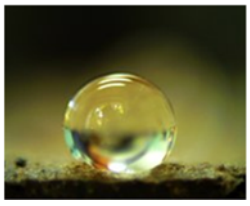
REPELWRAP™ film repels bacteria and viruses, protecting high-touch surfaces and reducing the risk of bacteria or virus transmission from that surface. REPELWRAP™ is flexible and can be applied to most surface shapes. The Company believes this film will be the first commercial product that effectively repels bacteria and viruses. The Company believes that current protective coatings in the marketplace (antimicrobial) require bacteria and viruses to adhere to these surfaces to be inactivated. Inactivation does not occur immediately or even within hours, leaving people at risk of being exposed to these contaminated surfaces before bacteria and viruses are killed.

The original lab prototype of REPELWRAP™ has been shown to be broadly repellent to contamination and reduces the adhesion and proliferation of infective pathogens including drug-resistant bacteria and viruses (Imani S et al, ACS NANO, 2020, 14, 1, 454–465). REPELWRAP™ is a flexible plastic film that repels both high (e.g., water) and low surface tension (e.g., oil) liquids, and can be easily applied to surfaces that are prone to contamination. This technology is founded on hierarchically structured materials, materials that combine a range of structural features from the nanoscale to the macroscale, that are integrated into commercial plastics using solution-based surface coating and shrinking for the purpose of repelling pathogens from high touch surfaces. Its hierarchical structure results in a high surface tension which causes droplets to assume a spherical shape. This enables the contact area and the adhesion force between the surface and droplet to be significantly reduced.

The original REPELWRAP™ lab prototype was created through wrinkling (creating microstructures), self-assembly of nanoparticles (creating nanostructures) and their combination (hierarchically structured). The stepwise process for making REPELWRAP™ is detailed below:




The Company is currently assessing scalability of REPELWRAP™ and is in the process of reformulating the original version of REPELWRAP™ to address a more streamlined scale-up process. This reformulation entails replacing certain chemical linkers to reduce chemical reaction times. We anticipate that the reformulated film will show similar repelling properties to the original REPELWRAP™ and will perform testing to confirm such as part of its research and development efforts. The Company expects this reformulated film will be its first-to-market product.



Shown here is an example of the spherical nature that a droplet makes when it lands on a surface like REPELWRAP™. Due to the low surface energy of REPELWRAP™'s surface, liquids bounce off the surface when they come in contact with it. When a contaminated hand touches the surface of REPELWRAP™ film, the contamination stays on the contaminated hand and does not transfer to the surface.

Key results of the repelling properties of the original lab prototype REPELWRAP™ film include:

- Reduced viral titer more than 99% of SARS-CoV-2 related strains compared with control surfaces (ACS Appl. Mater. Interfaces 2022, 14, 11068-11077);
- Significantly reduced transfer to human skin of Escherichia coli contaminated REPELWRAP™ surfaces compared with control surfaces (ACS Appl. Mater. Interfaces 2022, 14, 11068-11077);
- Significantly reduced biofilm formation of methicillin-resistant Staphylococcus aureus and Pseudomonas aeruginosa compared with control surfaces (ACS Nano. 2020 Jan 28, 14 (1) 454-465):

| | Repel Wrap Reduction in Biofilm Formation | Control Reduction in Biofilm Formation | |
|---|---|---|---|
| | | Microstructure Only | Nanostructure Only |
| MRSA | ~85% | 66% | 78% |
| P. aeruginosa | ~85% | 11% | 62% |

- Self-cleaning surface demonstrated from high repel rates of blood vs. control surfaces (ACS Nano. 2020 Jan 28, 14 (1) 454-465);
- Maintains robust repellent properties after being subjected to various physical/mechanical forces (i.e., vacuum & sonication) and chemicals (i.e., ethanol, bleach) (ACS Nano. 2020 Jan 28, 14 (1) 454-465); and
- Holds repellent properties under strain and while conforming to different form factors (bent or unbent) (ACS Nano. 2020 Jan 28, 14 (1) 454-465).

The reformulated version of REPELWRAP™ utilizes a titanium dioxide ("$TiO_2$") treatment which replaces a previously used APTES treatment. The $TiO_2$ treatment shares the same properties as the APTES treatment but at a faster reaction time which should result in a more efficient manufacturing process. Initial work by the Lead Researchers has demonstrated that the $TiO_2$ prototypes are demonstrating repellency properties equivalent to the APTES treated REPELWRAP™ formulation. The Company intends to advance the $TiO_2$ version of REPELWRAP™ through additional testing with future manufacturing partners, once engaged. (See "*Risk Factors*").

In addition, the Company is working on an enhanced $TiO_2$ surface that will incorporate antimicrobial properties. We believe these modifications to the surface will reduce contamination by more than 99.99%, which we intend to confirm through additional testing. (See "*Risk Factors*").

In addition, the Company expects to initiate preliminary work with the Lead Researchers on the development of coatings for catheters using the License Technology. This project is in the formulation stage of coating development and subsequent to Listing the Company intends to conduct additional formulation work and testing of catheter prototypes.

See "*Forward-Looking Information*" and "*Risk Factors*")

**Intellectual Property**

The Company takes intellectual property, know-how and trade secrets very seriously and highly values the protection it affords our products. The Company relies on a combination of legal and contractual restrictions, such as confidentiality agreements, trademarks, and patent applications, to establish and protect our proprietary rights to deter others from developing products that are substantially equivalent.

The Company's intention is to build on the current Licensed Technology through its research and development activities including the work proposed under the Collaboration Research Agreement, which the Company believes will lead to the creation of new and innovative proprietary products.

*Licensed Patent Rights*

Pursuant to the Licensing Agreement, the Company was granted the License to the Licensed Technology from the Licensor. The Licensed Technology includes the following Licensed Patents:

| Priority No | Priority Date | Application No. | Application Date | Country | Title | Inventors | Current Ownership |
|---|---|---|---|---|---|---|---|
| 62/856392 | Jun. 03, 2019 | 3142127 | Nov 26, 2021 | Canada | OMNIPHOBIC SURFACES WITH HIERARCHICAL STRUCTURES, AND METHODS OF MAKING AND USES THEREOF | Leyla Soleymani<br>Tohid Didar<br>Sara Moetakef Imani<br>Yuting Chan<br>Roderick Maclachlan | McMaster University |
| 62/856392 | Jun. 03, 2019 | 202080055337.6 | Jan 29, 2022 | China | OMNIPHOBIC SURFACES WITH HIERARCHICAL STRUCTURES, AND METHODS OF MAKING AND USES THEREOF | Leyla Soleymani<br>Tohid Didar<br>Sara Moetakef Imani<br>Yuting Chan<br>Roderick Maclachlan | McMaster University |
| 62/856392 | Jun. 03, 2019 | EP20819372.2 | Dec 17, 2021 | European Patent Application | OMNIPHOBIC SURFACES WITH HIERARCHICAL STRUCTURES, AND METHODS OF MAKING AND USES THEREOF | Leyla Soleymani<br>Tohid Didar<br>Sara Moetakef Imani<br>Yuting Chan<br>Roderick Maclachlan | McMaster University |
| 62/856392 | Jun. 03, 2019 | 2021-572059 | Dec 03, 2021 | Japan | OMNIPHOBIC SURFACES WITH HIERARCHICAL STRUCTURES, AND METHODS OF MAKING AND USES THEREOF | Leyla Soleymani<br>Tohid Didar<br>Sara Moetakef Imani<br>Yuting Chan<br>Roderick Maclachlan | McMaster University |
| 62/856392 | Jun. 03, 2019 | PCT/CA2020/050766 | Jun 03, 2020 | PCT Application | OMNIPHOBIC SURFACES WITH HIERARCHICAL STRUCTURES, AND METHODS OF MAKING AND USES THEREOF | Leyla Soleymani<br>Tohid Didar<br>Sara Moetakef Imani<br>Yuting Chan<br>Roderick Maclachlan | McMaster University |
| 62/856392 | Jun. 03, 2019 | 109118676 | Jun 03, 2020 | Taiwan | OMNIPHOBIC SURFACES WITH HIERARCHICAL STRUCTURES, AND METHODS OF MAKING AND USES THEREOF | Leyla Soleymani<br>Tohid Didar<br>Sara Moetakef Imani<br>Yuting Chan<br>Roderick Maclachlan | McMaster University |
| | | 62/856392 | Jun 03, 2019 | United States of America | OMNIPHOBIC SURFACES WITH HIERARCHICAL STRUCTURES, AND METHODS OF MAKING AND USES THEREOF | Leyla Soleymani<br>Tohid Didar<br>Sara Moetakef Imani<br>Yuting Chan<br>Roderick Maclachlan | McMaster University |
| 62/856,392 | Jun. 03, 2019 | | Dec 03, 2021 | United States of America | OMNIPHOBIC SURFACES WITH HIERARCHICAL STRUCTURES, AND METHODS OF MAKING AND USES THEREOF | Leyla Soleymani<br>Tohid Didar<br>Sara Moetakef Imani<br>Yuting Chan<br>Roderick Maclachlan | McMaster University |
| | | 63/260371 | Aug 18, 2021 | United States of America | FLUORINE-FREE SUPERHYDROPHOBIC SURFACES, METHODS OF MAKING AND USES THEREOF | Tohid Didar<br>Leyla Soleymani<br>Liane Ladouceur | McMaster University |
| | | 63/260372 | Aug 18, 2021 | United States of America | METHODS OF MAKING OMNIPHOBIC MATERIALS WITH HIERARCHICAL STRUCTURES AND USES THEREOF | Tohid Didar<br>Leyla Soleymani<br>Shadman Khan | McMaster University |

Each patent application goes through a prosecution process. To-date, no applications have been prosecuted and no patents have been granted.

*Trademarks*

Currently the Company has applied to trademark REPELWRAP™ in Canada.

**Regulatory Matters**

The Company undertook a Canadian regulatory assessment in 2021, and based on this assessment, the Company believes that the original and reformulated REPELWRAP™ repel film does not require clearance from Health Canada Therapeutic Products Directorate ("**TPD**"), Pest Management Regulatory Agency ("**PMRA**") or Consumer and Hazardous Products Safety Directorate ("**CHPSD**"). REPELWRAP™ should not be considered a medical device as it will not be applied to medical instruments or implanted into humans and does not contain an active pharmaceutical ingredient. The TPD is the Canadian authority that regulates medical devices. Also, REPELWRAP™ does not have a mechanism of action that will directly or indirectly destroy micro-organisms, and therefore the Company believes it

does not require PMRA or CHPSD approval. As such, REPELWRAP™ should be considered a consumer product and the Company will endeavor to obtain any required licenses or approvals prior to any commercial launch. Should the Company be successful in its development efforts to create a repel and kill version of REPELWRAP™ as well as a catheter coating, the Company believes that these products would each be subject to TPD, PMRA and CHPSD clearance and approvals, See "*Risk Factors*".

**Business Model - Manufacturing and Distribution**

The Company does not intend to manufacture its products, rather it intends to utilize third-party manufacturers to manufacture its products, once developed. The Company has not entered into any manufacturing agreements as at the date of this Prospectus.

The Company expects to launch the reformulated REPELWRAP™ film (repel version) in Canada in the late 2023 or early 2024, assuming completion of development and satisfactory testing and scale-up. The Company intends to identify and target distributors that can optimize the sale of REPELWRAP™ into healthcare and high-traffic high-touch public areas.

The Company expects to launch REPELWRAP™ first in Canada and subsequently will look to launch in the US, Europe and Asian markets in the longer term. The Company intends to use distributors to launch and sell REPELWRAP™ in all these markets and has not yet entered into any formal distribution agreements as at the date of this Prospectus.

See "*Forward-Looking Information*" and "*Risk Factors*".

**Marketing, PR and Communication**

The Company's communication plan will be centred on building awareness of the Company, its purpose, development of the Licensed Technology and products. A major focus of the Company's communication will be targeted to manufacturers, distributors, end-users (i.e., healthcare, retail industries) and consumers.

The Company plans to accomplish this by deploying wide-spread communication using the Company's website, public relations, social media, news bulletins, presentations, conferences, engaged viewer follow-up and re-targeting strategies. The communication plan will be implemented near the Listing date. As at the date of this Prospectus, the Company has identified and engaged a social media consultant to provide social media consulting services for a 12-month term to start approximately on the date of Listing, for a fee of $120,000 plus GST. The Company has paid a deposit of $60,000 plus GST to the consultant.

**Specialized Skill and Knowledge**

All aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge currently include those pertaining to product development, technology planning, business development, commercialization/sales/marketing, funding and capital markets. The Company believes its experience provides a strong foundation on which to deploy capital efficiently in developing and commercializing REPELWRAP™, prioritize and develop future pipeline products, build its operations, and seek and develop strategic partnerships. The Company further believes its experience in fund raising will provide support for the Company's expansion plans.

The Company believes it has adequate personnel, consultants and other resources with specialized skills in operations, product development, manufacturing, commercialization, business development, finance and fund raising to carry out its operations successfully. The Company's CEO and Chief Operating Officer ("**COO**") have extensive experience in developing and commercializing products and collectively have launched over 35 products in their careers.

**Employees**

As of the date of this Prospectus, the Company has 2 full-time employees, one of which is the Company's COO. The Company also relies on service providers and independent contractors and consultants for various aspects of senior management and operations and currently has 3 consultants including the CEO and CFO.

**Competitive Conditions**

Demand for films to protect surfaces has led to there being a significant number of Canadian, US and international competitors in Canada and other countries. The Company's competitors may have more substantial financial and technical resources for the development and commercialization of product offerings, as well as for the recruitment and retention of qualified personnel. The Company faces competition from several established providers of existing antimicrobial protective coating technologies. These competitors are mostly privately held companies such as:

| Company | Private/Public | Product Description | Activity | Headquarters |
|---|---|---|---|---|
| Aereus Technologies | Private | Cuverro Shield, copper based film | Antimicrobial | Canada |
| Antimicrobial Shield | Private | Silver containing film | Antimicrobial | USA |
| Contact Copper | Private | Copper infused film | Antimicrobial | USA |
| Copper Clean | Private | Copper containing film | Antimicrobial | USA |
| Drytac | Private | SteriTac film with Microban antimicrobial protection | Antimicrobial | USA |
| Dunmore | Private | DunShield - silver containing film | Antimicrobial | USA |
| GermGuard | Private | Organosilane film with ammonium functionality | Antimicrobial | Europe |
| Hexis SAS | Private | Pure Zone® - antimicrobial agent used in film - not disclosed | Antimicrobial | Europe |
| Kastus | Private | Light activated glass screen protector film | Antimicrobial | Europe |
| Nadco | Private | Silver and zeolite containing film | Antimicrobial | USA |
| NanoTouch | Private | Nanocrystals containing film activated by light - not disclosed | Antimicrobial | USA |
| Never Germs | Private | Ionic additive film technology - not disclosed | Antimicrobial | USA |
| Outbreaker | Private | Compressed sodium chloride shaped to cover different surfaces | Antimicrobial | Canada |
| PolymerShapes/Film divisio | Private | Light activated nanoDefense™ titanium dioxide containing film | Antimicrobial | USA |
| RailEyes | Private | Silver containing film | Antimicrobial | USA |
| Safe Handles | Private | Silver containing film | Antimicrobial | USA |
| Sharklet | Private | Micropattern technology film | Antimicrobial | USA |
| Silver Defender | Private | Silver containing film | Antimicrobial | USA |
| Touchshield | Private | Silver containing film | Antimicrobial | Europe |
| viRepel | Private | Copper containing film | Antimicrobial | Canada |
| XPEL | Public | Zinc ion containing film | Antimicrobial | USA |

Several of these competitive films use copper or silver to destroy a wide range of microorganisms. Microorganisms are killed when they encounter their surfaces, however, inactivation can take hours or even days, leaving people at risk of being exposed to these contaminated surfaces until the microorganisms are inactivated. Other microbial films require activation by light or other activators. The Company believes REPELWRAP™ will be the first film coating that repels bacteria and viruses reducing the likelihood of people being contaminated when they touch surfaces coated with it.

In addition, the Company believes there may be other companies and researchers that are working on new technologies and refinements to current offerings. See "*Risk Factors*".

## INDUSTRY TRENDS AND MARKET

Globalization and increasing travel and trade between countries are major contributors of the spread of pathogens causing significant health and socio-economic burden including absenteeism, critical illness, hospitalization and even death. As a result, the World Health Organization has prioritized infection prevention and control in community settings and in healthcare for the need to control the spread of potentially lethal pathogens.

Contaminated surfaces play a key role in the transmission of pathogens and infection. The mechanism of spread involves a person touching a contaminated surface with his or her hand, which transfers the pathogen to them and in turn makes them susceptible to infection and to spreading it to others. In a crowded environment, a contaminated surface can be touched by several people, and each of these individuals subsequently touch other surfaces as they move around. Each of these now contaminated surfaces can be touched again by other people, and so the touching sequence progresses.

Pathogens most frequently involved in the contamination of hospital environmental surfaces include Coronavirus, methicillin-resistant Staphylococcus aureus, vancomycin-resistant Enterococci, Clostridium difficile, multidrug resistant gram- negative bacilli including Pseudomonas, Acinetobacter and Enterobacteriaceae, Norovirus and Candida species. Many strains are antibiotic resistant that can make treatment of infections difficult.

Despite the growing global commitment to reduce the spread of pathogens, infections continue to be responsible for high morbidity and mortality rates, increased costs, and longer hospitalizations. This spread of pathogens is not only

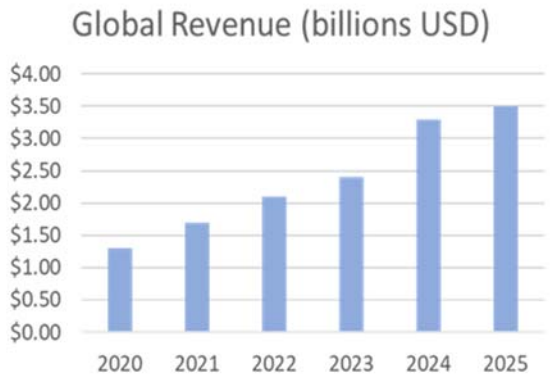
seen in healthcare settings, but also in our community where surfaces, equipment, and textiles, are susceptible to pathogens, which ultimately find their way to humans.

The CDC conducted a hospital acquired infection ("**HAI**") prevalence survey in 2015. The survey identified that 1 in 31 patients in hospital facilities have an HAI and that 72,000 of these patients died from their HAI. Direct medical costs associated with treating these infections is at least US$28.4 billion each year and there are additional costs of approximately US$12.4 billion to society from early deaths and lost productivity (https://www.cdc.gov/policy/polaris/healthtopics/hai/index.html.)

In Canada, each year over 220,000 HAIs result in 8,500-12,000 deaths, making HAIs the 4th leading cause of death in Canada after cancer, heart disease and stroke, with one in nine hospital patients in Canada getting an HAI. The impact of HAIs in Canada has been estimated at $1 billion. (https://cupe.ca/health-care-associated-infections-backgrounder-and-fact-sheet#:~:text=Each%20year%20in%20Canada%2C%20more,cause%20of%20death%20in%20Canada.)

Hospitals and other community settings implement rigorous disinfecting practices to control the spread of pathogens, but even the most stringent disinfection protocols may not be 100% effective in the elimination of pathogens. Additional solutions may be needed to help control spread of these pathogens and various health organizations around the world are actively seeking innovative solutions. This has led to several companies creating surface coating films to aid in keeping surfaces safe from contamination.

The surface coating market was estimated to be worth US$1.3 billion in 2020 and will grow to US$3.5 billion by 2025 (Orbis Research, 2021 - Global Antimicrobial Coating Film Market Outlook by Major Company, Regions, Application and Segment Forecast, 2015-2026; www.orbisresearch.com). Per this report, the growth forecast between 2020 and 2025 (18% Compound Annual Growth Rate or "**CAGR**") is driven by growing concern regarding cleanliness in various industries which has led to an increased demand for antimicrobial films that are used to protect surfaces against micro-organisms, including parasites, germs, bacteria, and unwanted micro-organisms. The projected growth between 2020 and 2025 is owing to increasing demand for safer surfaces in part due to the SARS-CoV-2 pandemic. The graph below shows the forecasted global revenue between 2020 and 2025.




North America leads the market and in 2019 accounted for over 43% share of the global revenue. Asia Pacific is estimated as the second-fastest growth region driven by growth of major industries such as healthcare and construction. In 2023, the total addressable market is estimated at US$2.4 billion.

The Company believes the following overall trends may contribute to market demand and growth:

- rising healthcare costs, causing concern for governments, insurers and patients;
- general awareness of the impact of virus transmission and the importance of sanitary surfaces (as highlighted by the recent COVID-19 pandemic);
- increasing number of HAIs, especially antibiotic resistant pathogens;
- growing and aging population worldwide. According to "An Aging World: 2015", a study commissioned by the United States' National Institutes on Health and produced by the United States Census Bureau, in 2015, 8.5% of the world population was age 65 or older and is projected to increase to 17% by 2050. It is generally

accepted that as people age, their immune systems decline, making them more susceptible to serious illness from viruses and other pathogens; and

- worldwide, governments are concerned about the transmission of pathogens on high-touch surfaces and are seeking products that provide innovative solutions to control the spread of potentially deadly pathogens.

The healthcare sector (i.e., hospitals, long-term care, and retirement homes) is a key focus of the Company as it is the source a several highly transmissible potentially lethal pathogens.

Examples of where REPELWRAP™ and follow on products could be used include: doorknobs, swinging and revolving doors, elevator panels, public bathrooms, including entrance/exit doors, toilets, flush handle, sinks, soap and sanitizer dispensers, handrails (hall, stairs, escalators), cafeteria tables, chairs, and food counters bedrails & controls, bedside table & handles, handrails, chair, wheelchair, TV remote and telephone, light switches, door, closet, knobs, and plates, toilet seats, flush handle, bedpan, sinks, soap, and sanitizer dispensers, IV poles, supply cart, food trolleys.

Other examples of industries/areas with high traffic public touchpoints that the Company may target in the longer term include:

- transportation industry (airplanes, trains, buses, taxis);
- entertainment industry (arenas, stadiums, theatres, casinos, amusement parks, recreation centres);
- food and Hospitality Services (malls, fast-food, cruise ships, restaurants); and
- schools and office buildings (desks, hand railings, bathrooms).

See "*Forward- Looking Information*" and "*Risk Factors*".

## USE OF AVAILABLE FUNDS

### Available Funds and Principal Purposes

This is a non-offering Prospectus. The Company is not raising any funds in conjunction with this Prospectus and, accordingly, there are no proceeds to be raised by the Company pursuant to this Prospectus.

***The Company has not yet achieved commercial production. As a result, as at December 31, 2021 and as at March 31, 2022, the Company had negative cash flows from operations.***

The Company had approximately $55,600 in working capital as at July 31, 2022 (not including gross proceeds held in escrow pursuant to the Concurrent Private Placement). Assuming satisfaction of the Escrow Release Condition, the gross proceeds of the Concurrent Private Placement, being $4,001,400, less cash finders fees of $112,752, resulting in an aggregate of approximately $3,944,248 in funds expected to be available to the Company. The Company intends to allocate the foregoing funds as follows, however it reserves discretion to allocate to other strategic, operational or other demands as and when they arise:

| Use of Available Funds | Amount |
|---|---|
| Research and development (1) | $330,000 |
| REPELWRAP™ scale-up and testing (2) | $334,000 |
| Patents and regulatory (3) | $85,000 |
| Salaries and consulting fees (4) | $861,000 |
| General and administrative costs (5) | $1,497,000 |
| Business development (6) | $100,000 |
| Public listing costs (7) | $60,000 |
| Unallocated working capital | $677,248 |
| **Total** | **$3,944,248** |

Notes:

(1) Includes contributions to be made pursuant to the Collaboration Research Agreement and reflects received and funds to be received pursuant to the NSERC Grant award. See "*Description of the Business – History Since Incorporation*"

(2) Includes film prototype testing and catheter testing ($87,000) and scale-up expenses ($247,000).

(3) Includes regulatory consulting fees ($50,000), patent filing costs ($30,000) and other license related costs ($5,000).

(4) Includes $240,000 allocated for the remuneration of the CEO, $96,000 allocated for the remuneration of the CFO, $183,500 allocated for the remuneration of the COO, $100,000 allocated for director services fees and $241,500 for other consultants and employees.

(5) Includes filing fees and transfer agent fees ($25,000), auditor and accounting fees ($90,000), legal fees ($97,000), insurance ($12,000), travel and entertainment ($68,000), investor relations consultants ($150,000), miscellaneous, general office and administration expenses ($22,000) and marketing, PR, and shareholder communications ($1,033,000) (which includes marketing materials ($72,500), digital marketing, advertising, and other communication expenses ($260,000), conference attendance ($27,500), newswire services and business news communications ($155,000), engagement of communication, market research consultants and newsletter writers ($250,000), engagement of marketing, digital marketing and PR agencies ($268,000)).

(6) Includes costs for hiring a consultant to assist with the identification and pursuit of distribution and manufacturing agreements and other business development opportunities ($100,000).

(7) Includes listing fees for the CSE and expenses related to a proposed US listing.

The Company has negative cash flow from operations in its most recently completed financial year. The Company anticipates the available funds will be sufficient to achieve the Company's objectives over the next 12 months. The Company intends to spend the funds available to it as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary. The amount and timing of these expenditures may vary depending on certain factors, including competitive and technological developments. As a result, management will retain broad discretion in the application of the available funds, and investors will be relying on management's judgement regarding the application of the available funds.

**Business Objectives and Milestones**

The Company's anticipated business objectives for the 12-month period following the date of this Prospectus are described in the table below. The Company expects to have sufficient funds available to fund its business objectives within 12 months without requiring additional sources of funding.

| Business Objective | Milestones that must occur for Business Objective to be Accomplished | Anticipated Timing | Estimated Cost ($) |
|---|---|---|---|
| Pursue Research and Development initiatives of REPELWRAP™, formulation enhancements to REPELWRAP™ and assess additional applications of the Licensed Technology | McMaster scientific support of scalability assessment of REPELWRAP™ and testing | Within 12 months of listing date | $28,000 |
| | Development of REPELWRAP™ repel and kill lab prototype film and scientific support for scalability assessment and testing by McMaster | Within 12 months of listing date | $107,000 |
| | McMaster research and exploration of other enhancements to REPELWRAP™ | Within 12 months of listing date | $55,000 |
| | Testing of catheters coated with Licensed Technology | Within 12 months of listing date | $140,000 |
| Perform testing and scale-up of two REPELWRAP™ formulations (repel and repel and kill) | Perform scale-up and testing of intermediate prototype of REPELWRAP™ repel film | Within 12 months of listing date | $60,000 |
| | Commercial scale-up of REPELWRAP™ (repel film) and testing | Within 12 months of listing date | $187,000 |

| Business Objective | Milestones that must occur for Business Objective to be Accomplished | Anticipated Timing | Estimated Cost ($) |
|---|---|---|---|
| | Perform testing of lab prototype of REPELWRAP™ (repel and kill) | Within 6 months of listing date | $5,000 |
| | Perform intermediate scale-up of REPELWRAP™ (repel and kill) and perform testing in intermediate prototype | Within 12 months of listing date | $32,000 |
| | Perform testing of coated catheter | Within 12 months of listing date | $50,000 |
| Complete additional patent applications and regulatory work | Hire regulatory consultant | Within 6 months of listing date | $50,000 |
| | File and prosecute additional patent applications through McMaster | Within 12 months of listing date | $30,000 |
| | Other license related costs | Within 9 months of listing date | $5,000 |
| Complete public listings | Complete listing on CSE | On listing date | $22,000 |
| | Complete listing on OTCQB | Within three months of listing date | $38,000 |
| Business Development | Engage business consultant | Within 4 months of listing date | $100,000 |

Using the available funds set out in the Use of Available Funds above, the Company intends over the next 12 months, to focus on the development of the reformulated REPELWRAP™ repel film with the intention to commercialize in late 2023 or early 2024. The Company is also focused on development of enhanced REPELWRAP™ surfaces using the Licensed Technology, as well as to continue to establish new intellectual property. The NSERC Grant funding will be utilized to assist with funding the Company's development initiatives with the Lead Researchers at McMaster. (see "*Description of the Business - History Since Incorporation*"). The Company intends to work towards achieving the objectives and milestones set out below (see "*Forward-Looking Information*" and "*Risk Factors*").

*Research and Development*

The Company is collaborating with the Lead Researchers and McMaster to develop protective coating films using the Licensed Technology pursuant to the License Agreement and the CRA. The Company's reformulated REPELWRAP™ (repel version), will be assessed for scalability using consultants and third-party manufacturers. McMaster will continue to provide scientific support and will conduct the testing. If successful, samples from this process (intermediate prototype samples) will be tested for their repellency properties. If they meet predetermined specifications, it is anticipated that contract manufacturer(s) will be engaged to develop the commercial manufacturing process.

The Company also intends to work on additional formulations of REPELWRAP™ including developing films that repel pathogens and kill any residual pathogens that adhere to the surface (the repel and kill version). The Company believes it will have a lead film candidate for scalability assessment in the first half of 2023.

Other enhancements the Company will evaluate in collaboration with the Lead Researchers include assessing the ability to link $TiO_2$ and fluorosilane prior to applying to plastic films, which may simplify the production process, as well as reduce the need for fluorosilane special processing. In addition, alternatives to fluorosilane will be explored to meet higher recyclable and biodegradable standards.

The Company will also work with the Lead Researchers to assess the Licensed Technology to develop coatings to protect catheters from occlusion and biofilm formation. The Company anticipates commencing testing of these coated catheter prototypes in mid-2023.

*Scale-Up and Testing of REPELWRAP™*

The Company intends to assess the scalability of REPELWRAP™ using consultants and third-party manufacturers. Scale-up will involve automating the McMaster formulation process to determine if REPELWRAP™ can be scaled up to dimensions for high volume manufacturing using economically feasible industrial processes. Intermediate sized prototypes from the scale-up process will be subject to stability and durability testing, as well as repellency testing to confirm they meet the original McMaster lab prototype specifications. If these samples meet the specifications and there is confirmation of reasonable costs to commercially manufacture REPELWRAP™, the Company will work with designated manufacturers to develop the commercial scale manufacturing process. The Company believes it will be able to begin commercial scale up in the second half of 2023. Commercial film samples will be subject to testing by a third-party lab to confirm they meet the repelling, durability and stability specifications. As well, these samples will undergo beta-testing to confirm they meet the specifications in real-world settings. It is anticipated that beta-testing will be conducted in collaboration with distribution partners. The Company has signed a LOI with Draganfly and the Company anticipates that they will be one of the potential distribution partners who will work with the Company to conduct testing using their drone technology. Draganfly currently transports vaccines with their drones and the testing would involve wrapping their vaccine samples with REPELWRAP™ and then assessing if it meets specifications after transportation of the vaccines.

The Company believes it will be ready to begin assessing scalability of the enhanced repel and kill version of REPELWRAP™ in mid 2023. The scale-up process and testing of intermediate prototypes will be similar to what is described for the repel only version of REPELWRAP™.

*Patents and Regulatory*

The Company intends to engage a regulatory consultant who will assess country specific regulatory pathways needed for our product for approval and commercialization. The Company also intends to file additional patent applications in different jurisdictions through McMaster to enhance its patent portfolio.

*Complete Public Listings*

The Company intends to complete the listing of its common shares on the CSE and also apply for listing on the OTCQB withing 3 months of its listing on the CSE.

*Business Development*

The Company intends to hire a business development consultant to assist in seeking and securing manufacturing and distributor partnerships for assistance with the scale-up and testing of REPELWRAP™.

While the Company continues to focus on development of the Licensed Technology, intellectual property and products, the Company intends to explore strategic acquisition, partnerships and product licensing opportunities that could aid the Company in its growth, the development of the business and expedite bringing the Company's products and future products to market. The Company has not entered into any definitive agreements and there can be no assurance that any negotiations will commence, result in agreements or, if they do, what the terms may be.

## PLAN OF DISTRIBUTION

This Prospectus is being filed in the Qualifying Jurisdictions to qualify the distribution of 13,138,000 common shares of the Company (previously defined as the "**Subscription Receipt Shares**") and 6,569,000 share purchase warrants (previously defined as the "**Subscription Receipt Warrants**") issuable upon conversion of 13,138,000 Subscription Receipts issued to subscribers at a price of $0.30 per Subscription Receipt as part of an offering of an aggregate of 13,338,000 Subscription Receipts on a non-brokered private placement basis completed on April 28, 2022 (previously defined as the "**Concurrent Private Placement**") pursuant to prospectus exemptions under applicable securities legislation, and also qualifies the 6,569,000 Subscription Receipt Warrant Shares, the Subscription Receipt Broker Shares, the Subscription Receipt Broker Warrants and the Subscription Receipt Broker Warrant Shares.

**Concurrent Private Placement**

The gross proceeds of the Concurrent Private Placement are being held in escrow by the Subscription Receipt Agent. Upon obtaining the receipt for the final Prospectus (the "**Escrow Release Condition**"), the Subscription Receipt Agent will release the proceeds to the Company and each Subscription Receipt will automatically convert into one unit of FendX (each, a "**Unit**"). Each Unit will consist of one Common Share (previously defined as a "**Subscription Receipt Share**") and one-half of one transferable share purchase warrant (each whole warrant, previously defined as a "**Subscription Receipt Warrant**"). Each Subscription Receipt Warrant will entitle the holder to purchase an additional Common Share (previously defined as a "**Subscription Receipt Warrant Share**") at an exercise price of $0.50 per share for a period of two years following the date of the satisfaction of the Escrow Release Condition, subject to an acceleration right of the Company whereby if for any consecutive 20 trading days, the closing price of the Common Shares on the CSE (or such other stock exchange on which the Common Shares may be traded at such time) is equal to or greater than $1.00 at any time following the date of the listing of the Common Shares on the CSE, the Company may accelerate the expiry date of the Subscription Receipt Warrants by giving notice to the holders thereof (by disseminating a news release advising of the acceleration of the expiry date of the Subscription Receipt Warrants) and, in such case, the Subscription Receipt Warrants will expire on the thirtieth day after the date of such notice. If the Escrow Release Condition is not satisfied on or before October 25, 2022, or if we deliver a written default notice to the Subscription Receipt Agent that the Escrow Release Condition will not be satisfied by that time, the Subscription Receipts will expire and be of no further force and effect, effective as of the earlier of (i) October 25, 2022 and (ii) the date of the receipt of the default notice, and the subscribers will be entitled to receive from the Subscription Receipt Agent a refund of the subscription amounts held in escrow.

The Company intends to use the proceeds of the Concurrent Private Placement in furtherance of the business objective and milestones set out above, and for general corporate purposes. See "*Use of Available Funds*".

On the date of the satisfaction of the Escrow Release Condition in connection with the Concurrent Private Placement, the Company will pay a cash commission to registrants in the aggregate amount $112,752 and will issue 609,680 Subscription Receipt Broker Shares to the registrants. The Company will also issue an aggregate of 985,520 Subscription Receipt Broker Warrants to registrants in connection with the Concurrent Private Placement. See pages (i) and (ii) for more information on the Concurrent Private Placement.

## DIVIDENDS OR DISTRIBUTIONS

**Dividends**

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its cash to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, the Company's financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's MD&As provide an analysis of the Company's financial results for the period from incorporation on July 28, 2020 to December 31, 2020, for the year ended December 31, 2021, and for the three month period ended March 31, 2022, and should be read in conjunction with the financial statements of the Company for such periods, and the notes thereto respectively. The Company's MD&As for such periods are attached to this Prospectus as Appendix C.

Certain information included in the Company's MD&As is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Forward-Looking Information*" for further detail.

## DESCRIPTION OF SHARE CAPITAL

### General

We are incorporated pursuant to the laws of British Columbia, Canada, and our affairs are governed by the provisions of our Articles, as amended and restated from time to time, and by the provisions of applicable corporate and securities laws, including the BCBCA. Our authorized capital consists of an unlimited number of Common Shares without par value. Other material terms and provisions of our Common Shares under our Articles are described below.

### Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value. As at the date of this Prospectus, the Company has 37,215,773 Common Shares issued and outstanding. Upon conversion of the Subscription Receipts issued in the Concurrent Private Placement into the Subscription Receipt Shares, and on issuance of the Subscription Receipt Broker Shares issuable in connection with the Concurrent Private Placement upon the satisfaction of the Escrow Release Condition, our issued share capital will consist of 51,163,453 Common Shares (assuming no other securities convertible into Common Shares are exercised). All of our outstanding Common Shares have been validly issued, fully paid and are non-assessable.

## CONSOLIDATED CAPITALIZATION

The following table sets forth our capitalization as at the date of this Prospectus: (i) on an actual basis and (ii) on a pro forma as adjusted basis to give effect to the conversion of the Subscription Receipts issued in the Concurrent Private Placement into Common Shares and Warrants. This table is presented and should be read in conjunction with our Financial Statements and the related notes included elsewhere in this Prospectus and with the information set forth under "*Management's Discussion and Analysis*" and "*Description of Share Capital*".

| | **As at the date of this Prospectus before giving effect to the conversion of Subscription Receipts** | **Pro-Forma as at the date of this Prospectus after giving effect to the conversion of Subscription Receipts** |
|---|---|---|
| Common Shares | 37,215,773 | 51,163,453 |
| Stock Options[(1)] | 1,025,000 | 1,025,000 |
| Broker warrants[(2)] | 696,107 | 1,681,627 |
| Warrants[(3)] | 9,200,000 | 15,869,000 |
| Bonus Shares[(4)] | 4,150,000 | 4,150,000 |
| **Fully diluted issued and outstanding** | **52,286,880** | **73,889,080** |

**Notes:**

(1) For additional details, see "*Options to Purchase Securities*".
(2) For additional details, see "*Prior Sales*" and "*Concurrent Private Placement*".
(3) For additional details, see "*Prior Sales*" and "*Concurrent Private Placement*".
(4) For additional details, see "*Description of the Business – History of Development - Licensed Technology*" and "*Principal Shareholders*".

## OPTIONS TO PURCHASE SECURITIES

### Outstanding Options

As of the date of this Prospectus, the Company has granted an aggregate of 1,025,000 Options to the following persons:

| Optionee Group | Number of Optionees | Number of Options | Exercise Price[(1)] | Expiry Date |
|---|---|---|---|---|
| Executive Officers and past Executive Officers | 4 | 750,000 | $0.15 | April 22, 2027 |
| Directors and past Directors who are not also Executive Officers | 0 | - | - | - |
| Employees and past employees | 0 | - | - | - |
| Consultants | 2 | 275,000 | $0.15 | April 27, 2027 |
| Other | 0 | - | - | - |
| **Total Options** | **6** | **1,025,000** | | |

**Notes:**

(1) For a description of our equity-based incentive compensation plans, see "*Executive Compensation — Principal Elements of Compensation*".

**Equity Incentive Plan**

On October 19, 2021, the Board adopted the Equity Incentive Plan for the purposes of attracting, retaining and motivating key individuals. The Equity Incentive Plan is available to directors, key employees and consultants of the Company, as determined by the Board. The maximum number of Common Shares available for issuance under the Equity Incentive Plan in respect of awards shall not exceed 20% of the issued and outstanding number of Common Shares.

So long as it is required by the rules and policies of the Exchange or such other exchange upon which the Common Shares may be come listed for trading, the total number of Common Shares issuable to persons performing investor relations activities on behalf of the Company pursuant to the Equity Incentive Plan, together with Common Shares issuable to all persons performing investor relations activities under all of the Company's other security-based compensation arrangements, shall not exceed one (1%) percent of the issued and outstanding Common Shares in any twelve-month period. Except as otherwise provided in an applicable award agreement or as determined by the Board, neither awards nor any rights under any such awards shall be assignable or transferable other than pursuant to a will or by the laws of descent and distribution.

The Equity Incentive Plan provides for the issuance of "stock options", "restricted share units", "performance share units" and "deferred share units".

*Stock Options:* The Equity Incentive Plan provides that the Board may, from time to time, in its sole discretion, grant awards of Options to directors, key employees and consultants. An Option entitles a holder thereof to purchase a prescribed number of treasury Common Shares at an exercise price set at the time of the grant. Such grant may be settled in Common Shares, cash or combination thereof in the discretion of the Board. If settled in cash, such payment will be equal to the "in the money" amount, being an amount equal to the Market Price (as defined below) of the Common Shares issuable on the exercise of such Option as of the date such Option is exercised, less the aggregate exercise price of the Option. The Board will establish the exercise price at the time each Option is granted, which exercise price, while the Company's Common Shares are listed for trading on the Exchange, must in all cases be not less than the closing price of the Common Shares on the Exchange on both the date of grant and on the trading day immediately preceding the date of grant (the "**Market Price**"). Subject to any accelerated termination as set forth in the Equity Incentive Plan, each Option expires on its respective expiry date. The Board will have the authority to determine the vesting terms applicable to grants of Options. Once an Option becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the Option, unless otherwise specified by the Board, or as otherwise set forth in any written employment agreement, award agreement or other written agreement between the Company or a subsidiary of the Company and the participant. The Board has the right to accelerate the date upon which any Option becomes exercisable. The Board may provide at the time of granting an Option that the exercise of that Option is subject to restrictions, in addition to those specified in the Equity Incentive Plan, such as vesting conditions relating to the attainment of specified performance goals.

Unless otherwise specified by the Board at the time of granting an Option and set forth in the particular award agreement, an exercise notice must be accompanied by payment of the exercise price. Subject to the policies of the Exchange, a participant may, in lieu of exercising an Option pursuant to an exercise notice, elect to surrender such Option to the Company (a "**Cashless Exercise**") in consideration for an amount from the Company equal to (i) the Market Price of the Common Shares issuable on the exercise of such Option (or portion thereof) as of the date such Option (or portion thereof) is exercised, less (ii) the aggregate exercise price of the Option (or portion thereof) surrendered relating to such Shares (the "**In-the-Money Amount**") by written notice to the Company indicating the number of Options such participant wishes to exercise using the Cashless Exercise, and such other information that the Company may require. Subject to the provisions of the Equity Incentive Plan and the policies of the Exchange, the Company will satisfy payment of the In-the-Money Amount by delivering to the participant such number of Common Shares having a fair market value equal to the In-the-Money Amount.

*Restricted Share Units*. The Equity Incentive Plan provides that the Board may, from time to time, in its sole discretion, grant awards of restricted share units (each, an "**RSU**") to directors, key employees and consultants. Each RSU shall represent one Common Share on vesting. RSUs shall be subject to such restrictions as the Board may establish in the applicable award agreement. The typical restriction for RSUs is time based (i.e. vesting after a fixed period of time). All RSUs will vest and become payable by the issuance of Common Shares at the end of the applicable restriction period if all applicable restrictions have lapsed.

Restrictions on any RSUs shall lapse immediately and become fully vested to the participant upon a change of control. Upon the death of a participant, subject to the applicable award agreement, any RSUs that have not vested will be immediately and automatically forfeited and cancelled without action and without any cost or payment, provided that any RSUs granted to such participant that had vested prior to the participant's death will accrue to the participant's estate in accordance with the Equity Incentive Plan. If a participant's employment is terminated for cause, any RSUs granted to the participant will immediately terminate without payment and be cancelled as of the termination date. If a participant's employment is terminated without cause, is voluntarily terminated by the participant or termination is due to the participant's retirement or disability, any RSUs granted to the participant will, subject to the applicable award agreement, immediately terminate without payment and be cancelled as of the termination date, provided, however, that any RSUs granted to such participant that had vested prior to the participant's termination without cause, voluntary termination, retirement or disability will accrue to the participant in accordance with the Equity Incentive Plan. In the case of directors, if a participant ceases to be a director for any reason, subject to the applicable award agreement, all RSUs granted to such participant will immediately terminate without payment and be cancelled, provided, however, that any RSUs granted to such participant that had vested prior to the participant ceasing to be a director will accrue to the participant in accordance with the Equity Incentive Plan. Where a consultant's service to the Company terminates for any reason, subject to the applicable award agreement and any other contractual commitments between the participant and the Company, all RSUs granted to such participant will immediately terminate without payment and be cancelled, provided, however, that any RSUs granted to such participant that had vested prior to the termination of the participant's service to the Company will accrue to the participant in accordance with the Equity Incentive Plan.

*Performance Share Units*. The Equity Incentive Plan provides that the Board may, from time to time, in its sole discretion, grant awards of performance share units (each, a "**PSU**") to key employees and consultants. Each PSU shall, contingent upon the attainment of the performance criteria within the applicable performance cycle, represent one Common Share, unless otherwise specified in the applicable award agreement. The performance criteria will be established by the Board which, without limitation, may include criteria based on the participant's individual performance and/or financial performance of the Company and its subsidiaries. Typical performance criteria could include gross revenues, EBITDA, share price performance, the attainment of a specified amount of financing or satisfaction of a participant's key performance indicators. The applicable award agreement may provide the Board with the right to revise the performance criteria during a performance cycle or after it has ended, if unforeseen events occur, including, without limitation, changes in capitalization, equity restructuring, acquisitions or divestitures, if such events have a substantial effect on the financial results of the Company and make the application of the performance criteria unfair absent a revision.

All PSUs will vest and become payable to the extent that the performance criteria are satisfied in the sole determination of the Board. PSUs granted to a participant shall become fully vested and payable to such participant within 90 days after the last day of the performance cycle or upon a change of control. Upon the death of a participant, subject to the applicable award agreement, all PSUs granted to the participant which, prior to the participant's death, had not vested, will immediately be forfeited and cancelled without payment, provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable

performance criteria have been satisfied in that portion of the performance cycle that has lapsed. If a participant's employment is terminated for cause, any PSUs granted to the participant will immediately terminate without payment and be cancelled as of the termination date. If a participant's employment is terminated without cause, by voluntary termination, or if the participant's employment terminates due to retirement or disability, all PSUs granted to the participant which, prior to such termination without cause, voluntary termination, retirement or disability, had not vested, will immediately be forfeited and cancelled without payment, provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed. Where a consultant's service to the Company terminates for any reason, subject to the applicable award agreement and any other contractual commitments between the participant and the Company, all PSUs granted to such participant will immediately be forfeited and cancelled without payment, provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed.

*Deferred Share Units*. The Equity Incentive Plan provides that the Board may, from time to time, in its sole discretion, grant awards of deferred share units (each, a "**DSU**") to directors in lieu of director fees (but not to key employees or consultants). Directors become participants effective as of the date each is first appointed or elected as a director and cease to be participants at the time they cease to be a director for any reason. The number of DSUs to be granted to a participant shall be calculated by dividing the amount of fees selected by the director by the market price on the grant date. The market price is defined in the Equity Incentive Plan as the five-day weighted average closing price of the Common Shares on the immediately preceding five trading days prior to the grant date.

Each participant shall be entitled to receive, subsequent to the effective date that the participant ceases to be a director for any reason or any earlier vesting period(s) set forth in the applicable award agreement, either (a) that number of Common Shares equal to the number of DSUs granted to such participant, or (b) a cash payment in an amount equal to the market price of the DSUs granted to such participant on the trading day following the day that the participant ceases to be a director, net of applicable withholdings, and subject to adjustments if the value of a DSU is determined during applicable black-out periods. Upon the death of a participant, such participant's estate shall be entitled to receive, within 120 days, a cash payment or Common Shares that would otherwise have been payable upon such participant ceasing to be a director.

## PRIOR SALES

The following table summarizes issuances of our Common Shares, or securities convertible into Common Shares, during the 12-month period preceding the date of this Prospectus. For additional information, please refer to "Description of Share Capital — Common Shares."

| Date of Issue | Description of Transaction | Number of Securities | Issue or Exercise Price per Security (CDN$) |
|---|---|---|---|
| April 28, 2022 | Subscription Receipts – Concurrent Private Placement[(1)] | 13,338,000 | $0.30 |
| April 22, 2022 | Common Shares – debt settlements | 1,050,000 | $0.15 |
| April 22, 2022 | Stock Options - grant[(2)] | 1,025,000 | $0.15 |
| January 20, 2022 | Broker warrants – private placement[(3)] | 8,000 | $0.15 |
| January 20, 2022 | Common Shares – Compensation to registrant in connection with private placement[(4)] | 8,000 | $0.15 |
| January 20, 2022 | Common Shares – private placement | 300,000 | $0.15 |
| December 23, 2021 | Broker warrants – private placement[(5)] | 442,667 | $0.15 |

| Date of Issue | Description of Transaction | Number of Securities | Issue or Exercise Price per Security (CDN$) |
|---|---|---|---|
| December 23, 2021 | Common Shares – Compensation to registrants in connection with private placement | 442,667 | $0.15 |
| December 23, 2021 | Common Shares – private placement | 5,833,333 | $0.15 |
| November 9, 2021 | Broker warrants – private placement[6] | 45,120 | $0.15 |
| November 9, 2021 | Common Shares – Compensation to registrants in connection with private placement | 45,120 | $0.15 |
| November 9, 2021 | Common Shares – private placement | 1,030,666 | $0.15 |
| August 16, 2021 | Broker warrants – private placement[7] | 200,320 | $0.15 |
| August 16, 2021 | Common Shares – Compensation to registrants in connection with private placement[8] | 200,320 | $0.15 |
| August 16, 2021 | Common Shares – private placement[9] | 3,170,666 | $0.15 |

(1) Each Subscription Receipt will automatically convert into one Unit, with each Unit comprised of one Subscription Receipt Share and one-half of one Subscription Receipt Warrant. See "*Plan of Distribution – Concurrent Private Placement*".

(2) Each Stock Option is exercisable into one Common Share at a price of $0.15 per Common Share until April 22, 2027.

(3) Each broker warrant is exercisable into one Common Share at a price of $0.15 per Common Share until January 20, 2024. 24,000 broker warrants were originally issued and on March 23, 2022, 16,000 were cancelled and the Company issued a revised broker warrant certificate for 8,000 broker warrants.

(4) 24,000 broker compensation shares were originally issued and on March 23, 2022, 16,000 were cancelled and the share certificate reissued.

(5) Each broker warrant is exercisable into one Common Share at a price of $0.15 per Common Share until December 23, 2023.

(6) Each broker warrant is exercisable into one Common Share at a price of $0.15 per Common Share until November 9, 2023.

(7) Each broker warrant is exercisable into one Common Share at a price of $0.15 per Common Share until August 16, 2023. An aggregate of 213,600 broker warrants were originally issued to finders. On December 13, 2021, 13,280 of the broker warrants were cancelled and a revised broker warrant certificate was issued to a finder.

(8) An aggregate of 213,600 finders compensation shares were issued on August 16, 2021. On December 13, 2021, 13,280 compensation shares were cancelled, and a revised share certificate was issued to a finder.

(9) An aggregate of 3,336,666 common shares were originally issued on August 16, 2021. On December 13, 2021, 166,000 common shares were returned to treasury and a revised share certificate was issued.

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

The following table shows the number of securities, to the knowledge of the Company, that are in escrow or that are subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class.

| Designation of Class | Number of Securities | Percentage of Class[1] |
|---|---|---|
| Common Shares | 18,635,001 | 50.07% |

(1) Based on 37,215,773 Common Shares issued and outstanding as at the date of this Prospectus.

As the Company anticipates being an "emerging issuer" as defined in NP 46-201, the following automatic timed releases will apply to the Escrowed Securities held by its principals who are subject to escrow:

(a) 10% of the Escrowed Securities on the Listing Date;

(b) 15% of the Escrowed Securities on that date that is six months from the Listing Date;

(c) 15% of the Escrowed Securities on that date that is 12 months from the Listing Date;

(d) 15% of the Escrowed Securities on that date that is 18 months from the Listing Date;

(e) 15% of the Escrowed Securities on that date that is 24 months from the Listing Date;

(f) 15% of the Escrowed Securities on that date that is 30 months from the Listing Date; and

(g) all remaining Escrowed Securities on the date that is 36 months from the Listing Date.

In addition to the foregoing, certain principal and non-principal shareholders who participated in certain financing rounds voluntarily entered into the Voluntary Escrow Agreement or agreed to be bound pursuant to the subscription agreements or other agreements between such shareholders and the Company, such that 17,200,001 Common Shares are subject to voluntary escrow and subject to the restrictions described in this Prospectus.

The voluntary escrow provisions provide that 55% of the number of securities held thereunder will be released on the date that is 18 months after the Listing Date and an additional 15% of the number of securities originally held thereunder shall be released on each of 24 months, 30 months, and 36 months after the Listing Date.

Additionally, pursuant to the License Share Agreement, the Licensor agreed that 100% of the License Shares will be released from escrow on the date that is 18 months after the Listing Date.

## PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and executive officers of the Company, as of the date of this Prospectus, and as of the date of conversion of the Subscription Receipts, no person beneficially owns, controls or directs, or will beneficially own, control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company other than the following:

| Name of Shareholder | Number of Common Shares | Percentage of Securities Held | |
|---|---|---|---|
| | | At the date of this Prospectus[(1)] | After giving effect to the conversion of Subscription Receipts[(2)] |
| Leyla Soleymani | 4,500,000 | 12.09%[(3)] | 8.8%[(4)] |
| Tohid Fatanat Didar | 4,500,000 | 12.09%[(5)] | 8.8%[(6)] |

(1) Based on 37,215,773 Common Shares outstanding at the date of this Prospectus.

(2) Based on 51,163,453 Common Shares issued and outstanding following the conversion of the Subscription Receipts and issuance of 609,680 Subscription Receipt Broker Shares payable in conjunction with the satisfaction of the Escrow Release Condition, on an undiluted basis.

(3) The percentage of securities held by Dr. Soleymani on a fully-diluted basis, prior to giving effect to the conversion of Subscription Receipts, is 12.57% based on 52,286,880 Common Shares issued and outstanding. Includes 2,075,000 Bonus Shares issuable to Dr. Soleymani should certain milestones be achieved.

(4) The percentage of securities held by Dr. Soleymani on a fully-diluted basis, after giving effect to the conversion of Subscription Receipts, is 8.89% based on 73,889,080 Common Shares issued and outstanding. Includes 2,075,000 Bonus Shares issuable to Dr. Soleymani should certain milestones be achieved.

(5) The percentage of securities held by Dr. Didar on a fully-diluted basis, prior to giving effect to the conversion of Subscription Receipts, is 12.57% based on 52,286,880 Common Shares issued and outstanding. Includes 2,075,000 Bonus Shares issuable to Dr. Didar should certain milestones be achieved.

(6) The percentage of securities held by Dr. Didar on a fully-diluted basis, after giving effect to the conversion of Subscription Receipts, is 8.89% based on 73,889,080 Common Shares issued and outstanding. Includes 2,075,000 Bonus Shares issuable to Dr. Didar should certain milestones be achieved.

## DIRECTORS AND EXECUTIVE OFFICERS

### Name, Occupation and Security Holding

The following table sets out the names, provinces or states, and countries of residence of each director and executive officer of the Company, their respective positions and offices held with the Company, their respective principal occupations during the five preceding years, the period or period during which each director has served as a director and when his or her term of office will expire, the number and percentage of securities of each class of voting securities of the Company beneficially owned, or controlled or directed, directly or indirectly, by all directors and executive officers of the Company as a group, and, if the principal occupation of a director or executive officer of the Company is acting as an officer of a person or company other than the Company.

| Name, Province or State and Country of Residence, and Position with Company | Respective Principal Occupations during the Five Preceding Years | Period of Directorship and Expiry of Term | Number of Common Shares | Percentage of Issued and Outstanding Common Shares[3] |
|---|---|---|---|---|
| Dr. Carolyn Myers[1]<br>New Jersey, USA<br>*President and CEO* | CEO and President of the Company since July 28, 2020; Principal of BioEnsemble Inc. since April 2017; and Vice President Global Alliance Management & International Business Development at Allergan from August 2011 to March 2017. | Since July 28, 2020 | 1,500,001[4] | 4.0% |
| Rose Zanic<br>British Columbia, Canada<br>*CFO* | Self-employed corporate finance consultant from August 2016 to present. | n/a | 50,000 | 0.13% |
| Andrea Mulder<br>Ontario, Canada<br>*COO* | COO of the Company since May 17, 2021; Associate Director – Neurology at Eisai Canada from September 2019 to May 2021; Senior Marketing Manager – Neurology at Sunovion Canada from January 2019 to September 2019; Senior Marketing Manager – Oncology at Ipsen Canada from July 2018 to January 2019; and Senior Marketing – New Product Launches – Oncology at Celgene from November 2016 to July 2018. | n/a | Nil[5] | Nil |

| Name, Province or State and Country of Residence, and Position with Company | Respective Principal Occupations during the Five Preceding Years | Period of Directorship and Expiry of Term | Number of Common Shares | Percentage of Issued and Outstanding Common Shares[3] |
|---|---|---|---|---|
| Dr. Ian Mark Landy[1]<br>Georgia, USA<br>*Director* | Founder and CEO of JeniMed, LLC since July 2021. Founding Principal at Amadiba Group, LLC, since August 2020. Chairman and CEO of Micron Medical Corp. from October 2020 to January 2021. Sabbatical taken from September 2019 to July 2020. Vice President, Senior Vice President and Executive Vice President of MiMedx Group Inc. from June 2016 to September 2019. | Since August 15, 2021 | Nil | Nil |
| Prakash Gowd[1][2]<br>Ontario, Canada<br>*Director* | Chief Operating Officer and Head of Corporate Development at Novamind Inc from August 2020 to present; President & Co-Founder of Lobo Genetics Inc. from May 2018 to June 2020; Executive Director & Senior Equity Research Analyst at CIBC World Markets from August 2015 to May 2018. | Since August 15, 2021 | Nil | Nil |
| **Total** | | | **1,550,001** | **4.13%** |

**Notes:**

(1) Denotes a member of the Audit Committee.
(2) Chair of the Audit Committee.
(3) Based on 37,215,773 Common Shares issued and outstanding as of the date of this Prospectus.
(4) Does not include 450,000 Options to purchase Common Shares, with each Option exercisable into one Common Share at a price of $0.15 per Common Share until April 22, 2027.
(5) Does not include 150,000 Options to purchase Common Shares, with each Option exercisable into one Common Share at a price of $0.15 per Common Share until April 22, 2027.

**Cease Trade Orders**

To our knowledge, no current or proposed director or executive officer is, as at the date of the prospectus, or was within 10 years before the date of the preliminary prospectus, a director, chief executive officer or chief financial officer of any company (including the Company) that:

a) was subject to a cease trade order or similar order or an order that denied the company access to any statutory exemptions, that was in effect for a period of more than 30 consecutive days; or

b) was subject to a cease trade order or similar order or an order that denied the company access to any statutory exemptions, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

**Bankruptcies**

To our knowledge, no current or proposed director or executive officer or shareholder holding a sufficient number of our securities to affect materially the control of the Company:

a) is, as at the date of the preliminary prospectus, or has been within the 10 years before the date of the preliminary prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receive, receiver manager or trustee appointed to hold its assets; or

b) has, within the 10 years before the date of the preliminary prospectus, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold assets of the director, executive officer or shareholder.

**Penalties or Sanctions**

To our knowledge, no current or proposed director or executive officer or a shareholder holding a sufficient number of our securities to affect materially the control of the Company, has been subject to:

a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

**Conflicts of Interest**

The members of the Board of Directors are required by law to act honestly and in good faith with a view to our best interests and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict is required to disclose his or her interest and abstain from voting on such matter. See "Corporate Governance".

Other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, our directors and officers or other members of management or of any proposed director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies. See "*Corporate Governance*" and "*Risk Factors*".

**Management of the Company**

The following are brief biographies for all directors and management of the Company:

**Dr. Carolyn Myers** (President and Chief Executive Officer, age 64).

Dr Myers, is an experienced pharmaceutical executive having held senior leadership roles at Allergan (now a subsidiary of AbbVie Inc.), Forest Laboratories, Inc., Mylan N.V. (now Viatris) and Pharmacia Corporation (now Pfizer). She has 30 years of experience in the pharmaceutical industry and is currently CEO of the Company. She is also Principal of BioEnsemble Inc., providing consulting business strategy services to small and mid-size pharma, biotech and medical technology companies. Previously, she was Vice President of Global Alliance Management and International Business Development at Allergan, Vice President of Marketing at Forest Laboratories, Inc. President of Dey Laboratories and President of Mylan Technologies. Dr. Myers is an Executive Committee member of Mid Atlantic Bio Angels, a Healthcare Committee member of Golden Seeds and an independent board member of Hyloris

Pharmaceuticals, Mayne Pharma and EyeD Pharma. She has a Ph.D. from the University of British Columbia and a M.B.A. from Rutgers University.

Dr. Myers expects to devote 80% of her time to the affairs of the Company. Pursuant to the terms of an executive consulting agreement among the Company, BioEnsemble Inc. (a company controlled by Dr. Myers) and Carolyn Myers dated August 8, 2022, with an effective date of January 1, 2022, Dr. Myers is subject to certain non-competition, non-disclosure and confidentiality provisions.

**Rose Zanic** (Chief Financial Officer, age 56).

Ms. Zanic has over 25 years of capital markets and corporate finance expertise. She is self-employed as President of RCF Advisors Ltd. ("RCF") and has significant experience advising Canadian public companies with financing and M&A transactions and providing public company administration. She previously spent 19 years with Wolverton Securities Ltd. where she was Senior Vice-President, Corporate Finance in charge of that firm's corporate finance and syndication departments. She currently is a director of several Canadian publicly listed companies and is CFO of Marble Financial Inc., a CSE-listed financial technology company.

Ms. Zanic holds a CPA, CA designation and received a Bachelor of Commerce degree in finance from the University of British Columbia. Ms. Zanic is also a member of the TSX Venture Exchange BC Local Advisory Committee.

Ms. Zanic expects to devote approximately 20% of her time to the affairs of the Company. Pursuant to the terms of an executive consulting agreement between the Company, RCF and Ms. Zanic dated February 17, 2022, and amended on August 8, 2022, Ms. Zanic is subject to certain non-competition, non-disclosure and confidentiality provisions.

**Andrea Mulder** (Chief Operating Officer, age 61)

Andrea Mulder, BPHE, MBA is an accomplished senior healthcare executive with extensive experience in new product development, pre—launch to launch commercial strategies and has led over 10 pharmaceutical product launches in Canada. Prior to joining FendX, Andrea Mulder was a senior executive team leader at Eisai Canada, a small Japanese based pharmaceutical company, where she held the position of Associate Director of Neurology. Her leadership experience has included creating senior sales, marketing and market access cross-functional teams across multiple therapeutic areas including infectious disease, immunology, neurology, and oncology. She has also led several pharmaceutical/biotech companies early product shaping strategies as a member of global and Canadian leadership teams at: Sunovion Pharmaceuticals, Ipsen Biopharmaceuticals Canada, Celgene, GlaxoSmithKline, Roche Canada and King Pharmaceuticals. Andrea Mulder earned her BPHE degree at the University of Toronto in Health Sciences-Kinesiology and her MBA at the University of Fredericton, Canada.

In her spare time, Andrea Mulder volunteers at several patient associations including Canadian Epilepsy Alliance (CEA), Multiple Sclerosis Society (MS) and the Canadian Cancer Society (CCS).

Ms. Mulder expects to devote 100% of her time to the affairs of the Company. Ms. Mulder, in her capacity as COO of the Company, is not currently subject to the terms of any non-competition agreement. Pursuant to the terms of an employment agreement dated August 8, 2022, Ms. Mulder is subject to certain non-competition, non-disclosure and confidentiality provisions.

**Dr. Ian Mark Landy** (Director, age 54).

Dr. I. Mark Landy is an experienced business leader and entrepreneur. He is the Founding Principal of the Amadiba Group (since August 2020), an ideation, consulting and crisis management company and since July 2021, has served as the CEO and Founder of one of its ideated companies, JeniMed, a technology company developing a digital physician assistant to improve patient communication, compliance and care. From October 2019 until July 2020 Dr. Landy was on sabbatical. From June 2016 to September 2019, Dr. Landy served in increasingly senior positions at MiMedx Group, Inc., including Executive Vice President & Chief Strategy Officer. In 2018, Dr. Landy was appointed to MiMedx's "New Leadership Team" which was tasked with resolving government investigations, financial restatement, and restoring culture, integrity, trust, and moral. As CSO Dr. Landy held chief leadership of Strategy, Research & Development, Quality and Regulatory Assurance, Market Access (national accounts, reimbursement, health policy), Clinical Affairs, Medical Affairs, Regulatory Affairs, Medical Education, Marketing, Communication,

Business Development, and International. Previously Dr. Landy served as President & Chief Executive Officer and a Director of MIV Therapeutics, a drug delivery company focused on developing, manufacturing and commercializing drug eluting stents and other implantable drug delivery systems. Dr. Landy has also held senior level positions on both the buy-side and sell-side at leading financial firms including Investor AB, Leerink Swann & Company and Susquehanna Financial Group. He received a Bachelor of Dental Science (BDS) degree from the University of Witwatersrand in Johannesburg, South Africa and a Bachelor of Business Administration degree from The Wharton School of Business in Philadelphia, PA.

Dr. Landy expects to devote 10% of his time to the affairs of the Company. Dr. Landy, in his capacity as a director of the Company, is not currently subject to the terms of any non-competition agreement. Pursuant to the terms of a board service agreement dated February 28, 2022, Dr. Landy is subject to certain non-disclosure and confidentiality provisions.

**Prakash Gowd** (Director, age 58).

Prakash Gowd brings over 25 years of experience in executive management, corporate development, finance, and capital markets in the healthcare and biopharma sectors. He is currently Chief Operating Officer at Novamind Inc., a mental healthcare and psychedelic medicine company, where he oversees the company's clinics and research operations, and leads corporate strategy and business development. He also serves as Strategic Advisor to N-Zyme Biomedical. Previously, Mr. Gowd was President and Co-Founder of Lobo Genetics, a genetic testing company acquired by Entheon Biomedical. His extensive capital markets experience included senior level equity research roles with CIBC World Markets, National Bank Financial, and Canaccord Capital, where he focused on financing and investments in healthcare, biotech, medical device, and specialty pharma. Mr. Gowd held progressively senior positions in commercial operations at GlaxoSmithKline and specialized in pharmaceutical marketing and new product development. He served as Audit Chair and Director of Isotechnika Pharma Inc., the TSX-listed predecessor to Aurinia Pharmaceuticals. Mr. Gowd holds an MBA from McGill University, a BSc Pharmacy from the University of British Columbia, and is a Chartered Director.

Mr. Gowd expects to devote 10% of his time to the affairs of the Company. Mr. Gowd, in his capacity as a director of the Company, is not currently subject to the terms of any non-competition agreement. Pursuant to the terms of a board service agreement dated March 1, 2022, Mr. Gowd is subject to certain non-disclosure and confidentiality provisions.

## EXECUTIVE COMPENSATION

Prior to obtaining a receipt for this Prospectus, the Company was not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6V, *Statement of Executive Compensation – Venture Issuers*, ("**Form 51-102F6V**") has been omitted pursuant to Section 1.3(8) of Form 51-102F6V.

*Compensation Discussion and Analysis*

The Company currently has in place a Compensation Committee, as described below. The Compensation Committee is responsible for setting the overall compensation strategy of the Company and administering the Company's executive compensation program with input from the Chief Executive Officer of the Company in respect of all executive officers other than the Chief Executive Officer. As part of its mandate, the Board will approve the remuneration of the Company's executive officers, including the Named Executive Officers ("**NEOs**") of the Company. The NEOs of the Company for the financial years ended December 31, 2020 and December 31 2021, were the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, and these NEOs are the NEOs of the Company. The Board is also responsible for reviewing the Company's compensation policies and guidelines generally.

The objective of Company's executive compensation program is to motivate, reward, and retain management talent that is needed to achieve the Company's business objectives. The compensation program is designed to ensure that compensation is competitive with other companies of similar size and is commensurate with the experience, performance, and contribution of the individuals involved and the overall performance of the Company. In evaluating performance, consideration is given to the Company's long-term interests and quantitative financial objectives, as well to the qualitative aspects of the individual's performance and achievements. Compensation for directors of the Company, if any, will also be determined by the Board on an annual basis. From August 15, 2021 to December 31, 2021, the Company agreed to pay an aggregate of $85,000 to the two independent directors of the Company. For the

year commencing January 1, 2022, the Company has agreed to pay an aggregate of $100,000 to the two independent directors of the Company.

*Elements of Compensation*

Following listing on the CSE, the executive compensation program is expected to be comprised of three principal components: (i) base salaries or executive consultant fees; (ii) bonuses, and (iii) the Equity Incentive Plan. Each component of the expected executive compensation program is described below.

*Base Salaries and Executive Consulting Fees*

Following listing on the CSE, executive officers will be paid a base salary or executive consultant fee to compensate them for providing the leadership and specific skills needed to fulfill their responsibilities. The payment of base salaries or executive consulting fees will be an important component of the intended compensation program and will serve to attract and retain qualified individuals. The base salaries and executive consulting fees for the executive officers will be reviewed annually by the Board and will be determined by considering the contributions made by the executive officers, how their compensation levels related to compensation packages that would be achievable by such officers from other opportunities, and publicly available salary data. Salaries and executive consulting fees of the executive officers are not expected to be determined based on benchmarks or a specific formula.

*Bonuses*

The Board may from time to time approve bonus payments to reward executive officers for their contribution to the achievement of annual corporate goals and objectives. Bonuses will also serve as a retention incentive for executive officers so that they remain in the employ of the Company. The payment of bonuses is consistent with the intended overall objective of the Company to reward performance.

*Equity-Based Awards*

The Company has adopted the Equity Incentive Plan. See "*Options to Purchase Securities – Equity Incentive Plan*".

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the Company's directors, executive officers or employees, or former directors, executive officers or employees, nor any associate of such individuals, is as at the date hereof, or has been, during the financial year ended December 31, 2021, indebted to the Company in connection with purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Company.

## AUDIT COMMITTEE AND CORPORATE GOVERNANCE

### Audit Committee Charter

The Company has formed an audit committee (the "**Audit Committee**") comprised of Dr. Carolyn Myers, Dr. Ian Mark Landy, and Prakash Gowd, each of whom is financially literate as determined in accordance with NI 52-110. Mr. Gowd will serve as the Chair of the Audit Committee.

In addition to each member's general business experience, the education and experience of each of the Audit Committee members that is relevant to the performance of their responsibilities as an Audit Committee member is outlined above under "*Management of the Company*".

The text of the charter of the Audit Committee is attached hereto as Appendix A.

### Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

**Pre-Approval Policies and Procedures**

The Audit Committee will be required to review the performance of Company's external auditor and to approve in advance the provision of services other than auditing. The Audit Committee will also be required to consider the independence of the external auditor, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Chair of the Audit Committee will be authorized to approve any non-audit services or additional work that the Chair of the Audit Committee deems as necessary. In such a case, the Chair of the Audit Committee will be required to notify the other members of the Audit Committee of such non-audit or additional work.

**Reliance on Exemption in Section 6.1 of NI 52-110**

The Company will be a "venture issuer", as defined in Section 1.1 of NI 52-110. Accordingly, in providing the disclosure contained herein, the Company will rely upon the exemption in Section 6.1 of NI 52-110 (which is available to all venture issuers) whereby the Audit Committee members will not be required to be either "independent" or "financially literate".

**External Auditor Service Fees (By Category)**

The audit fees incurred by the Company for the financial years ended December 31, 2021 and the period from July 28, 2020 to December 31, 2020 are set out in the table below.

| Financial Year Ended | Audit Fees | Audit-Related Fees | Tax Fees | All other Fees |
|---|---|---|---|---|
| December 31, 2021 | $30,000 | $Nil | $Nil | $Nil |
| From Incorporation on July 28, 2020 to December 31, 2020 | $Nil | $Nil | $Nil | $Nil |

**Corporate Governance**

*General*

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. NP 58-201 provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, NI 58-101 prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

*Board of Directors*

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board. The Board is comprised of three directors. As the size of the Board is small, the Board has no formal procedures designed to facilitate the exercise of independent supervision over management, relying instead on the integrity of the individual members of its management team to act in the best interests of the Company.

Directorships

Certain of the Company's directors are also currently directors of other reporting issuers as follows:

| Name | Reporting Issuer | Market | Position | From | To |
|---|---|---|---|---|---|
| Dr. Carolyn Myers | Hyloris Pharmaceuticals SA | Brussels Stock Exchange | Director | June 2020 | Present |
| | Mayne Pharma Group Ltd | Australian Stock Exchange | Director | October 2021 | Present |

*Orientation and Continuing Education*

New Board members receive an orientation package which includes reports on operations and results, and any public disclosure filings by the Company, as may be applicable. Board meetings are sometimes held at the Company's offices and, from time to time, are combined with presentations by the Company's management to give the directors additional insight into the Company's business. In addition, management of the Company makes itself available for discussion with all Board members.

*Ethical Business Conduct*

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

*Nomination of Directors*

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

*Compensation*

The Board is responsible for determining compensation for the directors and the chief executive officer of the Company to ensure it reflects the responsibilities and risks of being a director and chief executive officer of a public company. The Board will determine compensation for the directors and the chief executive officer taking into account the Company's business ventures and the Company's financial position.

*Other Board Committees*

Other than the Audit Committee, the Board has formed a compensation committee (the "**Compensation Committee**") consisting of Dr. Myers, Ian Mark Landy and Prakash Gowd. Tasks related to developing and monitoring the Company's approach to the compensation of the Company's NEOs and directors are performed by the Compensation Committee in consultation with the Board. The compensation of the NEOs, directors and the Company's employees or consultants, if any, is reviewed, recommended and approved by the Compensation Committee in consultation with the Board.

*Assessments*

Due to the minimal size of the Board, no formal policy has been established to monitor the effectiveness of the directors, the Board and its committees.

*Directors' and Officers' Liability Insurance*

As at the date of this Prospectus, the Company does not carry directors' and officers' liability insurance. The Company has entered into an indemnity agreement with each director and officer of the Company.

## RISK FACTORS

In addition to all other information set out in this Prospectus, the following specific factors could materially adversely affect us and should be considered when deciding whether to make an investment in the Company and the Common Shares. Other risks and uncertainties that we do not presently consider to be material, or of which we are not presently aware, may also become important factors that affect our future financial condition and results of operations. The occurrence of any of the risks discussed below could materially adversely affect our business, prospects, financial condition, results of operations or cash flow. The Common Shares are only suitable for investors (i) who understand the potential risk of capital loss, (ii) for whom an investment in the Common Shares is part of a diversified investment program, and (iii) who fully understand and are willing to assume the risks involved in such an investment program. Prospective purchasers of Common Shares should carefully consider the following risks before investing in us and the Common Shares.

### Risks Related to Our Business and the Development of Our Product Candidates

***Performance depends primarily on the success of product candidates, which is in early formulation/reformulation and have not yet been field tested or received regulatory approval in any country.***

We currently have no products approved or ready for sale or marketing in any country, and may never be able to commercialize our proposed products or obtain regulatory approval for any of our product candidates, including REPELWRAP™, if required by any jurisdiction. Our product candidates are in the early stages of formulation and reformulation and have not yet been field tested. Completing field testing and receiving any required regulatory approval for our product candidates will depend on many factors, including, but not limited to the following:

- Successfully completing stability and pathogen testing;
- Successfully scaling of product candidates for high volume manufacturing;
- Preparing and submitting applications for approvals to appropriate regulatory authorities, if required; and
- Launching commercial sales, marketing and distribution operations.

Many of these factors are wholly or partially beyond our control, including the regulatory submission process and changes in the competitive landscape. Although the Company believes REPELWRAP™ would not require Health Canada or the Pest Control Board approvals for sales in Canada as it believes REPELWRAP™ will be considered a coating which would not require such approvals, there is no certainty that such approvals may not be required or that it will be successful in obtaining any required approvals or licenses in Canada or any other jurisdiction the Company that the Company intends to sell its products. If we do not achieve one or more of these factors in a timely manner, we could experience significant delays or an inability to commercialize our products.

***The Company has a limited operating history and has not yet generated revenues. Availability of future financing is uncertain.***

The Company has no history of earnings, has generated no revenues since commencing operations, and has no source of operating cash flow. During the year ended December 31, 2021, the Company incurred a net loss of $1,123,082 and had a deficit of $1,459,957.

The Company will require significant additional capital to execute its business plan and fund its operations that will likely require the involvement of multiple capital sources and participants. Although the Company has been successful to date in financing its activities through the sale of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to fund its operations and research and development objectives.The actual availability of financing, the involvement of any or all of the potential participant groups and their level of participation, and the details and terms of any eventual financing will be dependent on numerous conditions, including, but not limited to, general market conditions and other economic considerations at the time. While the Company anticipates that financing for development of its products can be arranged, such financing is highly dependent on factors outside of the Company's control and there can be no assurance that the Company will be successful in

arranging financing at all, or if so, under acceptable terms and conditions. Even if the Company begins licensing or selling its products, there is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future. There can be no assurance that any future financing will be available on reasonable terms, if at all, and if available, may be dilutive to existing shareholders. Failure to obtain such additional financing could result in delay or indefinite postponement of further research and development activities with the possible loss of the Licensed Technology should the Company not be able to meet its commitments pursuant to the License Agreement or the CRA.

***No production history and no assurances of future profitability.***

To date, the Company does not have a commercial product available for sale and has recorded no revenue from product sales and there is no assurance that it will generate revenue in the future. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's business operations are at an early stage of development and its success will be largely dependent upon the outcome of its ultimate strategy of successfully developing, marketing and generating sales of its products. The Company's operating expenses and capital expenditures may increase in subsequent years. The Company expects to continue to incur losses unless and until such time as it completes scale-up and commercialization of its products and enters into long term and large volume distribution and manufacturing agreements and generates sufficient revenues to fund its continuing operations.

***The Company operates in a highly competitive industry.***

The Company faces competition from a number of manufacturers and suppliers of different products to protect surfaces from pathogens. Significant product innovations, technical advances or competitive pricing could adversely affect the Company's operations and future revenues. We are currently developing products that will compete with antimicrobial products that currently already exist or are being developed. Products we may develop in the future are also likely to face competition, some of which we may not currently be aware of. We have competitors in North America and internationally, including companies that are more established than FendX. Many of our competitors have significantly greater financial, manufacturing, marketing, development, technical and human resources than we do. Large companies, in particular, have extensive experience in product development and manufacturing, as well as obtaining regulatory approvals. These companies also have significantly greater research and marketing capabilities than we do and may also have products that have been approved or are in late stages of development. Established competitors may also invest heavily to accelerate development of novel products or to license novel products in the Company's target markets, which could make the product candidates that we develop obsolete. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are more effective, affordable or convenient than products that we may develop. Our competitors may also obtain regulatory approvals for their products more rapidly, which could result in our competitors establishing a strong market position before we are able to enter the market.

Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing manufacturing, as well as in acquiring technologies or intellectual property complementary to, or necessary for, our product candidates. In addition, our industry is characterized by rapid technological change. If we fail to stay at the forefront of technological change, we may be unable to compete effectively. Technological advances or products developed by our competitors may render our technologies or product candidates obsolete, less competitive or not economical.

***The ability of the Company to satisfy the terms of the License Agreement and the Collaborative Research Agreement and maintain the License in good standing.***

The Company has been granted an exclusive license to the Licensed Technology pursuant to the License Agreement. The Company's rights and obligations are outlined in the License Agreement. The License Agreement requires the Company to complete certain milestones (the "**License Agreement Milestones**")). Failure to complete the License Agreement Milestones could allow the Licensor to terminate the License Agreement. The License Agreement may also be terminated by the Licensor if certain other conditions occur. Under the Collaborative Research Agreement, the Company is obligated to make certain payments as further set out "*Description of the Business – Collaborative Research Agreement*", and the Collaborative Research Agreement could be terminated by the Licensor if the Company breaches this agreement. If the Company's relationship with the Licensor were to terminate, the Company would not

be able to distribute and commercialize its products and might not be able to enter into another license agreement with an entity with similar technologies on acceptable terms or at all. As a result, the Company could experience delays in its ability to distribute and commercialize its products or a similar technology, all of which would have a material adverse effect on the Company's business, results of operations and financial condition.

***The ability of the Licensor to satisfy the terms of the License Agreement and the Collaborative Research Agreements***

Pursuant to the License Agreement, the Licensor is, among other things, involved in the ongoing research and development activities being conducted on the Licensed Technology. Pursuant to the Collaborative Research Agreement, the Licensor has agreed to conduct research and development work on behalf of the Company on the Licensed Technology and provide the human resources, materials, facilities and equipment as needed to conduct the sponsored project work. The Company is reliant on McMaster to conduct research and development of the Licensed Technology to advance product candidates for manufacturing scale-up and ultimate commercialization. The Company will be at risk should McMaster not be able to discharge its obligations to conduct research and development funded by the Company.

McMaster, on behalf of the Company, is responsible to file provisional patent applications for new inventions arising from research and development work on the License Technology. In addition, under the direction of the Company, McMaster is responsible to file Patent Cooperation Treaty (PCT), as well as file and prosecute national patent applications. Should McMaster not file new provisional patents, PCT applications and/or file or prosecute national applications, this would materially adversely affect the Company's business, as its products may not have robust enough protection impacting commercialization, and overall operations.

McMaster may not be able to discharge its obligations pursuant to the License Agreement or the Collaborative Research Agreement and thereby the Company's development timeline, regulatory approval and commercialization prospects for its product candidates would be materially adversely affected which may have materially adverse impact on the Company's business.

***The ability of the Company to complete scale-up and/or testing of an intermediate prototype of REPELWRAP™.***

Given the early stage of development of REPELWRAP™, the Company can make no assurance that it can develop viable prototypes for commercial scale-up and/or meet certain product specifications including high repel rates of pathogens or demonstrate long-term durability and stability. Unsatisfactory results may cause the Company or its collaborators to abandon commitments to that program. The early stage of product development makes it particularly uncertain whether any of its product development efforts will prove to be successful. If the Company fails to develop viable prototypes for scale-up or they fail testing, the development timeline and commercialization prospects may be materially adversely affected which may have material adverse impacts on the Company's business.

***The ability of the Company to complete the scale-up and/or test commercial prototype of REPELWRAP™.***

The Company, in partnership with researchers at McMaster and third parties, can make no assurance that it can commercially scale-up REPELWRAP™ and/or meet certain product specifications including achieving high repel and kill rates of pathogens or demonstrate long term durability and stability. As a result, the Company could experience delays in its ability to commercialize REPELWRAP™, all of which would have a material adverse effect on the Company's business, results of operations and financial condition.

***Research and development activities may not be successful.***

Given the early stage of product development, the Company can make no assurance that its research and development programs will result in commercially viable products or obtain regulatory approval, as needed. To achieve profitable operations, the Company, alone or with others, must successfully develop and market its future products, and obtain regulatory approval, as needed. To achieve commercial success, sufficient testing must demonstrate that the product candidates demonstrate efficacy and that products can be successfully scaled up for production, in addition to other factors. Unsatisfactory results obtained from testing relating to a research and development program may cause the Company or its collaborators to abandon commitments to that program. The early stage of product development makes it particularly uncertain whether any of its product development efforts will prove to be successful and meet any applicable regulatory requirements, and whether any of its products will receive any requisite regulatory approvals, be capable of being manufactured at a reasonable cost or be successfully marketed. If the Company fails to produce positive results in its future testing of its product candidates or fails to produce test results that demonstrate similar

efficacy as any initial testing by McMaster, the development timeline and regulatory approval, if required, and commercialization prospects for its products, would be materially adversely affected which may have a material adverse impact on the Company's business.

***Grant funding obligations and no assurance for future grant funding.***

Although the Licensed Technology has been funded partially by grant funding in the past, there is no assurance that the Company, as sponsor, McMaster or the Lead Researchers will be successful in securing additional grants to assist with funding the Company's current and future R&D work plans. In addition, the NSERC Grant awarded May 9, 2022 requires the Company to fulfil certain cash and work commitments together with other third party partners. The Company's ability to fulfil its obligations pursuant to the NSERC Grant depends upon the Company's financial condition, operating performance and expected future revenues, and will be subject to prevailing economic conditions, competitive conditions, and financial, business, legislative, regulatory and other factors affecting its operations, many of which are beyond the Company's control.

The Company cannot provide assurance that it will, nor its third-party partners will, be able to service their obligations pursuant to the NSERC Grant. Failure to meet the terms of the NSERC Grant may also limit the Company's ability to obtain future grants which may have a material and adverse effect on the Company's operations.

***Our revenues will be highly dependent on a limited number of products.***

The Company will initially generate revenues from a limited number of products that it intends to commercialize. The loss of a single source of revenue for any reason could have a material adverse effect on our business, financial condition and results of operations. In addition, each of these products may face competition and the ability to grow the market and our market share may be limited.

***The Company is dependent on current and future collaborative partners, manufacturers, distributors, licensors and others.***

The Company has no history of manufacturing, distribution or sales. The Company's success will be dependent upon its ability to enter into distribution and manufacturing agreements with third parties. The Company does not intend to manufacture or sell its products directly but will rely on third party distributors and manufacturers to sell and manufacture its products. To-date, the Company has not entered into any formal distribution or manufacturing agreements.

The Company may be unable to enter into agreements with third parties to market and sell REPELWRAP™, upon successful scaleup and testing, for commercialization within and outside of Canada. The Company is seeking to engage third-party distribution partners to sell REPELWRAP™. If the Company is successful in entering into a commercialization agreement for sales within and outside of Canada, the Company may have limited or no control over sales, marketing and distribution activities of these third parties. The Company's future revenues may depend on the success of the efforts of these third parties. To the extent that the Company relies on, or partners with, third parties to launch, manufacture and commercialize REPELWRAP™ if approved, or any other product for which the Company develops in the future, the Company may receive less revenue than if the Company manufactured or sold these products itself. In addition, the Company would have less control over the sales efforts of any other third parties involved in the Company's commercialization efforts. In the event that the Company is unable to partner with a third-party marketing and sales organization, the Company's ability to generate product revenues may be limited, if any. A variety of risks associated with potential international business relationships could materially adversely affect the Company's business. The Company may enter into agreements with third-parties for the development and commercialization of future products in international markets. If the Company does so, the Company would be subject to additional risks related to entering into international business relationships.

Any collaboration arrangements that the Company may enter into in the future may not be successful, which could adversely affect the Company's ability to develop and commercialize the Company's products. The Company may seek partnerships, collaborations and other strategic transactions to maximize the commercial potential its products and the Company's proprietary technologies in Canada, the U.S. and other territories throughout the world. The Company may enter into such arrangements on a selective basis depending on the merits of retaining commercialization rights for itself as compared to entering into selective collaboration arrangements with leading distribution companies for each of the Company's products, both in Canada and internationally. The Company faces competition in seeking appropriate collaborators. Moreover, collaboration arrangements are complex and time consuming to negotiate, document and implement. The Company may not be successful in its efforts to establish and implement collaborations or other alternative arrangements should the Company choose to enter into such

arrangements. The terms of any collaborations or other arrangements that the Company may establish may not be favourable to the Company. Any future collaborations that the Company enters into may not be successful. The success of the Company's collaboration arrangements will depend heavily on the efforts and activities of the Company's collaborators. Collaborators generally have significant discretion in determining the efforts and resources that they will apply to these collaborations. Disagreements between parties to a collaboration arrangement regarding sales and commercialization matters could lead to delays in the commercialization of the Company's products and, in some cases, termination of the collaboration arrangement. These disagreements can be difficult to resolve if neither of the parties has final decision-making authority. Collaborations with third parties often are terminated or allowed to expire by the other party. Any such termination or expiration could adversely affect the Company financially and could harm the Company's business reputation.

The Company does not own or operate, and has no plans to establish, any manufacturing facilities for the Company's products. The Company will rely on key strategic collaborators and manufacturers to develop and test its prototypes as well as manufacture commercial supplies of finished goods, once its product is fully developed.

The Company plans to negotiate one or more manufacturing agreements with third parties to produce REPELWRAP™ samples, prototypes and ultimately, end products on behalf of the Company for the Canadian and international markets. The facilities used by any third-party manufacturer must be approved by the relevant regulatory body. The Company does not control the manufacturing process of, and is completely dependent on, the Company's contract manufacturing partners for compliance with the regulatory requirements, for manufacture of the Company's prototypes and products, if and when finalized. If contract manufacturers that the Company may use cannot successfully manufacture material that conforms to the Company's specifications and any regulatory requirements that may be required, the Company could face material adverse impacts on its operations and cash flow. In addition, the Company has no control over the ability of the Company's contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If any regulatory authority does not approve these facilities for the manufacture of the Company's products or product candidates or if it withdraws any such approval in the future, the Company may need to find alternative manufacturing facilities, which would significantly impact the Company's ability to develop, obtain regulatory approval for or market the Company's products or product candidates, if approved. Moreover, if the Company's contract manufacturer cannot successfully manufacture materials that conform to the Company's specifications and any regulatory requirements the Company may be subject to, recalls, product seizures, fines, refusal to permit import or export of the product and injunction against manufacture or distribution or regulatory enforcement action. The machinery to produce the commercial supply of our commercial products and product candidates must be qualified and validated, which is time consuming and expensive, and this machinery is located within one manufacturing site and is customized to the particular manufacturing specifications of each product or product candidate. If any manufacturer is unable to qualify and validate this equipment in a timely manner, the Company's ability to supply or launch and commercialize, as applicable, any of its products, will be compromised. If this customized equipment malfunctions at any time during the production process, the time it may take the manufacturer to secure replacement parts, to undertake repairs and to revalidate the equipment and process could limit The Company's ability to meet the commercial demand for its products. This may increase the risk that the third party manufacturer may not manufacture the product or product candidate in accordance with the applicable regulatory requirements, that the Company may not have sufficient quantities of that product or that the Company may not have such quantities at an acceptable cost, any of which could delay, prevent, or impair the sale or commercialization of any of our commercial products or product candidates, if approved, and the development of the Company's other product candidates. Reliance on a third-party manufacturer subjects the Company to risks that would not affect the Company if the Company manufactured the commercial product or product candidates itself, including:

- reliance on the third party for regulatory compliance and quality assurance;
- reduced control over the manufacturing process for the Company's products and product candidates;
- the possible breach of the manufacturing agreements by the third party because of factors beyond the Company's control;
- the possibility of termination or nonrenewal of the agreements by the third party because of the Company's breach of the manufacturing agreement or based on their own business priorities;
- the disruption and costs associated with changing suppliers; and
- potential theft of know-how and trade secrets.

The Company's commercial products and product candidates may compete with other products and product candidates for access to manufacturing resources and facilities. There may be a limited number of manufacturers that are both capable of manufacturing for the Company and willing to do so. If the Company's existing third-party manufacturer,

or the third parties that the Company may engage in the future to manufacture a product for commercial sale should cease to continue to manufacture the Company's products for any reason, the Company likely would experience delays in obtaining sufficient quantities of its products to meet commercial demand or to advance the Company's scale-up and commercialization efforts while the Company identifies and qualifies replacement suppliers. If for any reason the Company is unable to obtain adequate supplies of the Company's products or the substances used to manufacture them, it will be more difficult for the Company to develop its products and compete effectively.

***The Company faces legal and regulatory requirements that may change or restrict the Company's ability to develop, manufacture and supply products.***

The Company's future operations, including development, and commencement and continuation of commercial production, may require licenses, permits or other approvals from various federal, provincial, local and potentially foreign governmental authorities, and such operations are or will be governed by laws and regulations relating to production, exports, taxes, labor standards, occupational health and safety, the environment and other matters. Furthermore, in certain foreign jurisdictions, these regulatory requirements may be more stringent than those in Canada. Although the Company believes REPELWRAP™ would not require Health Canada TPD, PMRA or CHPSD approvals for sales in Canada as it believes REPELWRAP™ will be considered a coating which would not require such approvals, there is no certainty that such approvals may not be required or that it will be successful in obtaining any required approvals or licenses in Canada or any other jurisdiction the Company that the Company intends to sell its products. Should the Company be successful in developing an enhanced repel and kill version of REPELWRAP™, a catheter coating or other new products or enhancements which require approval, the Company will be required to obtain all necessary approvals.

To be able to provide the Company's products in other countries, the Company may need to obtain regulatory approvals and comply with the regulations of those countries which may differ substantially from those of Canada. These regulations, including any requirements for approvals and the time required for regulatory review, vary from country to country. Obtaining and maintaining foreign regulatory approvals is complex, and the Company cannot be certain that it will receive regulatory approvals in any foreign country in which the Company plans to market the Company's products, or to obtain such approvals on a favorable schedule. If the Company fails to obtain or maintain regulatory approval in any foreign country in which the Company plans to market the Company's products, the Company's ability to generate revenue will be harmed.

Achievement of our business objectives is subject to compliance with regulatory requirements enacted by governmental authorities. We may incur costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, thereunder, including orders issued by regulatory or judicial authorities causing the development and manufacture of products to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. We may be required to compensate those suffering loss or damage by reason of our operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Health Canada also regulates certain markets into which the Company intends to supply products or license its intellectual property. Although the Company believes its products will not require Health Canada, PMRA or CHPSD approval, there is no assurance that Health Canada or any other body will require the Company to obtain any license for sales into markets it regulates. Each foreign jurisdiction for the Company's products may also be regulated and there is no assurance that sales of products will be permitted without receipt of regulatory approvals or licenses. Any inability by the Company to obtain approval from Health Canada and/or international bodies could have a material adverse impact of the business of the Company.

Changes in environmental regulation, if any, may adversely impact the Company's operations and future potential profitability. The trend in most countries in environmental legislation and regulation generally is toward stricter standards.

The Company may also be subject to consumer protection laws that may impact its sales and marketing efforts. These laws, as well as any changes in these laws, could make it more difficult for the Company to sell and market its products. These laws and regulations may be subject to change over time and thus the Company must continue to monitor and dedicate resources to ensure continued compliance. Non-compliance with applicable regulations or requirements could subject the Company to investigations, sanctions, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any governmental sanctions are imposed, or if the Company does not

prevail in any possible civil or criminal litigation, its business, operating results, and financial condition could be materially adversely affected. Additionally, in order for the Company to carry out its activities, any required licences and permits must be obtained and kept current. There can be no assurance, however, that the Company will obtain on reasonable terms or at all the permits and approvals, and the renewals thereof, which it may require for the conduct of its future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on the Company's business plans. Possible future legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delay on the Company's planned research and development and operations, the extent of which cannot be predicted. Failure to comply with applicable laws, regulations and other requirements may have an adverse material impact on the Company and its operations.

***No guarantee of success. Even if we commercialize any of our product candidates, our success is dependent upon each product's acceptance in the market.***

The Company's product candidate REPELWRAP™ (repel film) is in the formulation stage and is not yet commercially viable. There is no guarantee that the Company's efforts to commercialize REPELWRAP™ will be successful and that it will achieve revenues. There is no assurance that broad successful commercial applications may be feasible for the Company. The Company is continuing to explore, develop, and test its current product candidates, and there can be no assurance that new products will be fully developed for commercial application, that scale-up and commercialization test results will be successful, if completed at all, that any necessary permits or approvals required in order to market such products will be obtained by the Company. The commercial success of our product candidates will depend upon their acceptance by the market and by various sectors, such as the healthcare industry or high-touch point retail venues. The degree of market acceptance will depend on a number of factors, including:

- demonstrated and perceived effectiveness compared to other products;
- limitations and drawbacks compared to other products;
- sales, marketing, and distribution support;
- timing of market introduction;
- the degree of cost-effectiveness of our product candidates;
- competitive products:
- adverse publicity of our product candidates or favorable publicity about competitive products;
- convenience and ease of administration of our products; and
- potential product liability claims.

***If the market opportunities for any product that we develop are smaller than we believe they are, our revenue may be adversely affected and our business may suffer.***

Our projections of the markets in which we anticipate to operate in, are based on estimates. If our projections are inaccurate, the market opportunities for any of our product candidates could be significantly diminished and have an adverse material impact on our business.

***The regulatory and compliance costs of being a public company are increasing.***

Legal, accounting, and other expenses associated with public company reporting requirements are generally increasing annually. The Company anticipates that costs may continue to increase with corporate governance related requirements, including, without limitation, requirements under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, NI 52-110 and NI 58-101.

The Company also expects these rules and regulations may make it more difficult and more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for the Company to attract and retain qualified individuals to serve on its Board of Directors or as executive officers.

***Global economic instability may affect the Company's ability to execute its business plan.***

Many industries, including out industry, are affected by global market conditions, and negative trends in global economic conditions, including but not limited to interest rates, consumer spending, employment rates, business conditions, inflation, energy costs, debt levels and credit availability. Changes in these conditions may adversely affect

the Company's ability to obtain loans and other credit facilities, which could affect the Company's ability to develop and market its products and affect the trading price of the Company's shares in an adverse manner.

***We may face product liability claims and lawsuits that could adversely impact our business.***

If product liability lawsuits are brought against the Company, the Company may incur substantial liabilities and may be required to limit commercialization of any of its development programs, if approved.

The Company faces a potential risk of product liability if the Company commercializes its products. For example, the Company may be sued if any product candidate the Company develops allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing, or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability, and a breach of warranties. Claims could also be asserted under state consumer protection acts. If the Company cannot successfully defend itself against product liability claims, the Company may incur substantial liabilities or be required to limit commercialization of the product candidate subject to such claims. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for any products that the Company may develop;
- injury to the Company's reputation;
- costs to defend any related litigation;
- a diversion of management's time and the Company's resources;
- substantial monetary awards to any trial participants or customers;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- the inability to commercialize any of the Company's products, subject to any approvals;
- a decline in s stock price; and
- exposure to adverse publicity.

The Company's inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of product candidates the Company develops. The Company does not currently maintain product liability insurance given its current level of product development. Although the Company does maintain other forms of insurance, any claim that may be brought against the Company could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by the Company's insurance or that is in excess of the limits of the Company's insurance coverage. The Company's insurance policies also have various exclusions, and the Company may be subject to a product liability claim for which the Company has no coverage. The Company may have to pay any amounts awarded by a court or negotiated in a settlement that exceed the Company's coverage limitations or that are not covered by the Company's insurance, and the Company may not have, or be able to obtain, sufficient capital to pay such amounts.

***Our business and operations would suffer in the event of system failures.***

Despite the implementation of security measures, the Company's internal computer systems, and those other third parties on which the Company relies, are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in the Company's operations, it could result in a material disruption of the Company's development programs. To the extent that any disruption or security breach were to result in a loss of or damage to the Company's data or applications, or inappropriate disclosure of confidential or proprietary information, the Company could incur liability and the further development of the Company's product candidates could be delayed.

**Risks Related to Management and Personnel**

***We rely on our management and need additional key personnel to grow our business, and the loss of key employees or inability to hire key personnel could harm our business.***

We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. The Company's senior management team has expertise in many different aspects of development, licensing, and commercialization. Competition for skilled personnel in the Company's market is intense and competition for experienced personnel may limit the Company's ability to hire and retain highly qualified personnel on acceptable terms. Despite the Company's efforts to retain valuable executives and consultants, members of the Company's management and scientific team may terminate their employment or consulting arrangements with the Company on short notice. In addition, the loss of any of our senior management or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. We do not maintain key person life insurance policies on any of our employees.

In addition, we are subject to a variety of business risks generally associated with growing companies, including capacity constraints and pressure on our internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. Future growth and expansion could place significant strain on our management personnel and likely will require us to recruit additional management personnel.

There can be no assurance that we will be able to manage our expanding operations (including any acquisitions) effectively, that we will be able to sustain or accelerate our growth or that such growth, if achieved, will result in profitable operations, that we will be able to attract and retain sufficient management personnel necessary for continued growth, or that we will be able to successfully make strategic investments or acquisitions.

***Our senior management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day to day management of our business and will increase our expenses.***

Most of individuals who now constitute our senior management team have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies compared to senior management of other publicly-traded companies. Our senior management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under Canadian securities laws. In particular, these new obligations will require substantial attention from our senior management and could divert their attention away from the day-to-day management of our business.

We expect to incur significant accounting, legal, insurance and other expenses as a result of being a public company, which could cause our results of operations and financial condition to suffer. Compliance with applicable securities laws in Canada and the rules of the CSE substantially increase our expenses, including our accounting and legal costs. Furthermore, compliance with applicable securities laws and regulations makes some activities more time-consuming and costlier. Reporting obligations as a public company and our anticipated growth may place a strain on our financial and management systems, processes and controls, and on our personnel.

Furthermore, we expect that compliance with the laws, rules and regulations that public companies are subject to will make it more expensive for us to obtain director and officer liability insurance and may require us to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board of Directors or as officers.

***We may become subject to liability arising from any fraudulent or illegal activity by our employees, contractors and consultants.***

We are exposed to the risk that our employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or

disclosure of unauthorized activities to us that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for us to identify and deter misconduct by our employees and other third parties, and the precautions taken by us to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, monetary fines or contractual damages on us, reputational harm, diminished profits and future earnings, and curtailment of our operations.

***It may not be possible to effect service of process on some of the Company's directors or officers.***

Since certain of the Company's directors and officers live outside of Canada, it may be impossible to effect service of process on them. Furthermore, since all or a substantial portion of the assets of non-Canadian directors or officers are located outside of Canada, there may be difficulties in enforcing judgments against them obtained in Canadian courts.

***Our success is tied to management's efforts and abilities.***

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of our management team and other key personnel, including the Lead Researchers. Investors must be willing to rely to a significant extent on the discretion and judgment of the Company's management team.

***There may be conflicts of interest.***

The Company's directors and officers may serve as directors or officers of other similar companies or have significant shareholdings in other similar companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms in accordance with the BCBCA. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

**Risks Related to Intellectual Property**

***We rely on intellectual property and may not be able to protect intellectual property rights throughout the world.***

Our success is heavily dependent upon intangible property and technology that we own and/or licence from others, including pursuant to the License Agreement. We rely upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information we consider important to the development and success of our business. We utilize various methods to protect our proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. Further, identifying the unauthorized use of intellectual property rights is difficult as we may be unable to effectively monitor and evaluate the products being distributed by our competitors. There can be no assurance that the steps taken by us to protect intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of our intangible property, technology or processes. Other companies may also be able to materially duplicate our proprietary technology. To the extent that any of the above would occur, this could reduce any competitive advantage the Company may have, reduce our market share otherwise harm our business and revenue could be negatively affected, and in the future, we may have to litigate to enforce our intangible property rights, which could result in substantial costs and divert management's attention and other resources.

Further, we may be unable to obtain registrations for our intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which we are not aware, or we may encounter claims from prior users of similar intellectual property in areas where

we operate or intend to conduct operations. In addition, effective patent, trade secret and other intellectual property protection may be unavailable or limited in some foreign countries. In some countries, the Company may not apply for patent or other intellectual property protection. The Company also relies on unpatented technological innovation and other trade secrets to develop and maintain its competitive position. Although the Company generally enters into confidentiality agreements with its employees and third parties to protect its intellectual property, these confidentiality agreements are limited in duration, could be breached and may not provide meaningful protection of its trade secrets. Adequate remedies may not be available if there is an unauthorized use or disclosure of the Company's trade secrets and manufacturing expertise. In addition, others may obtain knowledge about the Company's trade secrets through independent development or by legal means. The failure to protect the Company's processes, technology, trade secrets and proprietary manufacturing expertise, methods and compounds could have a material adverse effect on its business by jeopardizing critical intellectual property.

Where a product formulation or process is kept as a trade secret, third parties may independently develop or invent and patent products or processes identical to such trade secret products or processes. This could have a material adverse effect on the Company's ability to make and sell products or use such processes and could potentially result in costly litigation in which the Company might not prevail. The Company could face intellectual property infringement claims that could result in significant legal costs and damages and impede its ability to produce key products, which could have a material adverse effect on its business, financial condition, and results of operations.

In addition, we cannot be certain that issued patents will be enforceable or provide adequate protection or that pending or contemplated patent applications will result in issued patents. Competitors may independently develop similar products, duplicate our products, design around our patent rights, or obtain patents and proprietary rights that block or compete with our products.

Policing the unauthorized use of our current or future intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources, and filing, prosecuting, and defending patents on all of our product candidates in all jurisdictions throughout the world would be prohibitively expensive. Therefore, we have filed applications and/or obtained patents only in key markets, such as Canada and the United States. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and their products may compete with ours.

In addition, if competitors infringe on our intellectual property, we may have to participate in litigation, interference or other proceedings that are expensive and divert management's attention to determine the right to a patent or other intellectual property or the validity of any patent granted. In any infringement proceeding, some or all of our current or future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for our benefit, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defence proceedings could put one or more of our current or future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued.

The Company's performance and ability to compete are dependent to a significant degree on the proprietary technology licensed to it under the License Agreement. The Company relies on the patents and a combination of copyright and trade secret laws, as well as confidentiality agreements and technical measures, to establish and protect the proprietary rights of the Inventions. As part of its confidentiality procedures, the Company generally enters into agreements with its employees and consultants and limits access to and distribution of its documentation and other proprietary information. Accordingly, while the Company will endeavor to protect the intellectual property licensed to it under the License Agreement, there can be no assurance that the steps taken by the Company will prevent misappropriation of that technology or that agreements entered into for that purpose will be enforceable. The laws of other countries may afford the Company little or no effective protection of its intellectual property or the intellectual property of the Licensor.

***The Company may not successfully secure patents relating to the Licensed Patent Rights.***

Pursuant to the License Agreement, the Company has agreed to fund the Licensor's applications for patents under the Licensed Patent Rights. There can be no assurance that our pending patent applications or any future patent applications will result in issued patents in Canada, the U.S. or foreign jurisdictions in which such applications are

pending. Even if patents do issue on any of these applications, there can be no assurance that a third party will not challenge their validity or enforceability, or that the Company will obtain sufficient claim scope or term in those patents to prevent a third party from competing successfully with the Company's product candidates. As a result, the Company could experience delays in its ability to distribute and commercialize REPELWRAP™, all of which would have a material adverse effect on the Company's business, results of operations and financial condition.

***There are risks of infringement on third parties' intellectual property.***

Although the Company does not believe that its proposed products infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Company or the Licensor or that any such assertions or prosecutions will not materially adversely affect the Company's business, financial condition, or results of operations. Regardless of the validity or the successful assertion of such claims, the Company could incur significant costs and diversion of resources with respect to the defense thereof, which could have a material adverse effect on the Company's business, financial condition, or results of operations.

**Risks Related to Ownership of Our Common Shares**

***There are risks related to forward-looking information in this Prospectus.***

The forward-looking information included in this Prospectus relating to, among other things, our future results, performance, achievements, prospects, intentions or opportunities or the markets in which we operate or expect to operate is based on opinions, assumptions and estimates made by our management in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Our actual results in the future may vary significantly from the historical and estimated results and those variations may be material. We make no representation that our actual results in the future will be the same, in whole or in part, as those described in this Prospectus. See "Forward-Looking Information".

***The market price of our Common Shares may be volatile, which could result in substantial losses for investors purchasing Common Shares.***

The price of the Common Shares will fluctuate with market conditions and other factors. If a holder of Common Shares sells its Common Shares, the price received may be more or less than the original investment. Some of the factors that may cause the market price of our Common Shares to fluctuate include:

- actual or anticipated fluctuations in our quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which we operate;
- addition or departure of our executive officers and other key personnel;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies.

We expect that our officers, directors and Principal Shareholders will collectively control, directly or indirectly, approximately 20.62% of the voting power and interests in our outstanding Common Shares upon conversion of the Subscription Receipts. Subsequent sales of our Common Shares by these shareholders, or the market perception that holders of a large number of Common Shares intend to sell Common Shares, could have the effect of lowering the market price of our Common Shares. Further, the perceived risk associated with the possible sale of a large number of Common Shares by these shareholders, or the adoption of significant short positions by hedge funds or other significant investors, could cause some of our shareholders to sell their Common Shares, thus causing the market price of our Common Shares to decline. In addition, actual or anticipated downward pressure on our stock price due to actual or anticipated sales of Common Shares by our officers, directors or Principal Shareholders could cause other

institutions or individuals to engage in short sales of the Common Shares, which may further cause the market price of our Common Shares to decline.

From time to time our directors and executive officers may sell Common Shares on the open market. These sales will be publicly disclosed in filings made with securities regulators. In the future, our directors and executive officers may sell a significant number of Common Shares for a variety of reasons unrelated to the performance of our business. Our shareholders may perceive these sales as a reflection on management's view of the business and result in some shareholders selling their Common Shares. These sales could cause the market price of our Common Shares to decline. Any decline in the market price of Common Shares may also impede our ability to raise additional capital and might cause remaining holders of Common Shares to lose all or part of their investment.

***There are risks associated with the potential dilution of our Common Shares.***

We may raise additional funds in the future by issuing equity securities. Such equity securities could contain rights and preferences superior to those of the Common Shares and holders of Common Shares will have no pre-emptive rights in connection with such further issues. The Board of Directors has the discretion to determine if an issuance of equity securities is warranted, the price at which such issuance is effected and the other terms of issue of any equity securities, including Common Shares or equity securities convertible into Common Shares. In addition, additional Common Shares may be issued by us in connection with the exercise of options granted. To the extent holders of our options or other convertible securities convert or exercise their securities and sell the Common Shares they receive, the trading price of the Common Shares may decrease due to the additional number of Common Shares available in the market. Such additional equity issuances could, depending on the price at which such securities are issued, substantially dilute the interests of the holders of Common Shares. In addition, we cannot predict the size of future issuances of our equity securities, including Common Shares, or the effect, if any, that future issuances and sales of our equity securities, including Common Shares will have on the market price of our Common Shares. Sales of substantial amounts of our Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for our Common Shares.

After the conversion of the Subscription Receipts, we will have 51,163,453 Common Shares outstanding.

***An active, liquid and orderly trading market for our Common Shares may not develop, and you may not be able to resell Common Shares at or above your initial purchase price.***

We have applied to have the Common Shares listed on the CSE. Listing is subject to the approval of the CSE in accordance with its original listing requirements. The CSE has not conditionally approved our listing application and there is no assurance that the CSE will approve the listing application.

There is currently no market through which our Common Shares may be sold and, if a market for our Common Shares does not develop or is not sustained, you may not be able to resell your Common Shares. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and the extent of issuer regulation. We cannot predict the prices at which the Common Shares will trade. If an active and liquid trading market for the Common Shares does not develop or is not maintained, investors may have difficulty selling their Common Shares. There can be no assurance that there will be sufficient liquidity of the Common Shares on the trading market, or that we will continue to meet the listing requirements of the CSE or any other public listing exchange on which the Common Shares may subsequently be listed.

***If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about us or our business, our trading price and volume could decline.***

The trading market for our Common Shares will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering us, the trading price for our Common Shares could be negatively impacted. If we obtain securities or industry analyst coverage and one or more of the analysts who cover us downgrade our Common Shares or publish inaccurate or unfavourable research about our business, or more favourable relative recommendations about our competitors, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Common Shares could decrease, which could cause our trading price and volume to decline.

***We may not be able or willing to pay any dividends.***

No dividends on the Common Shares have been paid to date and there is no assurance as to whether we will be profitable enough to pay dividends or determine to do so even if sufficiently profitable. We anticipate that, for the foreseeable future, we will retain future earnings and other cash resources for the operation and development of our business. Payment of any future dividends will be at the discretion of the Board of Directors after considering many factors, including our earnings, operating results, financial condition, current and anticipated cash needs, and restrictions in financing agreements. Our ability to pay dividends is subject to our future financial position. Our Board must also approve any dividends at their sole discretion. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

**Risks Related to Exchange Rate**

***Exchange rate fluctuations between the Canadian dollar and the U.S. dollar may negatively affect our future revenues.***

We will be exposed to the financial risk related to the fluctuation of foreign exchange rates. If the Company begins to generate revenues, substantially all of our revenues will be in Canadian dollars, including executive compensation, employee salaries and payments to service providers. The majority of our operating expenses are incurred in Canada. We may also enter into foreign currencies transactions for imported goods and equipment predominantly from the United States and are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes between the Canadian dollar and the U.S. dollar. Although exposure to currency fluctuations to date has not had a material adverse effect on our business, there can be no assurance that any future hedging transactions we engage in will provide sufficient protection and that such fluctuations in the future will not have a material adverse effect on our operating results and financial condition. To date, we have not hedged our exposure to currency fluctuations.

**Other Risks**

***The COVID-19 Public Health Crisis or another global health pandemic could materially affect the Company's business, operations and financial condition.***

The Company's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, on March 11, 2020, the World Health Organization declared the outbreak a global pandemic.

To date, there have been a large number of temporary business closures, quarantines and various reductions (and surges) in consumer activity worldwide, including in Canada. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While to date these effects have been temporary and sporadic, the duration of any future disruptions to businesses locally and internationally and the related financial impact may affect the Company's business, financial condition and results of operations.

Such public health crises can result in volatility and disruptions in global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations affected by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest.

To date the Company's business operations have not been substantially affected by the COVID-19 pandemic (save for requiring some company staff to work remotely). However, as discussed, as the COVID-19 pandemic continues, there is a risk that the effects of the COVID-19 pandemic, including governmental restrictions and vaccination requirements, market disruptions or volatility, or changed in economic conditions will materially affect the Company's business in the future. A future wave of COVID-19 in North America or a new global health pandemic may result in further disruptions due to: (i) restrictions that governments and communities impose to address the COVID-19 global pandemic or new global health pandemic, as applicable; (ii) restrictions that the Company or any manufacturing and distributor partners impose to ensure the safety of employees and others; (iii) shortages of employees and/or

unavailability of manufacturing and distributor partners; (iv) interruption of supplies from third-parties upon which the Company relies and/or (v) vaccination requirements.

***There are risks related to the use of available funds.***

The Company intends to use the available funds in the manner described under the heading "Use of Available Funds". However, the Company's management will have broad discretion concerning the use of the funds as well as the timing of their expenditures, and there can be no assurance as to how the funds will be allocated. The failure of the Company to apply these funds effectively could negatively impact the success of the Company's business. Until utilized, the funds will be held in cash balances in the Company's bank account or invested at the discretion of the directors and/or senior management of the Company. As a result, a purchaser will be relying on the judgment of management of the Company for the application of the available funds. The results and the effectiveness of the application of the funds are uncertain. If the available funds are not applied effectively, the Company's business, prospects, financial condition and results of operations may suffer, which could have material and adverse effect on the trading price of the Common Shares in the market.

***The Company is subject to the effects of general economic and political conditions***

The business of the Company is subject to the impact of changes in Canadian, U.S. and international economic conditions, including but not limited to, recessionary or inflationary trends, equity market conditions, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. These economic conditions may be further affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. Adverse economic and political developments could have a material adverse effect on the Company and its business, financial condition, results of operations and cash flows.

***The Company's internal control procedures may be inadequate.***

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company undertakes a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its independent auditors discover a material weakness in such controls, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and materially reduce the market price of the Common Shares.

## PROMOTER

Dr. Carolyn Myers, CEO of the Company, has assisted in the primary organization of the Company and accordingly is a promoter of the Company. Dr. Myers owns 1,500,001 Common Shares which represents approximately 2.93% of the Common Shares outstanding following the conversion of the Subscription Receipts into Common Shares.

See "*Directors and Executive Officers*" and "*Executive Compensation*" for more information on Dr. Myers.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

### Legal Proceedings

There are no legal proceedings that the Company is or was a party to, or that any of the Company's property is or was the subject of, since its incorporation on July 28, 2020, that were or are material to the Company, and there are no such material legal proceedings that the Company knows to be contemplated.

There were no: (i) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority since its incorporation on July 28, 2020; (ii) other penalties or sanctions imposed by a court or regulatory body against the Company that the Company believes must be disclosed

for this Prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares; or (iii) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with any securities regulatory authority since its incorporation on July 28, 2020.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this Prospectus, none of the directors or executive officers of the Company, and no associate or affiliate of the foregoing, has, or has had, any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or will materially affect the Company.

## AUDITOR, TRANSFER AGENT AND REGISTRAR

The Company's auditors are Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants ("**DMCL**"), of Vancouver, British Columbia, as auditors of the Company, report that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants Code of British Columbia Professional Conduct.

The registrar and transfer agent for the Company's common shares is Endeavor Trust Corporation at its principal office in Vancouver, British Columbia.

## MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company, or its material subsidiaries, to the date hereof which are currently in effect and considered to be material:

(a) License Agreement dated February 5, 2021, as amended on July 14, 2021 and July 15, 2022. See "*Description of the Business*".

(b) Transfer Agent Agreement dated May 14, 2021.

(c) Voluntary Pooling Agreement dated June 19, 2021.

(d) Bonus Share Agreements dated June 19, 2021. See "*Description of the Business*".

(e) Collaborative Research Agreement dated July 7, 2021 with an effective date of August 1, 2021 and executed on August 24, 2021.

(f) Subscription Receipt Agreement dated April 28, 2022.

(g) Warrant Indenture dated April 28, 2022.

(h) Escrow Agreement dated ♦, 2022.

## EXPERTS

### Names of Experts

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this Prospectus as having prepared or certified a report, valuation, statement or opinion in this Prospectus: DMCL.

### Interests of Experts

None of the persons set out under the heading "Experts – Names of Experts" have held, received or is to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of its

associates or affiliates when such person prepared the report, valuation, statement or opinion aforementioned or thereafter.

## ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

The following persons reside outside of Canada or, in the case of companies, are incorporated, continued or otherwise organized under the laws of a foreign jurisdiction and each has appointed an agent listed below, if applicable, for service of process in Canada:

| Name of Person | Name and Address of Agent |
|---|---|
| **Dr. Carolyn Myers**<br>President, Chief Executive Officer and Director | FendX Technologies Inc.<br>2010 Winston Park Dr., 2nd Floor, Oakville, ON L6H 5R7 |
| **Ian Mark Landy**<br>Director | FendX Technologies Inc.<br>2010 Winston Park Dr., 2nd Floor, Oakville, ON L6H 5R7 |

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, or resides outside of Canada, even if the party has appointed an agent for service of process.

## RIGHTS OF WITHDRAWAL AND RESCISSION

In the event that a holder of a Subscription Receipt, who acquires Common Shares upon conversion of the Subscription Receipts is or becomes entitled under applicable Canadian securities laws to the remedy of rescission by reason of this Prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the conversion of their Subscription Receipts for Common Shares but also of the private placement transaction under which the Subscription Receipts was initially acquired, and shall be entitled in connection with such rescission to a full refund of all consideration paid to the Company on the acquisition of the Subscription Receipts. In the event such holder is a permitted assignee of the interest of the original subscriber, such permitted assignee will be entitled to exercise the rights of rescission and refund granted thereunder as if such permitted assignee were the original subscriber. The foregoing is in addition to any other right or remedy available to a holder of the Subscription Receipts under applicable law.

## FINANCIAL STATEMENT DISCLOSURE

The audited financial statements for the period from incorporation on July 28, 2020 to December 31, 2020, the audited annual financial statements for the year ended December 31, 2021 and the unaudited condensed interim financial statements for the three month period ended March 31, 2022 are attached as Appendix B to this Prospectus.

## GLOSSARY

The following terms used in this Prospectus have the meanings set forth below, unless otherwise indicated.

"**Articles**" means the articles of incorporation of FendX, as amended from time to time.

"**Audit Committee**" means the audit committee of the Company, as further described under the heading "Corporate Governance — Committees of the Board — Audit Committee".

"**Awards**" has the meaning ascribed thereto under "Executive Compensation — Principal Elements of Compensation — Equity Incentive Plan".

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Board**" or "**Board of Directors**" means the board of directors of the Company.

"**CEO**" means chief executive officer.

"**CFO**" means chief financial officer.

"**Common Shares**" means the common shares in the capital of the Company without par value.

"**Company**" or "**FendX**" means FendX Technologies Inc. and, unless the context otherwise requires, includes predecessors or other entities controlled by any of them.

"**Concurrent Private Placement**" has the meaning set out under "*Use of Available Funds – Concurrent Private Placement*."

"**COO**" means chief operating officer.

"**CSE**" means the Canadian Securities Exchange".

"**Director**" means a member of the Company's Board of Directors.

"**Equity Incentive Plan**" means the Equity Incentive Plan of the Company dated October 19, 2021.

"**Escrow Agent**" means Endeavor Trust Corporation, escrow agent to the Company.

"**Escrow Release Condition**" has the meaning set out under "*Use of Available Funds – Concurrent Private Placement*."

"**Form 52-110F2**" means Form 52-110F2 – *Disclosure by Venture Issuers*.

"**Licensor**" means McMaster University.

"**License Agreement**" means the license agreement dated February 5, 2021 between the Company and the Licensor.

"**License Shares**" means the Common Shares issued to the Licensor pursuant to the License Share Agreement.

"**License Share Agreement**" means the share issuance agreement dated June 29, 2021 between the Company and the Licensor pursuant to which the Company issued the License Shares to the Licensor.

"**Listing**" means the listing of the Listed Securities on the CSE.

"**Listing Date**" means the date the Listing.

"**MD&A**" means Management's Discussion and Analysis.

"**NEO**" means the named executive officers of the Company, who are the CEO, CFO, and COO of FendX.

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements*.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

"**Options**" or "**Stock Options**" means options to purchase Common Shares.

"**REPELWRAP™**" means the Company's anticipated first-to-market product, repels bacteria and viruses that can applied to high-contact surfaces and them protected from contamination, reducing the transmission of harmful pathogens.

"**Subscription Receipt Agent**" means Endeavor Trust Corporation, subscription receipt agent to the Company, pursuant to the Subscription Receipt Agreement.

"**Subscription Receipt Agreement**" has the meaning set out under "*Use of Available Funds – Concurrent Private Placement*."

"**Technology**" has the meaning ascribed thereto in the License Agreement.

"**Termination Date**" has the meaning ascribed thereto under "*Executive Compensation — Principal Elements of Compensation — Equity Incentive Plan*"

"**Transfer Agent**" means Endeavor Trust Corporation, transfer agent to the Company.

"**U.S.**" means the United States of America.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

"**US$**" or "**U.S. Dollars**" means United States dollars.

"**Voluntary Escrow Agreement**" means the voluntary escrow agreement dated June 19, 2021 among the Company and certain shareholders of the Company.

**APPENDIX A**
**AUDIT COMMITTEE CHARTER**

**FENDX TECHNOLOGIES INC.**
(the "**Corporation**")

**AUDIT COMMITTEE CHARTER**

## 1. MANDATE

The audit committee will assist the board of directors of the Corporation (the "**Board**") in fulfilling its financial oversight responsibilities. The committee will review and consider, in consultation with the Corporation's external auditors, the financial reporting process, the system of internal control over financial reporting and the audit process. In performing its duties, the audit committee will maintain effective working relationships with the Board, management and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well as the Corporation's business, operations and risks.

## 2. COMPOSITION

The Board will appoint, from among their membership, an audit committee after each annual meeting of the shareholders of the Corporation. The audit committee will consist of a minimum of three directors.

### *2.1 Independence*

Subject to Sections 3.2, 3.3, 3.4, 3.5 and 3.6 and Part 6 of National Instrument 52-110 (Audit Committees)) ("**NI 52-110**"), a majority of the members of the audit committee must be "independent" (as defined in Section 1.4 of NI 52-110).

### *2.2 Expertise of Committee Members*

Subject to Sections 3.5 and 3.8 and Part 6 of NI 52-110, a majority of the members of the audit committee must be "financially literate" (as defined in Section 1.6 of NI 52-110) or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise.

## 3. MEETINGS

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Corporation's Chief Financial Officer and external auditors in separate executive sessions.

## 4. ROLES AND RESPONSIBILITIES

The audit committee shall fulfill the following roles and discharge the following responsibilities:

### *4.1 External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, or performing other audit, review or attestation services, including the resolution of disagreements between management and the external auditors regarding financial reporting. In carrying out this duty, the audit committee shall:

(a) recommend to the Board that the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation;

(b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;

(c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;

(d) review and recommend to the Board the compensation to be paid to the external auditors;

(e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards; and

(f) review and approve the Corporation's hiring policies regarding partners and employees, and former partners and employees, of the present and former external auditor of the Corporation.

### *4.2 Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Corporation. In carrying out this duty, the audit committee shall:

(a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Corporation; and

(b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

### *4.3 Financial Reporting*

The audit committee shall review the financial statements and financial information of the Corporation prior to their release to the public. In carrying out this duty, the audit committee shall:

*General*

(a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions;

(b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate;

*Annual Financial Statements*

(c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;

(d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered;

(e) review management's discussion & analysis respecting the annual reporting period prior to its release to the public;

*Interim Financial Statements*

(f) review and approve the interim financial statements prior to their release to the public;

(g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public; and

*Release of Financial Information*

(h) where reasonably possible, review and approve all public disclosure containing financial information, including news releases, prior to release to the public. An audit committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and must periodically assess the adequacy of those procedures.

### *4.4 Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Corporation or any subsidiary of the Corporation shall be subject to the prior approval of the audit committee.

*Delegation of Authority*

(a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

*De-Minimis Non-Audit Services*

(b) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:

(i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or

(ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

*Pre-Approval Policies and Procedures*

(c) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:

(i) the pre-approval policies and procedures are detailed as to the particular service;

(ii) the audit committee is informed of each non-audit service; and

(iii) the procedures do not include delegation of the audit committee's responsibilities to management.

### *4.5 Other Responsibilities*

The audit committee shall:

(a) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;

(b) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

(c) ensure that significant findings and recommendations made by management and the external auditor are received and discussed on a timely basis;

(d) review the policies and procedures in effect for considering officers' expenses and perquisites;

(e) perform other oversight functions as requested by the Board; and

(f) review and update this Charter and receive approval of changes to this Charter from the Board.

### *4.6 Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

## 5. RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any advisors employed by the audit committee; and

(c) communicate directly with the internal and external auditors.

## 6. GUIDANCE – ROLES & RESPONSIBILITIES

The audit committee should consider undertaking the actions described in the following guidance, which is intended to provide the audit committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

### *6.1 Internal Control*

(a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities,

(b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown, and

(c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management;

### *6.2 Financial Reporting*

*General*

(a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements,

(b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks,

(c) understand industry best practices and the Corporation's adoption of them;

*Annual Financial Statements*

(d) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Corporation reports or trades its shares;

(e) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;

(f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;

(g) consider management's handling of proposed audit adjustments identified by the external auditors;

(h) ensure that the external auditors communicate all required matters to the committee;

*Interim Financial Statements*

(i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;

(j) meet with management and the auditors, either telephonically or in person, to review the interim financial statements;

(k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:

  (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;

  (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the Corporation's operations and financing practices;

  (iii) generally accepted accounting principles have been consistently applied;

  (iv) there are any actual or proposed changes in accounting or financial reporting practices;

  (v) there are any significant or unusual events or transactions;

  (vi) the Corporation's financial and operating controls are functioning effectively;

(vii) the Corporation has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and

(viii) the interim financial statements contain adequate and appropriate disclosures;

***6.3 Compliance with Laws and Regulations***

(a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";

(b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;

(c) review the findings of any examinations by securities regulatory authorities and stock exchanges; and

***6.4 Other Responsibilities***

(a) review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements.

**APPENDIX B**
**FINANCIAL STATEMENTS**

*[Please see attached]*

# FENDX TECHNOLOGIES INC.

FINANCIAL STATEMENTS
For the year ended December 31, 2021 and Period from Incorporation on July 28, 2020 to December 31, 2020

*(Expressed in Canadian dollars)*

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FendX Technologies Inc.

## Opinion

We have audited the financial statements of FendX Technologies Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2021 and the period from incorporation July 28, 2020 to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and the period from incorporation July 28, 2020 to December 31, 2020 in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company have an accumulated deficit of $1,459,957 as of December 31, 2021. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**DALE MATHESON CARR-HILTON LABONTE LLP**
**CHARTERED PROFESSIONAL ACCOUNTANTS**
Vancouver, BC

August […], 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

# STATEMENTS OF FINANCIAL POSITION

*(Expressed in Canadian dollars)*

| | Note | December 31, 2021 $ | December 31, 2020 $ |
|---|---|---|---|
| ASSETS | | | |
| Current | | | |
| Cash | | 1,083,871 | 356,566 |
| Amounts receivable | | 14,754 | - |
| Prepaid expenses | 4 | 144,685 | - |
| | | 1,243,310 | 356,566 |
| Property and equipment, net | 5 | 3,812 | - |
| Total assets | | 1,247,122 | 356,566 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| LIABILITIES | | | |
| Current | | | |
| Accounts payable | 7 | 205,390 | 111,689 |
| Accrued liabilities | 7 | 182,239 | 218,251 |
| Total liabilities | | 387,629 | 329,940 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 8 | 2,241,312 | 1 |
| Subscriptions received | 8 | 30,000 | 363,500 |
| Reserves | 8 | 48,138 | - |
| Deficit | | (1,459,957) | (336,875) |
| Total shareholders' equity | | 859,493 | 26,626 |
| Total liabilities and shareholders' equity | | 1,247,122 | 356,566 |

Nature of operations and going concern *[note 1]*
Subsequent events note *[note 13]*

These financial statements were approved for issuance by the Board of Directors on August 12, 2022 and signed on its behalf by:

*"Prakash Gowd"*
Director

*"Carolyn Myers"*
Director

*The accompanying notes are an integral part of these financial statements.*

## STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

*(Expressed in Canadian dollars)*

| | Note | Year Ended December 31, 2021 $ | Period from Incorporation on July 28, 2020 to December 31, 2020 $ |
|---|---|---|---|
| Expenses | | | |
| Consulting fees | | 262,131 | 143,857 |
| Directors' fees | | 85,000 | - |
| General and administration | 7 | 41,836 | 608 |
| Management fees | 7 | 384,561 | 7,500 |
| Marketing | | 12,029 | 63,987 |
| Professional fees | 9 | 236,848 | 120,923 |
| Research and development | | 108,594 | - |
| | | 1,130,999 | 336,875 |
| Loss before other income | | (1,130,999) | (336,875) |
| Other income | | | |
| Government grant | 10 | 7,500 | - |
| Foreign exchange gain | | 417 | - |
| | | 7,917 | - |
| Net loss and comprehensive loss | | (1,123,082) | (336,875) |
| Basic and diluted loss per common share | | (0.07) | (336,875) |
| Weighted average number of common shares outstanding – basic and diluted | | 17,172,990 | 1 |

*The accompanying notes are an integral part of these financial statements.*

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

*(Expressed in Canadian dollars)*

| | Common Shares | | Subscriptions received | Reserves | Deficit | Total |
|---|---|---|---|---|---|---|
| | Number | $ | $ | $ | $ | $ |
| Shares issued on incorporation, July 28, 2020 | 1 | 1 | - | - | - | 1 |
| Subscriptions received | - | - | 363,500 | - | - | 363,500 |
| Net loss for the period | - | - | | - | (336,875) | (336,875) |
| Balance, December 31, 2020 | 1 | 1 | 363,500 | - | (336,875) | 26,626 |
| Private placements | 28,400,665 | 2,035,100 | (363,500) | - | - | 1,671,600 |
| Shares issued – debt settlements | 5,500,000 | 207,500 | - | - | - | 207,500 |
| Shares issued – License Agreement | 1,435,000 | 71,750 | - | - | - | 71,750 |
| Shares issued – finders' shares | 701,387 | 105,208 | - | - | - | 105,208 |
| Shares cancelled | (166,000) | (24,900) | - | - | - | (24,900) |
| Shares cancelled – finders' shares | (13,280) | (1,993) | - | - | - | (1,993) |
| Share issuance costs | - | (151,354) | - | - | - | (151,354) |
| Subscriptions received | - | - | 30,000 | - | - | 30,000 |
| Broker warrants | - | - | - | 49,234 | - | 49,234 |
| Broker warrants - cancellation | | | | (1,096) | | (1,096) |
| Net loss for the year | - | - | - | - | (1,123,082) | (1,123,082) |
| Balance, December 31, 2021 | 35,857,773 | 2,241,312 | 30,000 | 48,138 | (1,459,957) | 859,493 |

*The accompanying notes are an integral part of these financial statements.*

## STATEMENTS OF CASH FLOWS

*(Expressed in Canadian dollars)*

| | Year Ended December 31, 2021 $ | Period from Incorporation on July 28, 2020 to December 31, 2020 $ |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Net loss | (1,123,082) | (336,875) |
| Add items not affecting cash: | | |
| Depreciation of property and equipment | 909 | - |
| Shares issued pursuant to License Agreement | 71,750 | - |
| Shares issued – debt settlements | 207,500 | - |
| | (842,923) | (336,875) |
| Changes in non-cash working capital items relating to operations: | | |
| Amounts receivable | (14,755) | - |
| Prepaid expenses | (144,685) | - |
| Accounts payable and accrued liabilities | 57,689 | 329,940 |
| Cash used in operating activities | (944,674) | (6,935) |
| INVESTING ACTIVITY | | |
| Additions to property, plant and equipment | (4,721) | - |
| Cash used in investing activity | (4,721) | - |
| FINANCING ACTIVITIES | | |
| Issuance of common shares, net of issuance costs | 1,646,699 | 1 |
| Proceeds from subscription received | 30,000 | 363,500 |
| Cash provided by financing activities | 1,676,699 | 363,501 |
| Increase in cash | 727,304 | 356,566 |
| Cash, beginning | 356,567 | - |
| Cash, ending | 1,083,871 | 356,566 |
| Supplemental disclosures with respect to cash flows: | | |
| Shares issued pursuant to License Agreement | 71,750 | - |
| Issuance of shares for settlement of debts | 207,500 | - |
| Fair value of compensation warrants issued | 48,138 | - |

*The accompanying notes are an integral part of these financial statements.*

## 1. NATURE OF OPERATIONS AND GOING CONCERN

FendX Technologies Inc. ("FendX" or the "Company") was incorporated under the British Columbia *Business Corporations Act*. The Company was incorporated as 1259192 B.C. Ltd. on July 28, 2020 and subsequently changed its name to FendX Technologies Inc. on September 18, 2020.

The Company's head office is located at 2010 Winston Park Drive, 2nd Floor, Oakville, Ontario, L6H 5R7.

The Company was formed to advance a platform technology that was licensed from McMaster University, of Hamilton, Ontario, Canada, pursuant to a License Agreement (as herein defined) dated effective February 5, 2021. The Company is a technology company focused on developing surface-coating products that repel certain pathogens.

These financial statements have been prepared under the assumption that the Company will continue as a going concern. The going concern basis of presentation assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As of December 31, 2021, the Company had an accumulated deficit of $1,459,957. The Company's operations are dependent on obtaining additional financing to further develop its technology and generating cash flow from operations in the future. These factors form a material uncertainty, which may raise significant doubt about the Company's ability to continue as a going concern. Management's plans to meet the Company's current and future obligations may include raising capital through the issuance of equity and debt securities, relying on the financial support of its shareholders and related parties and cashflow from operations if the Company is successful in commercially launching its technology. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. These financial statements do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business. Such adjustments can be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak continues to adversely affect workforces, economies, and financial markets globally, potentially leading to an economic downturn. Currently, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

## 2. BASIS OF PRESENTATION

### [a] Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, and interpretations issued by the International Financial Reporting Interpretation Committee effective for the year ended December 31, 2021.

These financial statements were approved for issue by the Company's Board of Directors on August 12, 2022.

### [b] Basis of measurement

These financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

## 2. BASIS OF PRESENTATION (CONTINUED)

### [c] Functional and foreign currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency transactions are translated into Canadian dollars using the exchange rates at the date of the transactions. Foreign exchange gains or losses resulting from the settlement of transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognized in net income or loss.

### [d] Significant accounting estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company reviews its estimates and underlying assumptions on an ongoing basis.

*Critical judgments*

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

i. Research costs and license costs are recognized as an expense when incurred, but development costs may be capitalized as intangible assets if certain conditions are met, as described in International Accounting Standard ("IAS") 38 *Intangible Assets*. Management has determined that development costs do not meet the conditions for capitalization under IAS 38, and all research and development costs and license costs have been expensed.

ii. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

iii. The determination of categories of financial assets and financial liabilities have been identified as an accounting policy, which involves judgments or assessments made by management.

iv. Management is required to determine whether the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future, including the availability of financing and revenue projection, as well as the current working capital balance and future commitments of the Company.

## 2. BASIS OF PRESENTATION (CONTINUED)

[d] Significant accounting estimates and judgments (continued)

*Estimation uncertainty*

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

ii. The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements have been applied to all periods presented.

The following is a summary of significant accounting policies:

[a] Research and development costs

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

i. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
ii. its intention to complete the intangible asset and use or sell it;
iii. its ability to use or sell the intangible asset;
iv. how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
vi. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are capitalized as soon as the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[a] Research and development costs (continued)

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. They are amortized on a straight-line basis over their useful life, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount.

[b] Property and equipment, net

Property and equipment are recorded at cost less accumulated amortization and impairment charges. The cost of repair and maintenance is expensed as incurred. Depreciation is provided using the declining balance method or straight line method over the estimated useful lives of the assets. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from the property and equipment and any gain or loss is recorded to profit or loss.

The significant class of property and equipment includes computer equipment which is depreciated at the rate of 55% using straight line method, commencing when the assets become available for use.

[c] Government grant

A government grant is recognized when there is reasonable assurance it will be received, and all related conditions will be complied with. The Company recognizes government grant in profit or loss on a systematic basis and in line with its recognition of the expenses that the grants are intended to compensate. The Company carefully determines whether the grant compensates expenses already incurred or future costs.

[d] Share-based payments

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and expensed over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services cannot be reliably measured and is recorded at the date the goods or services are received. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in warrants reserve is transferred to share capital. Charges for options or warrants that are cancelled or expire

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[d] Share-based payments (continued)

are reclassified from contributed surplus to deficit.

[e] Income taxes

Deferred income tax is recognized using the liability method on temporary differences arising between the tax and accounting bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect either accounting or taxable profit or loss.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred income tax assets are recognized only to the extent that it is probable that future profit will be available against which such assets can be utilized.

[f] Share capital

The Company records proceeds from share issued net of issuance costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the common shares are issued.

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to the shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

[g] Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method whereby all in-the-money options and warrants are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. In periods of loss basic and diluted loss per share are the same, as the effect of the exercise of outstanding options and warrants is anti-dilutive.

[h] Financial instruments

*Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held-for-trading are classified as FVTPL. For other equity

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[h] Financial instruments (continued)

*Classification* (continued)

instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held-for-trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial instruments under IFRS 9 *Financial Instruments*:

| Financial Asset/Liabilities | Classification |
|---|---|
| Cash | FVTPL |
| Amounts receivable | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |

*Measurement*

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the statement of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

*(Expressed in Canadian dollars)*

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[h] Financial instruments (continued)

*Derecognition*

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of loss and comprehensive loss.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

Accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early-adopted. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

## 4. PREPAID EXPENSES

| | December 31, 2021<br>$ |
|---|---|
| Prepaid insurance | 1,183 |
| Prepaid research project expense | 143,502 |
| | 144,685 |

Pursuant to a collaborative research agreement entered into between the Company and McMaster University ("McMaster") with an effective date of August 1, 2021 (the "Collaborative Research Agreement" or "CRA"), the Company advanced $175,000 to McMaster in 2021 as initial funding for the sponsored research project for work led by the McMaster lead researchers (the "Lead Researchers") to further develop the Licensed Technology (as defined herein), of which $143,502 has been included in prepaid expenses as at December 31, 2021.

*(Expressed in Canadian dollars)*

## 5. PROPERTY AND EQUIPMENT, NET

| | Computer Equipment $ | Total $ |
|---|---|---|
| Cost: | | |
| Balance, December 31, 2020 | - | - |
| Additions | 4,721 | 4,721 |
| Balance, December 31, 2021 | 4,721 | 4,721 |
| Accumulated depreciation: | | |
| Balance, December 31, 2020 | - | - |
| Depreciation | (909) | (909) |
| Balance, December 31, 2021 | (909) | (909) |
| Net book value: | | |
| As of December 31, 2020 | - | - |
| As of December 31, 2021 | 3,812 | 3,812 |

## 6. LICENSE AGREEMENT

The Company and McMaster entered into a license agreement (the "License Agreement") dated February 5, 2021, and amended July 14, 2021 and July 15, 2022, in respect of the technology and patents which form the primary basis of the Company's business (the "Licensed Technology"), which granted the Company an exclusive worldwide license to the Licensed Technology. In addition, the Company entered into a Collaboration Research Agreement with McMaster that allows the Company to work with the McMaster to advance the technology. Pursuant to the License Agreement, the Company agreed to the following:

- the issuance to McMaster of common shares equal to 5% of its fully diluted share capital on achievement of certain funding thresholds (issued);
- payment of annual royalty payments as a % of net sales subject to annual minimum payments; and
- funding for development milestones such that in year one, the Company will fund development work pursuant to the Collaborative Research Agreement and contribute an aggregate of $350,000 toward sponsored research projects, of which $175,000 was due on signing the Collaborative Research Agreement (paid), and $87,500 is payable on each of months 4 and 8 thereafter, upon receipt of invoices from McMaster (not yet received). In year two and year three, the Company is to contribute a minimum of $150,000 each year to a sponsored research project to further develop the Licensed Technology, provided the research aims are approved by the Company.

## 7. RELATED PARTY DISCLOSURE

*Transactions with related parties*

Related parties of the Company include key management personnel and companies controlled by key management personnel. Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company.

*(Expressed in Canadian dollars)*

## 7. RELATED PARTY DISCLOSURE (CONTINUED)

Amounts due to related parties, including amounts due to key management personnel, at the period-end are unsecured and interest-free, and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Included in accounts payable and accrued liabilities at December 31, 2021, were amounts totaling $243,274 (2020 - $7,500) due to current and former related parties.

The following related party fees were incurred:

| | Year Ended December 31, 2021 $ | Period from Incorporation on July 28, 2020 to December 31, 2020 $ |
|---|---|---|
| Consulting fees | 32,508 | - |
| Directors' fees | 85,000 | - |
| Management fees | 384,561 | 7,500 |
| Total | 502,069 | 7,500 |

During the year ended December 31, 2021, the Company settled management fees of $7,500 owing as at December 31, 2020 to the CEO through the issuance of 1,500,000 common shares. The common shares were issued at a fair value of $0.005 per share.

## 8. SHARE CAPITAL

[a] Authorized

Unlimited number of common shares without par value.

[b] Issued

As at December 31, 2021, the Company had 35,857,773 (December 31, 2020 – 1) common shares issued and outstanding. An aggregate of 16,200,001 common shares are subject to voluntary pooling agreements such that 55% of the shares are released on the date that is 18 months from the listing date of the Company's common shares on a Canadian stock exchange (the "Listing Date"), and further 15% releases on the dates that are 24, 30 and 36 months from the Listing Date. In addition, 1,435,000 common shares are subject to escrow such that 100% of the common shares will be released on the date that is 18 months after the Listing Date.

During the year ended December 31, 2021:

i. On June 19, 2021, the Company closed a private placement and issued an aggregate of 9,000,000 common shares at $0.005 per share for proceeds of $45,000.

ii. On June 19, 2021, the Company issued 1,500,000 common shares to settle debt obligations of $7,500 to a related party. The common shares were issued at a fair value of $0.005 per share.

## 8. SHARE CAPITAL (CONTINUED)

[b] Issued (continued)

During the year ended December 31, 2021 (continued):

iii. The Company closed private placements on March 10, 2021 and June 29, 2021 and issued 9,200,000 units at $0.05 per unit for proceeds of $460,000. Each unit consists of one common share and one share purchase warrant, each warrant is exercisable into one additional common share at a price of $0.10 per share for a period of 2 years from the date of issue. The warrants were valued at $nil using the residual method.

iv. Pursuant to the License Agreement, the Company agreed to issue McMaster that number of common shares equal to 5% of its fully diluted share capital on achievement of certain funding thresholds. On June 29, 2021, the Company issued 1,435,000 common shares at a fair value of $0.05 per share for a fair value of $71,750 to McMaster.

v. On June 29, 2021, the Company issued 1,000,000 common shares to settle debt obligations of $50,000 to an arms-length third party. The common shares were issued at a fair value of $0.05 per share.

vi. On June 29, 2021, the Company issued 3,000,000 common shares to settle debt obligations of $150,000 to an arms-length third party. The common shares were issued at a fair value of $0.05 per share.

vii. During the year, the Company closed several tranches of a private placement (on August 16, 2021, November 9, 2021 and December 23, 2021), and issued an aggregate of 10,200,665 common shares at a price of $0.15 per share for proceeds of $1,530,100. Pursuant to the private placements, the Company issued an aggregate of 701,387 finder's shares with a fair value of $105,208 and an aggregate of 701,387 broker warrants exercisable at $0.15 per share for a period of two years after the date of issuance, with a fair value of $49,234. For the August 16, 2021 tranche, the broker warrants were valued using the Black-Scholes pricing model under the following assumptions: a risk-free rate of 0.43%, an estimated annualized volatility of 85.19%, an expected life of 2 years, a nil dividend yield, and an exercise price of $0.15. For the November 9 and December 23, 2021 tranches, the broker warrants were valued using the Black-Scholes model under the following assumptions: a risk-free rate of 0.92% and 0.98% respectively, an estimated annualized volatility of 87.02% and 84.80% respectively, an expected life of 2 years, a nil dividend yield, and an exercise price of $0.15.

viii. On December 13, 2021, the Company cancelled a net amount of 166,000 common shares previously issued at $0.15 per share with a fair value of $24,900. Pursuant to the cancellation, the Company also cancelled 13,280 finder's shares with a fair value of $1,993, and cancelled 13,280 broker warrants with a fair value of $1,096.

ix. As at December 31, 2021, the Company has received subscription proceeds totaling $30,000 related to a private placement which closed in January 2022.

During the period from incorporation on July 28, 2020 to December 31, 2020:

i. On July 28, 2020, the Company issued 1 common share on incorporation in exchange for $1, which was repurchased by the Company and reissued on September 18, 2021 pursuant to the Company's name change.

ii. As at December 31, 2020, the Company had received subscription receipts of $363,500 related to a private placement which was closed during the year ended December 31, 2021.

*(Expressed in Canadian dollars)*

## 8. SHARE CAPITAL (CONTINUED)

[c] Common share purchase warrants

A summary of the common share purchase warrant activity is as follows:

| | Number | Weighted Average Exercise Price $ |
|---|---|---|
| Balance, December 31, 2020 | - | - |
| Issued | 9,200,000 | 0.10 |
| Balance, December 31, 2021 | 9,200,000 | 0.10 |

Details of common share purchase warrants outstanding are as follows:

| Date of Expiry | Number of Warrants Outstanding | Exercise Price $ |
|---|---|---|
| March 10, 2023 | 8,000,000 | 0.10 |
| June 29, 2023 | 1,200,000 | 0.10 |
| Balance, December 31, 2021 | 9,200,000 | 0.10 |

The remaining life of the common share purchase warrants as of December 31, 2021 is 1.23 years.

[d] Broker warrants

| | Number | Weighted Average Exercise Price $ |
|---|---|---|
| Balance, December 31, 2020 | - | - |
| Issued | 701,387 | 0.15 |
| Cancelled | (13,280) | (0.15) |
| Balance, December 31, 2021 | 688,107 | 0.15 |

| Expiry Date | Number Outstanding | Exercise Price $ |
|---|---|---|
| August 16, 2023 | 200,320 | 0.15 |
| November 9, 2023 | 45,120 | 0.15 |
| December 23, 2023 | 442,667 | 0.15 |
| | 688,107 | |

During the year ended December 31, 2021, the Company issued an aggregate of 701,387 broker warrants with an exercise price of $0.15 per warrant. A share cancellation during the year resulted in the Company reissuing a broker warrant to a finder for 61,920 broker warrants which was originally issued on August 16, 2021 for 75,200 warrants, resulting in the cancellation of 13,280 broker warrants. The remaining life of the broker warrants at December 31, 2021 is 1.87 (2020 – N/A) years.

*(Expressed in Canadian dollars)*

## 8. SHARE CAPITAL (CONTINUED)

[e] Equity Incentive Plan

The Company has an Equity Incentive Plan dated October 19, 2021 (the "Plan") under which it is authorized to grant stock options, restricted share units, performance share units or deferred share units (the "Plan Securities") which may be denominated or settled in common shares, cash, a combination thereof or in such other form as provided herein in the discretion of the Company's board of directors up to a maximum of 20% of the issued and outstanding common shares of the Company from time to time.

As at December 31, 2021 and 2020, the Company has not granted any securities pursuant to the Plan.

[f] Bonus Shares

On June 19, 2021 the Company entered into agreements with each of the two Lead Researchers related to the Licensed Technology. Pursuant to the agreements, each of the two Lead Researchers may be entitled to receive up to 2,075,000 common shares of the Company (the "Bonus Shares") should certain milestones related to the development of the Licensed Technology be achieved. As at December 31, 2021, 4,150,000 Bonus Share have been reserved for issuance, and no Bonus Shares have been issued.

## 9. OPERATING EXPENSES

[a] Professional fees are comprised of the following:

| | Year Ended, December 31, 2021 $ | Year Ended December 31, 2020 $ |
|---|---|---|
| Audit fees | 30,000 | - |
| Legal fees – general corporate | 120,303 | 31,833 |
| Legal fees – intellectual property and other | 86,545 | 89,090 |
| Total | 236,848 | 120,923 |

## 10. GOVERNMENT GRANT

During the year ended December 31, 2021, the Company recorded government grant of $7,500 (2020 - $nil) in other income with respect to wage subsidies under the Student Work Placement Program from Government of Canada.

## 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

*Fair value*

The Company's financial instruments at December 31, 2021 include cash, amounts receivable, accounts payable and accrued liabilities. The fair values of these instruments approximate their carrying values due to their short-term nature.

## 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

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., from derived prices); and

Level 3 - inputs for the asset or liability that are not based upon observable market data.

The fair value of cash is based on Level 1 inputs.

[a] Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises for the Company from its cash and amounts receivable. The Company has adopted practices to mitigate the deterioration of principal, to enhance the Company's ability to meet its liquidity needs and to optimize yields within those parameters. The Company regularly reviews the collectability of its accounts receivable and would establish an allowance account for credit losses based on its best estimate of any potentially uncollectible accounts receivable. As of December 31, 2021, the balance of the allowance account for credit losses was $0 (2020 - $0).

[b] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's exposure to liquidity risk is dependent on its purchasing commitments and obligations and its ability to raise funds to meet commitments and sustain operations. The Company manages liquidity risk by continuously monitoring its actual and forecasted working capital requirements, and actively managing its financing activities. As of December 31, 2021, the Company had working capital of $855,681 (2020 - $26,626). As at December 31, 2021, the Company's financial liabilities were comprised of accounts payable and accrued liabilities totaling $387,629 all of which have contractual maturities less than 3 months.

[c] Market risk

i. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company has cash balances and no interest-bearing investments or debt. If the Company had excess cash to invest, the Company's policy would be to invest the excess cash in guaranteed investment certificates issued by its banking institutions.

## 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### [c] Market risk (continued)

#### ii. Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company has a portion of its operating expenses in US dollars. The Company has not entered into foreign exchange derivative contracts.

As at December 31, 2021 and 2020, the Company had the following assets and liabilities denominated in US dollars. A 10% change in the currency exchange rate between the Canadian dollar relative to the US dollar could have a gain or loss of approximately $1,638 (2020 - $47) on the Company's results of financial position based on the Company's net exposure as at December 31, 2021.

| | December 31, 2021<br>US$ | December 31, 2020<br>US$ |
|---|---|---|
| Cash | - | - |
| Accounts payable and accrued liabilities | 12,923 | 365 |
| Total | 12,923 | 365 |

### [d] Capital disclosure

The Company's objective when managing capital is to ensure its ability to continue as a going concern in order to pursue the development of its product candidates for ultimate sale or sub-licensing. The Company attempts to maximize return to shareholders by minimizing shareholder dilution and, when possible, utilizing non-dilutive funding arrangements, such as collaborative partnership arrangements.

The Company defines its capital as share capital and reserves. The Company has financed its capital requirements primarily through equity share issuances since inception.

The Company manages its capital structure and adjusts it considering changes in economic conditions and risk characteristics of the underlying assets. The Company may issue new securities. The Company is not subject to any externally imposed capital requirements. There were no change to the Company's capital management during the year ended December 31, 2021 and the period ended December 31, 2020.

*(Expressed in Canadian dollars)*

## 12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

| | Year Ended December 31, 2021 $ | Period from Incorporation on July 28, 2020 to December 31, 2020 $ |
|---|---|---|
| Loss for the year | (1,123,082) | (336,875) |
| Expected income tax (recovery) | (303,232) | (90,956) |
| Non-deductible expenditures and non-taxable revenues | 241 | - |
| Other | (1,029) | - |
| Change in unrecognized deductible temporary differences | 304,021 | 90,956 |
| Total income tax expense (recovery) | - | - |

The significant components of the Company's deferred tax assets that have not been included on the statements of financial position are as follows:

| | As at December 31, 2021 $ | As at December 31, 2020 $ |
|---|---|---|
| Deferred tax assets (liabilities) | | |
| Property and equipment | 892 | - |
| Non-capital losses available for future periods | 394,084 | 90,956 |
| | 394,977 | 90,956 |
| Unrecognized deferred tax assets | (394,977) | (90,956) |
| Net deferred tax assets | - | - |

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

| Temporary Differences | Year Ended December 31, 2021 $ | Expiry Date Range | Period from Incorporation to December 31, 2020 $ | Expiry Date Range |
|---|---|---|---|---|
| Non-capital losses available for future periods | 1,459,572 | 2038 to 2041 | 336,875 | 2027 to 2040 |

## 13. SUBSEQUENT EVENTS

On January 20, 2022, the Company closed a non-brokered private placement and issued 300,000 common shares at $0.15 per share for proceeds of $45,000. In connection with the offering, the Company issued 24,000 finders shares at a deemed price of $0.15 per share and 24,000 broker warrants, each broker warrant is exercisable into one additional share at an exercise price of $0.15 per share for a period of two years from the date of issuance. Subsequently, on March 23, 2022, the Company cancelled 16,000 of these finders shares and 16,000 broker warrants.

On April 22, 2022, the Company issued an aggregate of 1,025,000 share purchase options to certain directors, officers, employees and consultants with an exercise price of $0.15 per share with an expiry date of five (5) years from the date of grant. The share purchase options are subject to standard vesting provisions of 1/3 vesting on the date of grant and 1/3 vesting on the date that is 12 months and 24 months from the date of grant, such that all share purchase options fully vest over twenty-four months from the date of grant.

On April 22, 2022, the Company issued 50,000 common shares to settle debt obligations of $7,500 to a company controlled by the CFO. The common shares were issued at a fair value of $0.15 per share.

On April 22, 2022, the Company issued 1,000,000 common shares to settle debt obligations of $150,000. The common shares were issued at a fair value of $0.15 per share and are subject to voluntary escrow release provisions.

On April 28, 2022, the Company closed a non-brokered private placement and issued an aggregate of 13,338,000 subscription receipts (each, a "Subscription Receipt") $0.30 per Subscription Receipt, for proceeds of $4,001,400. The proceeds are being held in escrow by an escrow agent pursuant to a Subscription Receipt Agreement dated April 28, 2022 between the Company and Endeavor Trust Corporation (the "Escrow Agent") and upon obtaining the receipt for a final prospectus (the "Escrow Release Condition"), the funds will be released to the Company and each Subscription Receipt will automatically convert into one unit of FendX (each, a "Unit"). Each Unit will consist of one common share and one-half of one transferable share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase an additional common share at an exercise price of $0.50 per share for a period of two years following the date of the satisfaction of the Escrow Release Condition, subject to an acceleration provision. Upon satisfaction of the Escrow Release Condition, the Company will pay a cash finders fee in the aggregate amount $112,752, will issue 609,680 Subscription Receipt Broker Shares and issue an aggregate of 985,520 Subscription Receipt Broker Warrants to certain finders in connection with funds raised pursuant to the Subscription Receipt offering. Should the Escrow Release Condition not be satisfied by the date that is 180 days after the closing date of the subscription receipt offering, subscribers will be entitled to receive a refund of the subscription amounts held in escrow, without interest thereon.

On May 9, 2022, the Natural Sciences and Engineering Research Council of Canada ("NSERC") provided the McMaster Lead Researchers with notice of approval for an Alliance Grant of $361,520 over two years, for a project with the Company as the main sponsor. This grant requires cash contributions by the Company of $93,500 for each of the two years and in-kind contributions totaling in years 1 and 2 of $229,400 and $309,200, respectively, from the Company and its manufacturing partners.

# FENDX TECHNOLOGIES INC.

INTERIM FINANCIAL STATEMENTS
For the three months ended March 31, 2022 and 2021

*(Unaudited, Expressed in Canadian dollars)*

# INTERIM STATEMENTS OF FINANCIAL POSITION

*(Unaudited, Expressed in Canadian dollars)*

| | Note | March 31, 2022 $ | December 31, 2021 $ |
|---|---|---|---|
| ASSETS | | | |
| Current | | | |
| Cash | | 1,111,791 | 1,083,871 |
| Amounts receivable | | 33,008 | 14,754 |
| Prepaid expenses | 4 | 112,449 | 144,685 |
| | | 1,257,248 | 1,243,310 |
| Property and equipment | 5 | 3,288 | 3,812 |
| Total assets | | 1,260,536 | 1,247,122 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| LIABILITIES | | | |
| Current | | | |
| Accounts payable | 7 | 428,389 | 205,390 |
| Accrued liabilities | 7 | 178,660 | 182,239 |
| | | 607,049 | 387,629 |
| Total liabilities | | 607,049 | 387,629 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 8 | 2,285,752 | 2,241,312 |
| Subscriptions received | 8 | 265,500 | 30,000 |
| Reserves | | 48,699 | 48,138 |
| Deficit | | (1,946,464) | (1,459,957) |
| Total shareholders' equity | | 653,487 | 859,493 |
| Total liabilities and shareholders' equity | | 1,260,536 | 1,247,122 |

Nature of operations and going concern *[note 1]*
Subsequent events note *[note 10]*

These financial statements were approved for issuance by the Board of Directors on August 12, 2022 and signed on its behalf by:

*"Prakash Gowd"*
Director

*"Carolyn Myers"*
Director

*The accompanying notes are an integral part of these unaudited interim financial statements.*

## INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

*(Unaudited, Expressed in Canadian dollars)*

| | Note | Three Months Ended March 31, 2022 $ | Three Months Ended March 31, 2021 $ |
|---|---|---|---|
| Expenses | | | |
| Consulting fees | | 202,426 | 49,152 |
| Directors' fees | 7 | 25,000 | - |
| General and administration | | 34,726 | 443 |
| Management fees | 7 | 116,625 | 60,000 |
| Marketing | | - | 604 |
| Professional fees | | 70,963 | 78,940 |
| Research and development | | 36,762 | 3,081 |
| | | 486,502 | 192,220 |
| Loss before other income | | (486,502) | (192,220) |
| Other expenses | | | |
| Foreign exchange loss | | (5) | - |
| | | (5) | - |
| Net loss and comprehensive loss | | (486,507) | (192,220) |
| Basic and diluted loss per common share | | (0.01) | (0.10) |
| Weighted average number of common shares outstanding – basic and diluted | | 36,111,773 | 1,955,557 |

*The accompanying notes are an integral part of these unaudited interim financial statements.*

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

*(Unaudited, Expressed in Canadian dollars)*

| | Common Shares | | Subscriptions received | Reserves | Deficit | Total |
|---|---|---|---|---|---|---|
| | Number | $ | $ | $ | $ | $ |
| Balance, December 31, 2020 | 1 | 1 | 363,500 | - | (336,875) | 26,626 |
| Private placement | 8,000,000 | 400,000 | (363,500) | - | - | 36,500 |
| Subscriptions received | - | - | 100,500 | - | - | 100,500 |
| Net loss for the period | - | - | - | - | (192,220) | (192,220) |
| Balance, March 31,2021 | 8,000,001 | 400,001 | 100,500 | - | (529,095) | (28,594) |
| Private placements | 20,400,665 | 1,635,100 | (100,000) | - | - | 1,535,100 |
| Shares issued – debt settlements | 5,500,000 | 207,500 | - | - | - | 207,500 |
| Shares issued – License Agreement | 1,435,000 | 71,750 | - | - | - | 71,750 |
| Shares issued – finders' shares | 701,387 | 105,208 | - | - | - | 105,208 |
| Shares cancelled | (166,000) | (24,900) | - | - | - | (24,900) |
| Shares cancelled – finders' shares | (13,280) | (1,993) | - | - | - | (1,993) |
| Share issuance costs | - | (151,354) | - | - | - | (151,354) |
| Subscriptions received | - | - | 29,500 | - | - | 29,500 |
| Broker warrants | - | - | - | 48,138 | - | 48,138 |
| Net loss for the period | - | - | - | - | (930,862) | (930,862) |
| Balance, December 31, 2021 | 35,857,773 | 2,241,312 | 30,000 | 48,138 | (1,459,957) | 859,493 |
| Private placements | 300,000 | 45,000 | (30,000) | - | - | 15,000 |
| Shares issued – finders' shares | 24,000 | 3,600 | - | - | - | 3,600 |
| Shares cancelled – finders' shares | (16,000) | (2,400) | - | - | - | (2,400) |
| Share issuance costs | - | (1,760) | - | - | - | (1,760) |
| Subscriptions received | - | - | 265,500 | - | - | 265,500 |
| Broker warrants | - | - | - | 561 | - | 561 |
| Net loss for the period | - | - | - | - | (486,507) | (486,507) |
| Balance March 31, 2022 | 36,165,773 | 2,285,752 | 265,500 | 48,699 | (1,946,464) | 653,487 |

*The accompanying notes are an integral part of these unaudited interim financial statements.*

## INTERIM STATEMENTS OF CASH FLOWS

*(Unaudited, Expressed in Canadian dollars)*

| | Three Months Ended March 31, 2022 $ | Three Months Ended March 31, 2021 $ |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Net loss | (486,507) | (192,220) |
| Add items not affecting cash: | | |
| Depreciation of property and equipment | 524 | - |
| | (485,983) | (192,220) |
| Changes in non-cash working capital items relating to operations: | | |
| Amounts receivable | (18,254) | - |
| Prepaid expenses | 32,236 | - |
| Accounts payable and accrued liabilities | 219,421 | 145,607 |
| Cash used in operating activities | (252,580) | (46,613) |
| FINANCING ACTIVITIES | | |
| Issuance of common shares, net of issuance costs | 15,000 | 37,500 |
| Proceeds from subscriptions received | 265,500 | 100,500 |
| Cash provided by financing activities | 280,500 | 138,000 |
| Increase in cash and cash equivalents | 27,920 | 91,387 |
| Cash, beginning | 1,083,871 | 356,566 |
| Cash, ending | 1,111,791 | 447,953 |
| Supplemental disclosures with respect to cash flows: | | |
| Fair value of compensation warrants issued | 561 | - |

*The accompanying notes are an integral part of these unaudited interim financial statements.*

## 1. NATURE OF OPERATIONS AND GOING CONCERN

FendX Technologies Inc. ("FendX" or the "Company") was incorporated under the British Columbia *Business Corporations Act*. The Company was incorporated as 1259192 B.C. Ltd. on July 28, 2020 and subsequently changed its name to FendX Technologies Inc. on September 18, 2020.

The Company's head office is located at 2010 Winston Park Drive, 2nd Floor, Oakville, Ontario, L6H 5R7.

The Company was formed to advance a platform technology that was licensed from McMaster University, of Hamilton, Ontario, Canada, pursuant to a License Agreement (as herein defined) dated effective February 5, 2021. The Company is a technology company focused on developing surface-coating products that repel certain pathogens.

These financial statements have been prepared under the assumption that the Company will continue as a going concern. The going concern basis of presentation assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Realization values may be substantially different from the carrying values as shown, and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

As of March 31, 2022, the Company had an accumulated deficit of $1,946,464. The Company's operations are dependent on obtaining additional financing to further develop its technology and generating cash flow from operations in the future. These factors form a material uncertainty, which may raise significant doubt about the Company's ability to continue as a going concern. Management's plans to meet the Company's current and future obligations may include raising capital through the issuance of equity and debt securities, relying on the financial support of its shareholders and related parties and cashflow from operations if the Company is successful in commercially launching its technology. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. These financial statements do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business.

## 2. BASIS OF PRESENTATION

### [a] Statement of compliance

These interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports, including International Accounting Standard 34 Interim Financial Reporting. Therefore, these interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's financial statements for the year ended December 31, 2021 ("Annual Financial Statements"), which have been prepared in accordance with IFRS.

## 2. BASIS OF PRESENTATION (CONTINUED)

[a] Statement of compliance (continued)

The accounting policies applied in preparation of these interim financial statements are the same as those applied in the most recent Annual Financial Statements.

[b] Basis of measurement

These interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value. In addition, these interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

[c] Functional and foreign currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency transactions are translated into Canadian dollars using the exchange rates at the date of the transactions. Foreign exchange gains or losses resulting from the settlement of transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognized in net income or loss.

[d] Significant accounting estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company reviews its estimates and underlying assumptions on an ongoing basis.

*Critical judgments*

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

i. Research costs and license costs are recognized as an expense when incurred, but development costs may be capitalized as intangible assets if certain conditions are met, as described in International Accounting Standard ("IAS") 38 *Intangible Assets*. Management has determined that development costs do not meet the conditions for capitalization under IAS 38, and all research and development costs and license costs have been expensed.

ii. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

iii. The determination of categories of financial assets and financial liabilities have been identified as an accounting policy, which involves judgments or assessments made by management.

## 2. BASIS OF PRESENTATION (CONTINUED)

[d] Significant accounting estimates and judgments (continued)

iv. Management is required to determine whether the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future, including the availability of financing and revenue projection, as well as the current working capital balance and future commitments of the Company.

*Estimation uncertainty*

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

ii. The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these interim financial statements are set out below and have been applied to all periods presented, unless otherwise stated. Please refer to the audited consolidated financial statements for the year ended December 31, 2021 for a full list of policies.

## 4. PREPAID EXPENSES

Pursuant to a collaborative research agreement entered into between the Company and McMaster University ("McMaster") with an effective date of August 1, 2021, the Company advanced $175,000 to McMaster in 2021 as initial funding for the sponsored research project led by the McMaster lead researchers (the "Lead Researchers") to further develop the Licensed Technology (as defined herein), of which $111,740 has been included in prepaid expenses as at March 31, 2022.

*For the three months ended March 31, 2022 and 2021 (Unaudited, Expressed in Canadian dollars)*

## 5. PROPERTY AND EQUIPMENT

| | Computer Equipment $ | Total $ |
|---|---|---|
| Cost: | | |
| Balance, December 31, 2020 | - | - |
| Additions | 4,721 | 4,721 |
| Balance, December 31, 2021 | 4,721 | 4,721 |
| Additions | - | - |
| Balance, March 31, 2022 | 4,721 | 4,721 |
| Accumulated depreciation: | | |
| Balance, December 31, 2020 | - | - |
| Depreciation | (909) | (909) |
| Balance, December 31, 2021 | (909) | (909) |
| Depreciation | (524) | (524) |
| Balance, March 31, 2022 | (1,433) | (1,433) |
| Net book value: | | |
| As of December 31, 2021 | 3,812 | 3,812 |
| As of March 31, 2022 | 3,288 | 3,288 |

Property and equipment are reported at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method, commencing when the assets become available for use.

## 6. LICENSE AGREEMENT

The Company and McMaster entered into a license agreement (the "License Agreement") dated February 5, 2021, and amended July 14, 2021 and July 15, 2022, in respect of the technology and patents which form the primary basis of the Company's business (the "Licensed Technology"), which granted the Company an exclusive worldwide license to the Licensed Technology. In addition, the Company entered into a Collaboration Research Agreement ("CRA") with McMaster that allows the Company to work with the McMaster to advance the technology. Pursuant to the License Agreement, the Company agreed to the following:

- the issuance to McMaster of common shares equal to 5% of its fully diluted share capital on achievement of certain funding thresholds (issued);
- payment of annual royalty payments as a % of net sales subject to annual minimum payments; and
- funding for development milestones such that in year one, the Company will fund development work pursuant to the Collaborative Research Agreement and contribute an aggregate of $350,000 toward sponsored research projects, of which $175,000 was due on signing the Collaborative Research Agreement (paid), and $87,500 is payable on each of months 4 and 8 thereafter, upon receipt of invoices from McMaster (not yet received). In year two and year three, the Company is to contribute a minimum of $150,000 each year to a sponsored research project to further develop the Licensed Technology, provided the research aims are approved by the Company.

*For the three months ended March 31, 2022 and 2021 (Unaudited, Expressed in Canadian dollars)*

## 7. RELATED PARTY DISCLOSURE

*Transactions with related parties*

Related parties of the Company include key management personnel and companies controlled by key management personnel. Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company.

Amounts due to related parties, including amounts due to key management personnel, at the period-end are unsecured and interest-free, and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Included in accounts payable and accrued liabilities at March 31, 2022, were amounts totaling $293,868 (2021 - $243,274) due to key management personnel and companies controlled by them.

The following fees and expenses were incurred:

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|---|---|---|
| | $ | $ |
| Directors' fees | 25,000 | - |
| Management fees | 116,625 | 60,000 |
| Total | 141,625 | 60,000 |

## 8. SHARE CAPITAL

[a] Authorized

Unlimited number of common shares without par value.

[b] Issued

As at March 31, 2022, the Company had 36,165,773 (December 31, 2021 – 35,857,773) common shares issued and outstanding. An aggregate of 16,200,001 common shares are subject to voluntary pooling agreements such that 55% of the shares are released on the date that is 18 months from the listing date of the Company's common shares on a Canadian stock exchange (the "Listing Date"), and further 15% releases on the dates that are 24, 30 and 36 months from the Listing Date. In addition, 1,435,000 common shares are subject to escrow such that 100% of the common shares will be released on the date that is 18 months after the Listing Date.

During the three months ended March 31, 2022:

i. On January 20, 2022, the Company closed a non-brokered private placement and issued 300,000 common shares at a price of $0.15 per share, for gross proceeds of $45,000. In connection with the offering, the Company issued 24,000 finders shares at a deemed price of $0.15 per share and 24,000 broker warrants, each broker warrant exercisable into one additional share at an exercise price of $0.15 per share for a period of two years from the date of issuance. Subsequently, on March 23, 2022, the Company cancelled 16,000 of these finders shares and 16,000 broker warrants.

8. SHARE CAPITAL (CONTINUED)

[b] Issued (continued)

ii. As at March 31, 2022, the Company had received subscription proceeds totaling $265,500 related to the subscription receipts offering which closed in April, 2022.

During the year ended December 31, 2021:

i. On June 19, 2021, the Company closed a private placement and issued an aggregate of 9,000,000 common shares at a price of $0.005 per share, for gross proceeds of $45,000.

ii. On June 19, 2021, the Company issued 1,500,000 common shares to settle debt obligations of $7,500 to a related party. The common shares were issued at a fair value of $0.005 per share.

iii. The Company closed private placements on March 10, 2021 and June 29, 2021 and issued an aggregate of 9,200,000 units at a price of $0.05 per unit, for aggregate gross proceeds of $460,000. Each unit consists of one common share and one share purchase warrant, each warrant exercisable into one additional common share at a price of $0.10 per share for a period of 2 years from the date of issue.

iv. Pursuant to the License Agreement, the Company agreed to issue McMaster that number of common shares equal to 5% of its fully diluted share capital on achievement of certain funding thresholds. On June 29, 2021, the Company issued 1,435,000 common shares at a fair value of $0.05 per share for a fair value of $71,750 to McMaster.

v. On June 29, 2021, the Company issued 1,000,000 common shares to settle debt obligations of $50,000 to an arms-length third party. The common shares were issued at a fair value of $0.05 per share.

vi. On June 29, 2021, the Company issued 3,000,000 common shares to settle debt obligations of $150,000 to an arms-length third party. The common shares were issued at a fair value of $0.05 per share.

vii. During the year, the Company closed several tranches of a private placement (on August 16, 2021, November 9, 2021 and December 23, 2021), and issued an aggregate of 10,200,665 common shares at a price of $0.15 per share, for aggregate gross proceeds of $1,530,100. Pursuant to the private placements, the Company issued an aggregate of 701,387 finder's shares with a fair value of $105,208 and an aggregate of 701,387 broker warrants exercisable at $0.15 per share for a period of two years after the date of issuance, with a fair value of $49,234. For the August 16, 2021 tranche, the broker warrants were valued using the Black-Scholes pricing model under the following assumptions: a risk-free rate of 0.43%, an estimated annualized volatility of 85.19%, an expected life of 2 years, a nil dividend yield, and an exercise price of $0.15. For the November 9 and December 23, 2021 tranches, the broker warrants were valued using the Black-Scholes model under the following assumptions: a risk-free rate of 0.92% and 0.98% respectively, an estimated annualized volatility of 87.02% and 84.80% respectively, an expected life of 2 years, a nil dividend yield, and an exercise price of $0.15.

viii. On December 13, 2021, the Company cancelled a net amount of 166,000 common shares previously issued at a price of $0.15 per share with a fair value of $24,900. Pursuant to the cancellation, the Company also cancelled a net amount of 166,000 common shares previously issued at a price of $0.15 per share with a fair value of $24,900. Pursuant to the cancellation, the Company also cancelled 13,280 finder's shares, with a fair value of $1,993, and cancelled 13,280 broker warrants with a fair value of $1,096.

*For the three months ended March 31, 2022 and 2021 (Unaudited, Expressed in Canadian dollars)*

8. SHARE CAPITAL (CONTINUED)

[c] Common share purchase warrants

A summary of the common share purchase warrant activity is as follows:

| | Number | Weighted Average Exercise Price $ |
|---|---|---|
| Balance, December 31, 2020 | - | - |
| Issued | 9,200,000 | 0.10 |
| Balance, December 31, 2021 and March 31, 2022 | 9,200,000 | 0.10 |

Details of common share purchase warrants outstanding are as follows:

| Date of Expiry | Number of Warrants Outstanding | Exercise Price $ |
|---|---|---|
| March 10, 2023 | 8,000,000 | 0.10 |
| June 29, 2023 | 1,200,000 | 0.10 |
| Balance, March 31, 2022 | 9,200,000 | 0.10 |

The remaining life of the common share purchase warrants as of March 31, 2022 is 0.98 years.

[d] Broker warrants

| | Number | Weighted Average Exercise Price $ |
|---|---|---|
| Balance, December 31, 2020 | - | - |
| Issued | 701,387 | 0.15 |
| Cancelled | (13,280) | (0.15) |
| Balance, December 31, 2021 | 688,107 | 0.15 |
| Issued | 24,000 | 0.15 |
| Cancelled | (16,000) | (0.15) |
| Balance, March 31, 2022 | 696,107 | 0.15 |

| Expiry Date | Number Outstanding | Exercise Price $ |
|---|---|---|
| August 16, 2023 | 200,320 | 0.15 |
| November 9, 2023 | 45,120 | 0.15 |
| December 23, 2023 | 442,667 | 0.15 |
| January 20, 2024 | 8,000 | 0.15 |
| | 696,107 | |

During the three months ended March 31, 2022, the Company issued an aggregate of 24,000 broker warrants with an exercise price of $0.15 per warrant. A share cancellation during the period resulted in the Company reissuing a broker warrant to a finder which resulted in the cancellation of 16,000 broker warrants. The remaining life of the broker warrants at March 31, 2022 is 1.62 years (2021 – N/A).

## 8. SHARE CAPITAL (CONTINUED)

[e] Equity Incentive Plan

The Company has an Equity Incentive Plan dated October 19, 2021 (the "Plan") under which it is authorized to grant stock options, restricted share units, performance share units or deferred share units (the "Plan Securities") which may be denominated or settled in common shares, cash, a combination thereof or in such other form as provided herein in the discretion of the Company's board of directors up to a maximum of 20% of the issued and outstanding common shares of the Company from time to time.

As at March 31, 2022 and December 31, 2021, the Company has not granted any securities pursuant to the Plan.

[f] Bonus Shares

On June 19, 2021 the Company entered into agreements with each of the two Lead Researchers related to the Licensed Technology. Pursuant to the agreements, each of the two Lead Researchers may be entitled to receive up to 2,075,000 common shares of the Company (the "Bonus Shares") should certain milestones related to the development of the Licensed Technology be achieved. As at March 31, 2022 and December 31, 2021, 4,150,000 Bonus Share have been reserved for issuance, and no Bonus Shares have been issued.

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

*Fair value*

The Company's financial instruments at March 31, 2022 include cash, amounts receivable, accounts payable and accrued liabilities. The fair values of these instruments approximate their carrying values due to their short-term nature.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

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., from derived prices); and
Level 3 - inputs for the asset or liability that are not based upon observable market data.

The fair value of cash is based on Level 1 inputs.

[a] Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises for the Company from its cash and amounts receivable. The Company has adopted practices to mitigate the deterioration of principal, to enhance the Company's ability to meet its liquidity needs and to optimize yields within those parameters. The Company regularly reviews the collectability of its accounts receivable and would establish an allowance account for credit losses based on its best estimate of any potentially uncollectible accounts receivable.

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### [b] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's exposure to liquidity risk is dependent on its purchasing commitments and obligations and its ability to raise funds to meet commitments and sustain operations. The Company manages liquidity risk by continuously monitoring its actual and forecasted working capital requirements, and actively managing its financing activities. As of March 31, 2022, the Company had working capital of $650,199 (December 31, 2021 - $855,681). As at March 31, 2022, the Company's financial liabilities were comprised of accounts payable and accrued liabilities totaling $607,049 all of which have contractual maturities less than 3 months.

### [c] Market risk

#### i. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company has cash balances and no interest-bearing investments or debt. If the Company had excess cash to invest, the Company's policy would be to invest the excess cash in guaranteed investment certificates issued by its banking institutions.

#### ii. Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company has a portion of its operating expenses in US dollars. The Company has not entered into foreign exchange derivative contracts. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar or euro could have an effect on the Company's results of operations, financial position or cash flows. The Company does not currently hold euros.

As at March 31, 2022 and December 31, 2021, the Company had the following assets and liabilities denominated in US dollars:

| | March 31, 2022<br>US$ | December 31, 2021<br>US$ |
|---|---|---|
| Cash and cash equivalents | - | - |
| Accounts payable and accrued liabilities | 7,279 | 12,923 |
| Total | 7,279 | 12,923 |

## 10. SUBSEQUENT EVENTS

On April 22, 2022, the Company issued an aggregate of 1,025,000 share purchase options to certain directors, officers, employees and consultants with an exercise price of $0.15 per share with an expiry date of five (5) years from the date of grant. The share purchase options are subject to standard vesting provisions of 1/3 vesting on the date of grant and 1/3 vesting on the date that is 12 months and 24 months from the date of grant, such that all share purchase options fully vest over 24 months from the date of grant.

On April 22, 2022, the Company issued 50,000 common shares to settle debt obligations of $7,500 to a company controlled by the Company's CFO. The common shares were issued at a fair value of $0.15 per share.

On April 22, 2022, the Company issued 1,000,000 common shares to settle debt obligations of $150,000 to an arms-length third party. The common shares were issued at a fair value of $0.15 per share and are subject to voluntary escrow release provisions.

On April 28, 2022, the Company closed a non-brokered private placement and issued an aggregate of 13,338,000 subscription receipts (each, a "Subscription Receipt") at a price of $0.30 per Subscription Receipt, for gross proceeds of $4,001,400. The gross proceeds are being held in escrow by an escrow agent pursuant to a Subscription Receipt Agreement dated April 28, 2022 between the Company and Endeavor Trust Corporation (the "Escrow Agent") and upon obtaining the receipt for a final prospectus (the "Escrow Release Condition"), the funds will be released to the Company and each Subscription Receipt will automatically convert into one unit of FendX (each, a "Unit"). Each Unit will consist of one common share and one-half of one transferable share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase an additional common share at an exercise price of $0.50 per share for a period of two years following the date of the satisfaction of the Escrow Release Condition, subject to an acceleration provision. Upon satisfaction of the Escrow Release Condition, the Company will pay a cash finders fee in the aggregate amount $112,752, will issue 609,680 Subscription Receipt Broker Shares and issue an aggregate of 985,520 Subscription Receipt Broker Warrants to certain finders in connection with funds raised pursuant to the Subscription Receipt offering. Should the Escrow Release Condition not be satisfied by the date that is 180 days after the closing date of the subscription receipt offering, subscribers will be entitled to receive a refund of the subscription amounts held in escrow, without interest thereon.

On May 9, 2022, the Natural Sciences and Engineering Research Council of Canada ("NSERC") provided the McMaster Lead Researchers with notice of approval for an Alliance Grant of $361,520 over two years, for a project with the Company as the main sponsor. This grant requires cash contributions by the Company of $93,500 for each of the two years and in-kind contributions totaling in years 1 and 2 of $229,400 and $309,200, respectively, from the Company and its manufacturing partners.

**APPENDIX C**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*[Please see attached]*

# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2021
As of August 12, 2022

This management discussion and analysis ("MD&A") of Fendx Technologies Inc. (the "Company" or "FendX") is for the year ended December 31, 2021. We have prepared this MD&A with reference to National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators and this MD&A provides a review of activities, results of operations and financial condition of the Company. This MD&A should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021 and period of incorporation on July 28, 2020 to December 31, 2020, and the related notes thereto (the "Annual Financial Statements"). The Company's Annual Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

## FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward looking information" within the meaning of applicable securities laws in Canada. Forward looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward looking information. In some cases, forward looking information can be identified by the use of forward looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward looking information. Statements containing forward looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- our expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies;
- our ability to obtain funding for our operations
- the use of available funds;
- the performance of the Company's business and operations;
- our expectations regarding revenues, expenses and anticipated cash needs;
- the intention to grow our business and operations;
- the expected timing and completion of our near-term objectives;
- laws and regulations and any amendments thereto applicable to us;
- our competitive advantages and business strategies;
- our future product offerings;
- our research and development initiatives and expected results thereof;
- our ability to enter into distribution, manufacturing and other business relationships;
- our plans with respect to the payment of dividends; and
- the market price for the Common Shares.

The forward-looking information in this MD&A is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

In providing forward-looking information, we have made certain assumptions in respect of our ability to build our market share; the performance of the Company's business and operations; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in our product candidates to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry or the global economy; the size of the target markets for our product candidates; our ability to maintain, expand and protect our intellectual property; and the changes in laws, rules, regulations, and global standards.

The forward-looking information in this MD&A is subject to known and unknown risks and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied, including but not limited to the risks described below and the additional risks factors described under the heading "Risk Factors".

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the headings "Financial Instruments and Risk Management" and "Risk Factors".

The forward-looking statements contained in this MD&A reflect our views and assumptions only as of the date of this MD&A. The Company undertakes no obligation to update or revise any forward-looking statements after the date on which the statement is made, except as required by applicable laws, including the securities laws of Canada.

Actual results could differ materially from those anticipated in forward-looking statements stated within the MD&A.

## OVERVIEW

The Company was incorporated under the Business Corporations Act (British Columbia) on July 28, 2020 under the name "1259192 B.C. LTD". It changed its name to "FendX Technologies Inc." on September 18, 2020. The Company does not have any subsidiaries.

FendX is an early-stage technology company focused on developing surface protection coating products that protect surfaces from pathogen contamination. The Company is currently developing its anticipated first product, REPELWRAP™ to protect high-contact surfaces from contamination to reduce the transmission of harmful pathogens. The Company's business strategy is to complete additional research and development work on its technology which it anticipates will lead to the commercial development of REPELWRAP™.

To-date, the technology has been shown to effectively repel certain pathogens that comes into contact with its surface. Although this technology is still in the development stage, the Company believes this technology will be important to control the spread of pathogens on surfaces that are prone to contamination. This technology works by combining hierarchical wrinkled molecular structure with chemical functionalization to reduce pathogen adhesion and biofilm formation. It is flexible and can be applied to most surface shapes.

The Company's future performance depends on, among other things to: (i) fund the Company's research and development requirements pursuant to the CRA (as defined below); (ii) complete the development, scale-up and testing of REPELWRAP™; and (iii) enter into formal engagements with distribution and manufacturing partners.

## NATURE OF OPERATIONS

The Company is focused on the development and commercialization of a surface protection coating technology licensed from McMaster University, Hamilton, Ontario, Canada ("McMaster"). The Company entered into a License Agreement (as defined herein) with McMaster dated February 5, 2021, as amended July 14, 2021 and July 15, 2022, which provides the Company with an exclusive world-wide license to several patent applications and certain technology to develop and commercialize surface coating films (the "Licensed Technology"). The Company is conducting research and development activities using the Licensed Technology in collaboration with McMaster pursuant to a research and development collaboration agreement (the "Collaborative Research Agreement" or "CRA") with McMaster with an effective date of August 1, 2021. The Company has engaged third parties to assist with prototype development and testing in order to assess the scalability of products being developed through the CRA.

McMaster created a surface coating film prototype using the Licensed Technology which has been shown to effectively repel certain pathogens that comes into contact with its surface. Although this film is still in the development stage, the Company believes this film will be important to control the spread of pathogens on surfaces that are prone to contamination. This technology works by combining hierarchical wrinkled molecular structure with chemical functionalization to reduce pathogen adhesion and biofilm formation. It is flexible and can be applied to most surface shapes.

The Company believes this surface coating film is unique and differentiated from current protective coatings in the marketplace. McMaster's research and development efforts and results, as published in several journals to-date, have shown the original prototype to be effective in repelling and preventing biofilm formation of World Health Organization-designated priority pathogens such as Gram-positive methicillin-resistant Staphylococcus aureus, and Gram-negative Pseudomonas and Enterococci strains, as well as being effective in repelling SARS-CoV-2 related viruses.

The Company has been collaborating with consultants and other third-party manufacturers to assist in optimizing the scalability of the original lab prototype with McMaster. The Company, with McMaster, has been working to reformulate the original lab prototype to streamline the scale-up process. The Company believes it has a reformulated product, and the reformulated product is being tested to confirm that it shows similar repelling properties to the original lab prototype. Once confirmed, the Company intends to engage a third-party manufacturers to assess scalability of the reformulated product. If successful, the Company intends to move to the scale-up phase to create a commercial product, which would be tested to ensure it meets the repelling specifications. Once final development is complete, the Company intends to commercialize using manufacturing and distributor partnerships.

Once fully developed, the Company intends to initially target REPELWRAP™ towards healthcare settings (i.e., hospitals, long-term care, senior's residences, clinics) and high traffic public touchpoints (i.e., transportation, hospitality, stadiums/arenas/malls, restaurants, schools, business offices) prone to high levels of surface contamination. The Company expects to launch REPELWRAP™ in the Canadian market in late 2023 or early 2024, conditional on achieving successful product scale-up and commercial manufacturing.

## HIGHLIGHTS

The Company was incorporated on July 28, 2020 under the *Business Corporations Act* (British Columbia). Dr. Carolyn Myers became a director and was appointed to CEO and president of the Company on July 28, 2020.

On July 29, 2020, the Company and McMaster entered into an option agreement, as amended (the "Option Agreement") which granted the Company the option to enter into a license agreement in respect of certain technology and patents developed by McMaster.

On September 29, 2020 the Company exercised its option to license certain technology from McMaster pursuant to the Option Agreement.

On February 5, 2021, as amended on July 14, 2021 and July 15, 2022, the Company and McMaster entered into a license agreement (the "License Agreement") in respect of the technology and patents which form the primary basis

of the Company's business, which granted the Company an exclusive worldwide license to the Licensed Technology (see "Commitments – McMaster University").

On May 10, 2021, the Company appointed Ann Fehr as Chief Financial Officer ("CFO") of the Company.

On May 17, 2021, Andrea Mulder was appointed Chief Operating Officer ("COO") of the Company.

On June 19, 2021, the Company completed a private placement raising gross proceeds of $45,000 through the issuance of 9,000,000 common shares at $0.005 per share.

On June 19, 2021, the Company entered into agreements (each, a "Bonus Share Agreement") with each of Dr. Tohid Didar and Dr. Lelya Soleymani, as the Lead Researchers related to the Licensed Technology. Pursuant to the agreements, each of Dr. Didar and Dr. Soleymani may be entitled to receive up to 2,075,000 common shares of the Company (the "Bonus Shares") should certain milestones related to the development of the Licensed Technology be achieved.

On June 24, 2021, the Company and Draganfly Inc. ("Draganfly"), a company listed on the CSE, entered into a non-exclusive letter of intent ("LOI") for a collaboration to conduct real-world beta-testing of REPELWRAP™ when commercial prototypes are available. The initial term of the LOI is one year from the date of execution, subject to mutual extension or termination.

On June 29, 2021, the Company completed a private placement raising gross proceeds of $60,000 through the issuance of 1,200,000 units at $0.05 per unit.

On June 29, 2021, the Company issued 1,435,000 common shares at a deemed value of $0.05 per common share to McMaster pursuant to the License Agreement.

During June 2021, the Company issued 5,500,000 common shares to settle $207,500 of debts, which included $7,500 payable to a related party.

The Company and McMaster entered into an amendment to the License Agreement, dated July 14, 2021 with an effective date of February 5, 2021.

On August 15, 2021, Dr. Ian Mark Landy and Mr. Prakash Gowd were appointed to the Company's board of directors.

On August 18, 2021, McMaster filed US Provisional Application No. 63/260,371 titled "Fluorine-free Superhydrophobic Surfaces, Methods of Making and Uses Thereof".

On August 18, 2021, McMaster filed US Provisional Application No. 63/260,372 titled "Methods of Making Omniphobic Materials with Hierarchical Structures and Uses Thereof".

On August 24, 2021, the Company and McMaster signed the Collaboration Research Agreement which outlines the research and development work to be conducted by McMaster on behalf of the Company on the Licensed Technology.

On November 15, 2021, Ann Fehr resigned from the position of CFO.

In December 2021, at the direction of the Company, McMaster filed PCT/CA2020/05076 National Filings in the United States, Canada, China and Japan.

The Company completed several tranches of a non-brokered private placement on August 16, 2021, November 9, 2021 and December 23, 2021, raising proceeds of $1,505,199.75 through the issuance of 10,034,665 units at $0.15 per unit. In connection with the closings of the non-brokered private placements, the Company issued an aggregate of 688,107 broker warrants and 688,107 common shares issued as compensation to finders.

On January 20, 2022 the Company closed the final tranche of a non-brokered private placement raising proceeds of $45,000 through the issuance of 300,000 units at $0.15 per unit. In connection with the financing, the Company issued 8,000 broker warrants and 8,000 common shares issued to finders.

On February 17, 2022, Rose Zanic was appointed as CFO.

On April 22, 2022, the Company issued an aggregate of 1,050,000 common shares at $0.15 per share to settle an aggregate of $157,500 of debts.

On April 22, 2022, the Company granted an aggregate of 1,025,000 stock options with an exercise price of $0.15 per share.

On April 28, 2022, the Company closed a non-brokered private placement raising proceeds of $4,001,400 and issued an aggregate of 13,338,000 subscription receipts (each a "Subscription Receipt") at $0.30 per Subscription Receipt. The gross proceeds raised pursuant to the Subscription Receipt offering are being held in escrow by an escrow agent pursuant to a Subscription Receipt Agreement dated April 28, 2022 between the Company and Endeavor Trust Corporation (the "Escrow Agent") and upon obtaining the receipt for a final prospectus (the "Escrow Release Condition"), the funds will be released to the Company and each Subscription Receipt will automatically convert into one unit of FendX (each, a "Unit"). Each Unit will consist of one common share and one-half of one transferable share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase an additional common share at an exercise price of $0.50 per share for a period of two years following the date of the satisfaction of the Escrow Release Condition, subject to an acceleration provision. Should the Escrow Release Condition not be satisfied by the date that is 180 days after the closing date of the Subscription Receipt offering, subscribers will be entitled to receive a refund of the subscription amounts held in escrow, without interest thereon. Upon satisfaction of the Escrow Release Condition, the Company will pay a cash commission to registrants in the aggregate amount $112,752 and will issue 609,680 Subscription Receipt Broker Shares to the registrants and will also issue an aggregate of 985,520 Subscription Receipt Broker Warrants to registrants.

On May 9, 2022, NSERC provided McMaster with notice of approval for an Alliance Grant of $361,520 over two years, for its project entitled "Developing a pathogen repellant wrap-improving performance and manufacturing throughput and evaluating real-world potential" with the Company as the main sponsor. This grant requires cash contributions by the Company of $93,500 for each of the two years) and in-kind contributions totaling $229,400 and $309,200 in years 1 and 2, respectively, from FendX and other parties including Draganfly and a future manufacturing partner. The Company's obligations for cash and in-kind services will be satisfied by the Company's contributions pursuant to the CRA as well as through time spent by its senior management and employees related to the project.

The Company signed an extension agreement with Draganfly, which extended the LOI expiry date to June 23, 2024.

The Company and McMaster entered into a second amendment to the License Agreement, dated July 15, 2022 with an effective date of May 5, 2022.

## SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information for the fiscal year ended December 31, 2021 ("Fiscal 2021") and period from incorporation on July 28, 2020 to December 31, 2020 ("Fiscal 2020"). The selected financial information set out below has been derived from the audited annual financial statements and accompanying notes, in each case prepared in accordance with IFRS. The selected financial information set out below may not be indicative of the Company's future performance. The following discussion should be read in conjunction with the audited financial statements.

| | Fiscal 2021 | Fiscal 2020 |
|---|---|---|
| Net loss for the fiscal year | $ (1,123,082) | $ (336,875) |
| Loss per share, basic and fully diluted | $ (0.07) | $ (336,875) |
| Total assets | $ 1,247,122 | $ 356,566 |
| Total non-current financial liabilities | $ - | $ - |

# DISCUSSION OF OPERATIONS

### Overall Operations and COVID-19

The Company is focused on developing and commercializing REPELWRAP™. The Company was incorporated on July 28, 2020 and had limited operations in Fiscal 2020 which were mainly focussed on organizing the Company, strategic planning, branding, research of various third parties that it could use to assist with testing and scale-up work, and negotiating the License Agreement with McMaster. During 2021, the Company's activities primarily related to finalizing and entering into the License Agreement and CRA, research and testing-related activities with McMaster and third parties, establishing agreements with third parties related to testing and scale-up, financing activities, building its board and management team, and building corporate infrastructure. The Company has not earned any revenues since incorporation.

On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, on March 11, 2020, the World Health Organization declared the outbreak a global pandemic.

To date, there have been a large number of temporary business closures, quarantines and various reductions (and surges) in consumer activity worldwide, including in Canada. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While to date these effects have been temporary and sporadic, the duration of any future disruptions to businesses locally and internationally and the related financial impact may affect the Company's business, financial condition and results of operations.

Such public health crises can result in volatility and disruptions in global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations affected by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest.

To date the Company's business operations have not been substantially affected by the COVID-19 pandemic (save for requiring some Company staff to work remotely, including staff at McMaster). While the degree of severity and length of an economic downturn is difficult to predict, the Company believes that REPELWRAP™ may be a timely product once developed as it is geared towards prevention of the spread of viruses and other pathogens. However, the overall economic impacts of COVID-19 could include an impact on our ability to obtain debt and equity financing, or potential future ability to commercialize REPELWRAP™, achieve revenue or the profitability of our ongoing operations. However, as discussed, as the COVID-19 pandemic continues, there is a risk that the effects of the COVID-19 pandemic, including governmental restrictions and vaccination requirements, market disruptions or volatility, or changed in economic conditions may materially affect the Company's business in the future. A future wave of COVID-19 in North America may result in further disruptions due to: (i) restrictions that governments and communities impose to address the COVID-19 global pandemic; (ii) restrictions that the Company or any manufacturing and distributor partners impose to ensure the safety of employees and others; (iii) shortages of employees and/or unavailability of manufacturing and distributor partners; (iv) interruption of supplies from third-parties upon which the Company relies and/or (v) vaccination requirements.

As at December 31, 2021, the Company held $1,083,871 in cash and had current liabilities of $387,629 and no long term debt. In addition, in the first half of 2022 the Company was successful in raising additional funds through the issuance of common shares and Subscription Receipts.

## Analysis of Fiscal 2021 results compared to Fiscal 2020

The Company recorded a net loss of $1,123,082 in Fiscal 2021 compared to a loss of $336,875 in Fiscal 2020. The increase in net loss in Fiscal 2021 was mainly due to increased operations in 2021 as a result of entering in the License Agreement and CRA in 2021 as the Company was incorporated in July 2020 and had limited operations in 2020. The Company did not earn any revenues in either Fiscal 2021 or Fiscal 2020.

- The Company incurred consulting fees of $262,131 during Fiscal 2021 (Fiscal 2020 – $143,857). Consulting fees increased due to the increased operations during Fiscal 2021.

- Directors' fees of $85,000 were incurred in Fiscal 2021 (Fiscal 2020 – $Nil) as the Company appointed two independent board members in Fiscal 2021 and entered into director service agreements with each of them.

- General and administrative expenses were $41,836 in Fiscal 2021 (Fiscal 2020 - $608). The most significant components of G&A are salaries and related costs which increased in Fiscal 2021 due to the hiring on an employee in Q4 of Fiscal 2021, for travel related expenses and general office expenses.

- Management fees increased to $384,561 for Fiscal 2021 (Fiscal 2020 - $7,500) due to fees charged by senior management including the CEO, and engagement of a CFO and a COO during Fiscal 2021.

- Marketing expenses were $12,029 in Fiscal 2021 compared to $63,987 in Fiscal 2020, a decrease of $51,958 mainly due to brand development work incurred in Fiscal 2020 which was not required during Fiscal 2021.

- The Company incurred professional fees of $236,848 in Fiscal 2021 (Fiscal 2020 - $120,923). Professional fees consist of: $30,000 for audit expenses in Fiscal 2021 (Fiscal 2020 – $Nil); $120,303 for general and corporate related legal fees (Fiscal 2020 - $31,833); and intellectual property and other legal fees of $86,545 (Fiscal 2020 - $89,090). Professional fees increased due to an audit for Fiscal 2021 and additional general and corporate legal fees due to the overall increased operations and financing activity compared to Fiscal 2020. Intellectual property and other legal fees related to legal fees incurred related to patent applications, trademark filings, contract negotiations and reimbursements to McMaster for legal costs related to patent applications and filings.

- The Company incurred research and development expenses ("R&D") of $108,594 in Fiscal 2021 compared to $Nil in Fiscal 2020. The majority of the increase was attributable to continued scientific research and related costs incurred with McMaster pursuant to the CRA and $71,750 in related to shares issued and issuable to McMaster in connection with the License Agreement.

- The Company recorded other income including government grant income of $7,500 in Fiscal 2021 (Fiscal 2020 – $Nil) and recognized a foreign exchange gain of $417 in Fiscal 2021 (Fiscal 2020 – $Nil).

## QUARTERLY FINANCIAL INFORMATION

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in Canadian dollars.

| | Quarter Ended | Revenue | Net Loss (unaudited) | Net loss per share (Basic and diluted) | Weighted average number of shares |
|---|---|---|---|---|---|
| Q4/21 | December 31, 2021 | $ - | $ 347,065 | $ (0.01) | 29,881,945 |
| Q3/21 | September 30, 2021 | $ - | $ 252,084 | $ (0.01) | 26,910,134 |
| Q2/21 | June 30, 2021 | $ - | $ 331,712 | $ (0.04) | 9,530,441 |
| Q1/21 | March 31, 2021 | $ - | $ 192,220 | $ (0.10) | 1,955,557 |
| Q4/20 | December 31, 2020 | $ - | $ 243,333 | $ (243,333) | 1 |
| Q3/20 | Incorporation July 28, to September 30, 2020 | $ - | $ 93,542 | $ (93,542) | 1 |

Variations in the Company's net losses and expenses as well as notable trends for the six quarters ended since incorporation were typical of an early-stage company. Spending on consulting, management expenses, general and

administration, professional fees, marketing and research and development are expected to increase over the next year relative to historical spending due to the expected increased operations of the Company.

During the first year, in Q3/20 and Q4/20, the Company focussed on organizing the Company, strategic planning, branding, research of various third parties that it could use to assist with testing and scale-up work and negotiating the License Agreement with McMaster. During Fiscal 2021, the Company's activities primarily related to finalizing and entering into the License Agreement and CRA, research and testing-related activities with McMaster and third parties, establishing agreements with third parties related to testing and scale-up, financing activities, building its board and management team, and building corporate infrastructure.

**Three Months Ended Dec 31, 2021:**

The Company recorded a net loss of $347,065 in the three months ended December 31, 2021 ("Q4 2021") compared to a net loss of $243,333 in the three months ended December 31, 2020 ("Q4 2020"). In Q4 2021 the loss is higher than Q4 2020 mainly due to overall increased operations in Fiscal 2021 as the Company was only incorporated in July 2020.

- Consulting fees decreased from $84,712 in Q4 2020 to $49,214 in Q4 2021 due to higher consulting fees incurred in relation to corporate strategy and business development incurred in Q4 2021.

- Directors' fees of $56,259 in Q4 2021 (Q4 2020 - $Nil) related to amounts incurred by two directors who were appointed on August 15, 2021.

- General and administrative expenses increased from $608 in Q4 2020 to $26,053 in Q4 2021 mainly due to increased expenses related to general office, travel and employee-related costs in Q4 2021.

- Management fees increased from $7,500 in Q4 2020 compared to $126,845 in Q4 2021 due to consulting and employment agreements entered into with key management personal during Fiscal 2021.

- Marketing expenses decreased from $42,987 in Q4 2020 to $5,125 in Q4 2021 as the Company incurred expenses for branding and design work in 2020 that were not incurred in 2021.

- Professional fees decreased from $107,526 in Q4 2020 to $45,977 in Q4 2021. General and corporate legal fees were $39,493 in Q4 2021 (Q4 2020 - $29,676) and intellectual property and other legal fees decreased from $77,850 in Q4 2020 to $6,483 in Q4 2021 due to higher intellectual property related legal fees incurred in Q4 2020 compared to Q4 2021.

- Research and development expenses increased from $nil in Q4 2020 to $33,763 in Q4 2021. The increase relates mainly to expenses incurred pursuant to the CRA with McMaster which was executed in July 2021.

- Other expenses increased to $3,831 in Q4, 2021 compared to $Nil in Q4 2020.

## LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2021, the Company had working capital of $855,681 compared to working capital of $26,626 as of December 31, 2020. The Company has relied upon equity financings to finance its operations and meet its capital requirements. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure and the amount of cash, the Company may issue new shares or debt or acquire or dispose of assets.

The Company's objectives when managing its liquidity and capital resources is to maintain a sufficient capital base to sustain and grow its overall operations, ensure adequate capital to meet its obligations under the CRA and License Agreement, and provide adequate capital to fund future developments of the business.

**Summary of cash flows**

| | Year Ended December 31, 2021 | Period from Incorporation on July 28, 2020 to December 31, 2020 | Change |
|---|---|---|---|
| Cash used in operating activities | $ (944,674) | $ (6,935) | $ (937,739) |
| Cash used in investing activities | (4,721) | - | (4,721) |
| Cash provided by financing activities | 1,676,699 | 363,501 | 1,313,198 |
| Net increase in cash | $ 727,304 | $ 356,566 | $ 370,738 |

Cash used in operating activities is comprised of net loss, add-back of non-cash expenses, and net change in non-cash working capital items. Cash used on operating activities increased to $944,674 in Fiscal 2021 from $6,935 in Fiscal 2020. This increase is primarily due to increase in consulting fees, management and director fees, research and development, administration and professional fees as the Company increased operations and entered into agreements with key management personnel.

Cash used in investing activities in Fiscal 2021 was $4,721 compared to $nil in Fiscal 2020. This increase in cash used was due to the purchase of computer equipment for staff and management personnel.

Cash provided by financing activities increased to $1,696,699 in Fiscal 2021 compared to $363,501 in Fiscal 2020. In Fiscal 2021 the Company completed several tranches of a private placement which resulted in proceeds of $1,646,699, net of issuance costs. In Fiscal 2021 the Company received $30,000 in subscriptions receivable toward a financing which subsequently closed in January 2022 compared to $363,500 subscriptions received in Fiscal 2020 related to private placements that closed in Fiscal 2021.

The Company funded operations during Fiscal 2021 through the net proceeds of securities issued and the use of existing cash. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its success with its strategic collaborations. Additional financing may not be available on terms favourable to the Company or at all. If the Company does not receive future financing, it may not be possible for the Company to advance its business plans.

## COMMITMENTS

*McMaster University*

The Company entered into the License Agreement with McMaster for the Licensed Technology. Pursuant to the License Agreement, the Company agreed to the following key terms:

- the issuance to McMaster of common shares equal to 5% of its fully diluted share capital on achievement of certain funding thresholds, whereby 1,435,000 common shares were issued at a deemed price of $0.05 per share for fair value of $71,750 in Fiscal 2021;
- pay an annual royalty payment as a % on net sales, subject to annual minimum payments; and
- contribute an aggregate of $350,000 toward sponsored research projects in year one, of which $175,000 was due on signing the Collaborative Research Agreement and receipt of an invoice from McMaster (paid). In year two and year three, the Company is to contribute a minimum of $150,000 each year to a sponsored research project to further develop the Licensed Technology, provided the research aims are approved by the Company.

*NSERC Grant*

On May 9, 2022, NSERC provided McMaster with notice of approval for an Alliance Grant of $361,520 over two years, for its project entitled "Developing a pathogen repellant wrap-improving performance and manufacturing throughput and evaluating real-world potential" with the Company as the main sponsor. This grant requires cash contributions by the Company of $93,500 for each of the two years) and in-kind contributions totaling $229,400 and $309,200 in years 1 and 2, respectively, from FendX and other parties including Draganfly and a future manufacturing partner. The Company's obligations for cash and in-kind services will be satisfied by the Company's contributions pursuant to the CRA as well as through time spent by its senior management and employees related to the project.

## OUTSTANDING SHARE CAPITAL

*Common Shares*

As of the date of this MD&A, the Company had authorized an unlimited number of common shares without par value.

Common Shares issued and outstanding, and other securities convertible into Common Shares as summarized in the following table:

| | Number Outstanding as of August 12, 2022 | Number Outstanding as of December 31, 2021 |
|---|---|---|
| Common Shares issued and outstanding | 37,215,773 | 35,857,773 |
| Options | 1,025,000 | - |
| Common share purchase warrants | 9,200,000 | 9,200,000 |
| Broker warrants | 696,107 | 688,107 |
| Subscription Receipts | 13,338,000 | - |

*Subscription Receipts*

As at the date of this MD&A, the Company had 13,338,000 Subscription Receipts issued and outstanding. Upon satisfaction of the Escrow Release Condition, each Subscription Receipt will automatically convert into one Unit of the Company. Each Unit will consist of one common share and one-half of one Warrant. See "Highlights".

*Warrants*

A summary of the Company's issued and outstanding share purchase warrants at the date of this MD&A is as follows:

| Expiry Date | Exercise Price | Number Outstanding |
|---|---|---|
| March 10, 2023 | $ 0.10 | 8,000,000 |
| June 29, 2023 | $ 0.10 | 1,200,000 |
| | | 9,200,000 |

A summary of the Company's issued and outstanding broker warrants at the date of this MD&A is as follows:

| Expiry Date | Exercise Price | Number Outstanding |
|---|---|---|
| August 16, 2023 | $ 0.15 | 200,320 |
| November 9, 2023 | $ 0.15 | 45,120 |
| December 23, 2023 | $ 0.15 | 442,667 |
| January 20, 2024 | $ 0.15 | 8,000 |
| | | 696,107 |

*Share Purchase Options*

As at the date of this MD&A, the Company had an aggregate of 1,025,000 share purchase options issued and outstanding with an exercise price of $0.15 per common share with an expiry date of April 22, 2027.

*Bonus Shares*

As at the date of this MD&A, the Company has reserved for issuance 4,150,000 Bonus Shares, issuable upon achievement of certain milestones related to the Licensed Technology as set out in the Bonus Agreements (see "Highlights"). As at the date of this MD&A, no Bonus Shares have been issued.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of its operations, financial condition, revenue or expenses, liquidity, capital expenditures or capital resources that is material to investors.

## RELATED PARTY DISCLOSURE

Related parties of the Company include key management personnel, companies controlled by key management personnel and close family members of key management personnel. Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company. Key management personnel are composed of the board of directors and executive leadership team.

The following fees and expenses were incurred with related parties including key management personnel:

| | Year Ended December 31,2021 $ | Period from Incorporation on July 28, 2020, to December 31, 2020 $ |
|---|---|---|
| Consulting fees [(1)] | 32,508 | - |
| Directors' fees [(2)] | 85,000[(6)] | - |
| Management fees [(1), (2), (3), (4), (5)] | 384,561[(6)] | 7,500[(6)] |
| Total | 502,069 | 7,500 |

Notes:

(1) The Company entered into a consulting service agreement with A. Fehr & Associates Ltd. ("Fehr & Associates"), a company controlled by Ann Fehr, the former CFO of the Company. Pursuant to this consulting agreement, during the year ended December 31, 2021, Fehr & Associates charged CFO management fees of $14,050 (Fiscal 2020 - $nil) and consulting fees of $32,508 (Fiscal 2020 - $nil) for CFO and outsourced accounting services respectively. As at December 31, 2021, $9,725 was owing to Fehr & Associates (2020 - $nil).

(2) The Company entered into director services agreements with each of two directors, Dr. Ian Mark Landy and Prakash Gowd for their 2021 director services. During the year ended December 31, 2021, Mark Landy incurred director fees of $45,000 (Fiscal 2020 - $nil) and Prakash Gowd incurred directors fees of $40,000 (Fiscal 2020 - $nil). An aggregate of $85,000 in outstanding directors' fees was included in accounts payable and accrued liabilities as at December 31, 2021 (2020 - $nil).

(3) Effective January 1, 2021 the Company entered into a consulting agreement with Carolyn Myers, the Company's Chief Executive Officer ("CEO"), for management consulting services at a monthly fee of $20,000. During the year ended December 31, 2021, the CEO incurred $240,000 (Fiscal 2020 - $7,500) in management consulting fees. No bonus payment was incurred as at December 31, 2021 (Fiscal 2020 - $Nil). As at December 31, 2021, $120,000 was owing to the CEO (2020 - $7,500).

(4) Effective May 17, 2021, the Company engaged Andrea Mulder as COO pursuant to an employment contract with the Company. The COO was compensated at an annual rate of $165,000 payable semi-monthly in arrears with a discretionary year-end bonus payable of up to 20%. During the year ended December 31, 2021, the COO earned an aggregate of $130,511 (Fiscal 2020 - $nil) in salaries, bonuses and accrued vacation pay. As at December 31, 2021, $28,549 was owing to the COO (2020 - $nil)

(5) During the year ended December 31, 2021, the Company settled management fees owing to the CEO of $7,500 as at December 31, 2020 through the issuance of 1,500,000 common shares. The common shares were issued at a fair value of $0.005 per share.

(6) All amounts incurred by key management personnel.

Included in accounts payable and accrued liabilities at December 31, 2021, were amounts totaling $243,274 (2020 - $7,500) due to current and former related parties.

## SEGMENTED INFORMATION

The Company operates in one reportable segment, involving the research and development of its Licensed Technology. All the Company's assets are located in Canada.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

*Fair value*

The Company's financial instruments at December 31, 2021 include cash, amounts receivable, accounts payable and accrued liabilities. The fair values of these instruments approximate their carrying values due to their short-term nature.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

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., from derived prices); and

Level 3 - inputs for the asset or liability that are not based upon observable market data.

The fair value of cash is based on Level 1 inputs.

[a] Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises for the Company from its cash and amounts receivable. The Company has adopted practices to mitigate the deterioration of principal, to enhance the Company's ability to meet its liquidity needs and to optimize yields within those parameters. The Company regularly reviews the collectability of its accounts receivable and would establish an allowance account for credit losses based on its best estimate of any potentially uncollectible accounts receivable. As of December 31, 2021, the balance of the allowance account for credit losses was $0 (2020 - $0).

[b] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's exposure to liquidity risk is dependent on its purchasing commitments and obligations and its ability to raise funds to meet commitments and sustain operations. The Company manages liquidity risk by continuously monitoring its actual

and forecasted working capital requirements, and actively managing its financing activities. As of December 31, 2021, the Company had working capital of $855,681 (2020 - $26,626). As at December 31, 2021, the Company's financial liabilities were comprised of accounts payable and accrued liabilities totalling $387,629 all of which have contractual maturities less than 3 months.

[c] Market risk

a. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company has cash balances and no interest-bearing investments or debt. If the Company had excess cash to invest, the Company's policy would be to invest the excess cash in guaranteed investment certificates issued by its banking institutions.

b. Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company has a portion of its operating expenses in US dollars. The Company has not entered into foreign exchange derivative contracts.

As at December 31, 2021 and 2020, the Company had the following assets and liabilities denominated in US dollars. A 10% change in the currency exchange rate between the Canadian dollar relative to the US dollar could have a gain or loss of approximately $1,638 (2020 - $47) on the Company's results of financial position based on the Company's net exposure as at December 31, 2021.

| | December 31, 2021 US$ | December 31, 2020 US$ |
|---|---|---|
| Cash | - | - |
| Accounts payable and accrued liabilities | 12,923 | 365 |
| Total | 12,923 | 365 |

[d] Capital disclosure

The Company's objective when managing capital is to ensure its ability to continue as a going concern in order to pursue the development of its product candidates for ultimate sale or out-licensing. The Company attempts to maximize return to shareholders by minimizing shareholder dilution and, when possible, utilizing non-dilutive funding arrangements, such as collaborative partnership arrangements.

The Company defines its capital as share capital and reserves. The Company has financed its capital requirements primarily through equity share issuances since inception.

The Company manages its capital structure and adjusts it considering changes in economic conditions and risk characteristics of the underlying assets. The Company may issue new securities. The Company is not subject to any externally imposed capital requirements. There were no change to the Company's capital management during the year ended December 31, 2021 and the period ended December 31, 2020.

## SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND POLICIES

In applying the Company's accounting policies, management makes several judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

***CRITICAL JUDGMENTS***

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

i. Research costs and license costs are recognized as an expense when incurred, but development costs may be capitalized as intangible assets if certain conditions are met, as described in International Accounting Standard ("IAS") 38 *Intangible Assets*. Management has determined that development costs do not meet the conditions for capitalization under IAS 38, and all research and development costs and license costs have been expensed.

ii. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company and its subsidiary operate.

iii. The determination of categories of financial assets and financial liabilities have been identified as an accounting policy, which involves judgments or assessments made by management.

iv. Management is required to determine whether the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future, including the availability of financing and revenue projection, as well as the current working capital balance and future commitments of the Company.

***ESTIMATION UNCERTAINTY***

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

ii. The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

***SIGNIFICANT ACCOUNTING POLICIES***

The significant accounting policies applied in the preparation of these financial statements have been applied to all periods presented. The following is a summary of significant accounting policies:

[a] Research and development costs

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

i. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
ii. its intention to complete the intangible asset and use or sell it;
iii. its ability to use or sell the intangible asset;
iv. how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
vi. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are capitalized as soon as the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. They are amortized on a straight-line basis over their useful life, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount.

[b] Property and equipment, net

Property and equipment are recorded at cost less accumulated amortization and impairment charges. The cost of repair and maintenance is expensed as incurred. Depreciation is provided using the declining balance method or straight line method over the estimated useful lives of the assets. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from the property and equipment and any gain or loss is recorded to profit or loss.

The significant class of property and equipment includes computer equipment which is depreciated at the rate of 55% using straight line method, commencing when the assets become available for use.

[c] Government grant

A government grant is recognized when there is reasonable assurance it will be received, and all related conditions will be complied with. The Company recognizes government grant in profit or loss on a systematic basis and in line with its recognition of the expenses that the grants are intended to compensate. The Company carefully determines whether the grant compensates expenses already incurred or future costs.

[d] Share-based payments

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and expensed over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services cannot be reliably measured and is recorded at the date the goods or services are received. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in warrants reserve is transferred to share capital. Charges for options or warrants that are cancelled or expire are reclassified from contributed surplus to deficit.

[e] Income taxes

Deferred income tax is recognized using the liability method on temporary differences arising between the tax and accounting bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect either accounting or taxable profit or loss.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred income tax assets are recognized only to the extent that it is probable that future profit will be available against which such assets can be utilized.

[f] Share capital

The Company records proceeds from share issued net of issuance costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the common shares are issued.

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to the shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

[g] Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method whereby all in-the-money options and warrants are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. In periods of loss basic and diluted loss per share are the same, as the effect of the exercise of outstanding options and warrants is anti-dilutive.

[h] Financial instruments

*Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held-for-trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held-for-trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial instruments under IFRS 9 *Financial Instruments*:

| Financial Asset/Liabilities | Classification |
|---|---|
| Cash | FVTPL |
| Amounts receivable | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |

*Measurement*

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the statement of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

*Derecognition*

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of loss and comprehensive loss.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

Accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early-adopted. These standards are not expected to have a material impact on FendX in the current or future reporting periods.

## RISK FACTORS

An investment in the Company is speculative and involves a high degree of risk. Current and prospective shareholders should specifically consider various factors, including the risk factors outlined below. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

Should one or more of these risk factors or uncertainties, including the risks listed below, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected.

**Risks Related to Our Business and the Development of Our Product Candidates**

***Performance depends primarily on the success of product candidates, which is in early formulation/reformulation and have not yet been field tested or received regulatory approval in any country.***

We currently have no products approved or ready for sale or marketing in any country, and may never be able to commercialize our proposed products or obtain regulatory approval for any of our product candidates, including REPELWRAP™, if required by any jurisdiction. Our product candidates are in the early stages of formulation and reformulation and have not yet been field tested. Completing field testing and receiving any required regulatory

approval for our product candidates will depend on many factors, including, but not limited to the following:

- Successfully completing stability and pathogen testing;
- Successfully scaling product candidates for high volume manufacturing;
- Preparing and submitting applications for approvals to appropriate regulatory authorities, if required; and
- Launching commercial sales, marketing and distribution operations.

Many of these factors are wholly or partially beyond our control, including the regulatory submission process and changes in the competitive landscape. Although the Company believes REPELWRAP™ would not require Health Canada or the Pest Control Board approvals for sales in Canada as it believes REPELWRAP™ will be considered a coating which would not require such approvals, there is no certainty that such approvals may not be required or that it will be successful in obtaining any required approvals or licenses in Canada or any other jurisdiction the Company that the Company intends to sell its products. If we do not achieve one or more of these factors in a timely manner, we could experience significant delays or an inability to commercialize our products.

***The Company has a limited operating history and has not yet generated revenues. Availability of future financing is uncertain.***

The Company has no history of earnings, has generated no revenues since commencing operations, and has no source of operating cash flow.

The Company will require significant additional capital to execute its business plan and fund its operations that will likely require the involvement of multiple capital sources and participants. Although the Company has been successful to date in financing its activities through the sale of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to fund its operations and research and development objectives. The actual availability of financing, the involvement of any or all of the potential participant groups and their level of participation, and the details and terms of any eventual financing will be dependent on numerous conditions, including, but not limited to, general market conditions and other economic considerations at the time. While the Company anticipates that financing for development of its products can be arranged, such financing is highly dependent on factors outside of the Company's control and there can be no assurance that the Company will be successful in arranging financing at all, or if so, under acceptable terms and conditions. Even if the Company begins licensing or selling its products, there is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future. There can be no assurance that any future financing will be available on reasonable terms, if at all, and if available, may be dilutive to existing shareholders. Failure to obtain such additional financing could result in delay or indefinite postponement of further research and development activities with the possible loss of the Licensed Technology should the Company not be able to meet its commitments pursuant to the License Agreement or the CRA.

***No production history and no assurances of future profitability.***

To date, the Company does not have a commercial product available for sale and has recorded no revenue from product sales and there is no assurance that it will generate revenue in the future. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's business operations are at an early stage of development and its success will be largely dependent upon the outcome of its ultimate strategy of successfully developing, marketing and generating sales of its products. The Company's operating expenses and capital expenditures may increase in subsequent years. The Company expects to continue to incur losses unless and until such time as it completes scale-up and commercialization of its products and enters into long term and large volume distribution and manufacturing agreements and generates sufficient revenues to fund its continuing operations.

***The Company operates in a highly competitive industry.***

The Company faces competition from a number of manufacturers and suppliers of different products to protect surfaces from pathogens. Significant product innovations, technical advances or competitive pricing could adversely affect the Company's operations and future revenues. We are currently developing products that will compete with other antimicrobial products that currently already exist or are being developed. Products we may develop in the future

are also likely to face competition, some of which we may not currently be aware of. We have competitors in North America and internationally, including companies that are more established than FendX. Many of our competitors have significantly greater financial, manufacturing, marketing, development, technical and human resources than we do. Large companies, in particular, have extensive experience in product development and manufacturing, as well as obtaining regulatory approvals. These companies also have significantly greater research and marketing capabilities than we do and may also have products that have been approved or are in late stages of development. Established competitors may also invest heavily to accelerate development of novel products or to license novel products in the Company's target markets, which could make the product candidates that we develop obsolete. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are more effective, affordable or convenient than products that we may develop. Our competitors may also obtain regulatory approvals for their products more rapidly, which could result in our competitors establishing a strong market position before we are able to enter the market.

Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing manufacturing, as well as in acquiring technologies or intellectual property complementary to, or necessary for, our product candidates. In addition, our industry is characterized by rapid technological change. If we fail to stay at the forefront of technological change, we may be unable to compete effectively. Technological advances or products developed by our competitors may render our technologies or product candidates obsolete, less competitive or not economical.

***The ability of the Company to satisfy the terms of the License Agreement and the Collaborative Research Agreement and maintain the License in good standing.***

The Company has been granted an exclusive license to the Licensed Technology pursuant to the License Agreement. The Company's rights and obligations are outlined in the License Agreement. The License Agreement requires the Company to complete certain milestones (the "License Agreement Milestones")). Failure to complete the License Agreement Milestones could allow the Licensor to terminate the License Agreement. The License Agreement may also be terminated by the Licensor if certain other conditions occur. Under the Collaborative Research Agreement, the Company is obligated to make certain payments to the Licensor, and the Collaborative Research Agreement could be terminated by the Licensor if the Company breaches this agreement. If the Company's relationship with the Licensor were to terminate, the Company would not be able to distribute and commercialize its products and might not be able to enter into another license agreement with an entity with similar technologies on acceptable terms or at all. As a result, the Company could experience delays in its ability to distribute and commercialize its products or a similar technology, all of which would have a material adverse effect on the Company's business, results of operations and financial condition.

***The ability of the Licensor to satisfy the terms of the License Agreement and the Collaborative Research Agreements.***

Pursuant to the License Agreement, the Licensor is, among other things, involved in the ongoing research and development activities being conducted on the Licensed Technology. Pursuant to the Collaborative Research Agreement, the Licensor has agreed to conduct research and development work on behalf of the Company on the Licensed Technology and provide the human resources, materials, facilities and equipment as needed to conduct the sponsored project work. The Company is reliant on McMaster to conduct research and development of the Licensed Technology to advance product candidates for manufacturing scale-up and ultimate commercialization. The Company will be at risk should McMaster not be able to discharge its obligations to conduct research and development funded by the Company.

McMaster, on behalf of the Company, is responsible to file provisional patent applications for new inventions arising from research and development work on the License Technology. In addition, under the direction of the Company, McMaster is responsible to file Patent Cooperation Treaty (PCT), as well as file and prosecute national patent applications. Should McMaster not file new provisional patents, PCT applications and/or file or prosecute national applications, this would materially adversely affect the Company's business, as its products may not have robust enough protection impacting commercialization, and overall operations.

McMaster may not be able to discharge its obligations pursuant to the License Agreement or the Collaborative Research Agreement and thereby the Company's development timeline, regulatory approval and commercialization prospects for its product candidates would be materially adversely affected which may have materially adverse impact on the Company's business.

***The ability of the Company to complete scale-up and/or testing of an intermediate prototype of REPELWRAP™.***

Given the early stage of development of REPELWRAP™, the Company can make no assurance that it can develop viable prototypes for commercial scale-up and/or meet certain product specifications including high repel rates of pathogens or demonstrate long-term durability and stability. Unsatisfactory results may cause the Company or its collaborators to abandon commitments to that program. The early stage of product development makes it particularly uncertain whether any of its product development efforts will prove to be successful. If the Company fails to develop viable prototypes for scale-up or they fail testing, the development timeline and commercialization prospects may be materially adversely affected which may have a material adverse impact on the Company's business.

***Research and development activities may not be successful.***

Given the early stage of product development, the Company can make no assurance that its research and development programs will result in commercially viable products or obtain regulatory approval, as needed. To achieve profitable operations, the Company, alone or with others, must successfully develop and market its future products, and obtain regulatory approval, as needed. To achieve commercial success, sufficient testing must demonstrate that the product candidates demonstrate efficacy and that products can be successfully scaled up for production, in addition to other factors. Unsatisfactory results obtained from testing relating to a research and development program may cause the Company or its collaborators to abandon commitments to that program. The early stage of product development makes it particularly uncertain whether any of its product development efforts will prove to be successful and meet any applicable regulatory requirements, and whether any of its products will receive any requisite regulatory approvals, be capable of being manufactured at a reasonable cost or be successfully marketed. If the Company fails to produce positive results in its future testing of its products or fails to produce test results that demonstrate similar efficacy as any initial testing by McMaster, the development timeline and regulatory approval, if required and commercialization prospects for its products, would be materially adversely affected which may have a material adverse impact on the Company's business.

***Grant funding obligations and no assurance for future grant funding.***

Although the Licensed Technology has been funded partially by grant funding in the past, there is no assurance that the Company, as sponsor, McMaster or the Lead Researchers will be successful in securing additional grants to assist with funding the Company's current and future R&D work plans. In addition, the NSERC Grant awarded May 9, 2022 requires the Company to fulfil certain cash and work commitments together with other third party partners. The Company's ability to fulfil its obligations pursuant to the NSERC Grant depends upon the Company's financial condition, operating performance and expected future revenues, will be subject to prevailing economic conditions, competitive conditions, and financial, business, legislative, regulatory and other factors affecting its operations, many of which are beyond the Company's control.

The Company cannot provide assurance that it will, nor its third-party partners will be able to service their obligations pursuant to the NSERC Grant. Failure to meet the terms of the NSERC Grant may also limit the Company's ability to obtain future grants which may have a material and adverse effect on the Company's operations.

***Our revenues will be highly dependent on a limited number of products.***

The Company will initially generate revenues from a limited number of products that it intends to commercialize. The loss of a single source of revenue for any reason could have a material adverse effect on our business, financial condition and results of operations. In addition, each of these products may face competition and the ability to grow the market and our market share may be limited.

***The Company is dependent on current and future collaborative partners, manufacturers, distributors, licensors and others.***

The Company has no history of manufacturing, distribution or sales. The Company's success will be dependent upon its ability to enter into distribution and manufacturing agreements with third parties. The Company does not intend to manufacture or sell its products directly but will rely on third party distributors and manufacturers to sell and manufacture its products. To-date, the Company has not entered into any formal distribution or manufacturing agreements.

The Company may be unable to enter into agreements with third parties to market and sell REPELWRAP™, upon successful scaleup and testing, for commercialization within and outside of Canada. The Company is seeking to engage third-party distribution partners to sell REPELWRAP™. If the Company is successful in entering into a commercialization agreement for sales within and outside of Canada, the Company may have limited or no control over sales, marketing and distribution activities of these third parties. The Company's future revenues may depend on the success of the efforts of these third parties. To the extent that the Company relies on, or partners with, third parties to launch, manufacture and commercialize REPELWRAP™ if approved, or any other product for which the Company develops in the future, the Company may receive less revenue than if the Company manufactured or sold these products itself. In the event that the Company is unable to partner with a third-party marketing and sales organization, the Company's ability to generate product revenues may be limited, if any. A variety of risks associated with potential international business relationships could materially adversely affect the Company's business. The Company may enter into agreements with third parties for the development and commercialization of future products in international markets. If the Company does so, the Company would be subject to additional risks related to entering into international business relationships.

Any collaboration arrangements that the Company may enter into in the future may not be successful, which could adversely affect the Company's ability to develop and commercialize the Company's products. The Company may seek partnerships, collaborations and other strategic transactions to maximize the commercial potential its products and the Company's proprietary technologies in Canada, the U.S. and other territories throughout the world. The Company may enter into such arrangements on a selective basis depending on the merits of retaining commercialization rights for itself as compared to entering into selective collaboration arrangements with leading distribution companies for each of the Company's products, both in Canada and internationally. The Company faces competition in seeking appropriate collaborators. Moreover, collaboration arrangements are complex and time consuming to negotiate, document and implement. The Company may not be successful in its efforts to establish and implement collaborations or other alternative arrangements should the Company choose to enter into such arrangements. The terms of any collaborations or other arrangements that the Company may establish may not be favourable to the Company. Any future collaborations that the Company enters into may not be successful. The success of the Company's collaboration arrangements will depend heavily on the efforts and activities of the Company's collaborators. Collaborators generally have significant discretion in determining the efforts and resources that they will apply to these collaborations. Disagreements between parties to a collaboration arrangement regarding sales and commercialization matters could lead to delays in the commercialization of the Company's products and, in some cases, termination of the collaboration arrangement. These disagreements can be difficult to resolve if neither of the parties has final decision-making authority. Collaborations with third parties often are terminated or allowed to expire by the other party. Any such termination or expiration could adversely affect the Company financially and could harm the Company's business reputation.

The Company does not own or operate, and has no plans to establish, any manufacturing facilities for the Company's products. The Company will rely on key strategic collaborators and manufacturers to develop and test its prototypes as well as manufacture commercial supplies of finished goods, once its product is fully developed.

The Company plans to negotiate one or more manufacturing agreements with third parties to produce REPELWRAP™ samples, prototypes and ultimately, end products on behalf of the Company for the Canadian and international markets. The facilities used by any third-party manufacturer must be approved by the relevant regulatory body. The Company does not control the manufacturing process of, and is completely dependent on, the Company's contract manufacturing partners for compliance with the regulatory requirements, for manufacture of the Company's prototypes and products, if and when finalized. If contract manufacturers that the Company may use cannot successfully manufacture material that conforms to the Company's specifications and any regulatory requirements

that may be required, the Company could face material adverse impacts on its operations and cash flow. In addition, the Company has no control over the ability of the Company's contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If any regulatory authority does not approve these facilities for the manufacture of the Company's products or product candidates or if it withdraws any such approval in the future, the Company may need to find alternative manufacturing facilities, which would significantly impact the Company's ability to develop, obtain regulatory approval for or market the Company's products or product candidates, if approved. Moreover, if the Company's contract manufacturer cannot successfully manufacture materials that conform to the Company's specifications and any regulatory requirements the Company may be subject to, recalls, product seizures, fines, refusal to permit import or export of the product and injunction against manufacture or distribution or regulatory enforcement action. The machinery to produce the commercial supply of our commercial products and product candidates must be qualified and validated, which is time consuming and expensive, and this machinery is located within one manufacturing site and is customized to the particular manufacturing specifications of each product or product candidate. If any manufacturer is unable to qualify and validate this equipment in a timely manner, the Company's ability to supply or launch and commercialize, as applicable, any of its products, will be compromised. If this customized equipment malfunctions at any time during the production process, the time it may take the manufacturer to secure replacement parts, to undertake repairs and to revalidate the equipment and process could limit The Company's ability to meet the commercial demand for its products. This may increase the risk that the third party manufacturer may not manufacture the product or product candidate in accordance with the applicable regulatory requirements, that the Company may not have sufficient quantities of that product or that the Company may not have such quantities at an acceptable cost, any of which could delay, prevent, or impair the sale or commercialization of any of our commercial products or product candidates, if approved, and the development of the Company's other product candidates. Reliance on a third-party manufacturer subjects the Company to risks that would not affect the Company if the Company manufactured the commercial product or product candidates itself, including:

- reliance on the third party for regulatory compliance and quality assurance;
- reduced control over the manufacturing process for the Company's products and product candidates;
- the possible breach of the manufacturing agreements by the third party because of factors beyond the Company's control;
- the possibility of termination or nonrenewal of the agreements by the third party because of the Company's breach of the manufacturing agreement or based on their own business priorities;
- the disruption and costs associated with changing suppliers; and
- potential theft of know-how and trade secrets.

The Company's commercial products and product candidates may compete with other products and product candidates for access to manufacturing resources and facilities. There may be a limited number of manufacturers that are both capable of manufacturing for the Company and willing to do so. If the Company's existing third-party manufacturer, or the third parties that the Company may engage in the future to manufacture a product for commercial sale should cease to continue to manufacture the Company's products for any reason, the Company likely would experience delays in obtaining sufficient quantities of its products to meet commercial demand or to advance the Company's scale-up and commercialization efforts while the Company identifies and qualifies replacement suppliers. If for any reason the Company is unable to obtain adequate supplies of the Company's products or the substances used to manufacture them, it will be more difficult for the Company to develop its products and compete effectively.

***The Company faces legal and regulatory requirements that may change or restrict the Company's ability to develop, manufacture and supply products.***

The Company's future operations, including development, and commencement and continuation of commercial production, may require licenses, permits or other approvals from various federal, provincial, local and potentially foreign governmental authorities, and such operations are or will be governed by laws and regulations relating to production, exports, taxes, labor standards, occupational health and safety, the environment and other matters, Furthermore, in certain foreign jurisdictions, these regulatory requirements may be more stringent than those in Canada. Although the Company believes REPELWRAP™ would not require Health Canada Therapeutic Products Directorate ("TPD"), Pest Management Regulatory Agency ("PMRA") or Consumer and Hazardous Products Safety Directorate ("CHPSD") approvals for sales in Canada as it believes REPELWRAP™ will be considered a coating which would not require such approvals, there is no certainty that such approvals may not be required or that it will be successful in obtaining any required approvals or licenses in Canada or any other jurisdiction the Company that the

Company intends to sell its products. Should the Company be successful in developing an enhanced repel and kill version of REPELWRAP™, a catheter coating or other new products or enhancements which require approval, the Company will be required to obtain all necessary approvals.

To be able to provide the Company's products in other countries, the Company may need to obtain regulatory approvals and comply with the regulations of those countries which may differ substantially from those of Canada. These regulations, including any requirements for approvals and the time required for regulatory review, vary from country to country. Obtaining and maintaining foreign regulatory approvals is complex, and the Company cannot be certain that it will receive regulatory approvals in any foreign country in which the Company plans to market the Company's products, or to obtain such approvals on a favorable schedule. If the Company fails to obtain or maintain regulatory approval in any foreign country in which the Company plans to market the Company's products, the Company's ability to generate revenue will be harmed.

Achievement of our business objectives is subject to compliance with regulatory requirements enacted by governmental authorities. We may incur costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, thereunder, including orders issued by regulatory or judicial authorities causing the development and manufacture of products to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. We may be required to compensate those suffering loss or damage by reason of our operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Health Canada also regulates certain markets into which the Company intends to supply products or license its intellectual property. Although the Company believes its products will not require Health Canada, PMRA or CHPSD approval, there is no assurance that Health Canada or any other body will require the Company to obtain any license for sales into markets it regulates. Each foreign jurisdiction for the Company's products may also be regulated and there is no assurance that sales of products will be permitted without receipt of regulatory approvals or licenses. Any inability by the Company to obtain approval from Health Canada and/or international bodies could have a material adverse impact of the business of the Company.

Changes in environmental regulation, if any, may adversely impact the Company's operations and future potential profitability. The trend in most countries in environmental legislation and regulation generally is toward stricter standards

The Company may also be subject to consumer protection laws that may impact its sales and marketing efforts. These laws, as well as any changes in these laws, could make it more difficult for the Company to sell and market its products. These laws and regulations may be subject to change over time and thus the Company must continue to monitor and dedicate resources to ensure continued compliance. Non-compliance with applicable regulations or requirements could subject the Company to investigations, sanctions, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any governmental sanctions are imposed, or if the Company does not prevail in any possible civil or criminal litigation, its business, operating results, and financial condition could be materially adversely affected. Additionally, in order for the Company to carry out its activities, any required licences and permits must be obtained and kept current. There can be no assurance, however, that the Company will obtain on reasonable terms or at all the permits and approvals, and the renewals thereof, which it may require for the conduct of its future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on the Company's business plans. Possible future legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delay on the Company's planned research and development and operations, the extent of which cannot be predicted. Failure to comply with applicable laws, regulations and other requirements may have an adverse material impact on the Company and its operations.

***No guarantee of success. Even if we commercialize any of our product candidates, our success is dependent upon each product's acceptance in the market.***

The Company's product candidate REPELWRAP™ (repel film) is in the formulation stage and is not yet commercially viable. There is no guarantee that the Company's efforts to commercialize REPELWRAP™ will be successful and that it will achieve revenues. There is no assurance that broad successful commercial applications may be feasible for the Company. The Company is continuing to explore, develop, and test its current product candidates,

and there can be no assurance that new products will be fully developed for commercial application, that scale-up and commercialization test results will be successful, if completed at all, that any necessary permits or approvals required in order to market such products will be obtained by the Company. The commercial success of our product candidates will depend upon their acceptance by the market and by various sectors, such as the healthcare industry or high-touch point retail venues. The degree of market acceptance will depend on a number of factors, including:

- demonstrated and perceived effectiveness compared to other products;
- limitations and drawbacks compared to other products;
- sales, marketing and distribution support;
- timing of market introduction;
- the degree of cost-effectiveness of our product candidates;
- competitive products;
- adverse publicity of our product candidates or favorable publicity about competitive products;
- convenience and ease of administration of our products; and
- potential product liability claims.

***If the market opportunities for any product that we develop are smaller than we believe they are, our revenue may be adversely affected and our business may suffer.***

Our projections of the markets in which we anticipate to operate in, are based on estimates. If our projections are inaccurate, the market opportunities for any of our product candidates could be significantly diminished and have an adverse material impact on our business.

***Global economic instability may affect the Company's ability to execute its business plan.***

Many industries, including out industry, are affected by global market conditions, and negative trends in global economic conditions, including but not limited to interest rates, consumer spending, employment rates, business conditions, inflation, energy costs, debt levels and credit availability. Changes in these conditions may adversely affect the Company's ability to obtain loans and other credit facilities, which could affect the Company's ability to develop and market its products and affect the trading price of the Company's shares in an adverse manner.

***We may face product liability claims and lawsuits that could adversely impact our business.***

If product liability lawsuits are brought against the Company, the Company may incur substantial liabilities and may be required to limit commercialization of any of its development programs, if approved.

The Company faces a potential risk of product liability if the Company commercializes its products. For example, the Company may be sued if any product candidate the Company develops allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranties. Claims could also be asserted under state consumer protection acts. If the Company cannot successfully defend itself against product liability claims, the Company may incur substantial liabilities or be required to limit commercialization of the product candidate subject to such claims. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for any products that the Company may develop;
- injury to the Company's reputation;
- costs to defend any related litigation;
- a diversion of management's time and the Company's resources;
- substantial monetary awards to any trial participants or customers;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- the inability to commercialize any of the Company's products, subject to any approvals;
- a decline in s stock price; and
- exposure to adverse publicity.

The Company's inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of product candidates the Company develops. The Company does not currently maintain product liability insurance given its current level of product development. Although the Company does maintain other forms of insurance, any claim that may be brought against the Company could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by the Company's insurance or that is in excess of the limits of the Company's insurance coverage. The Company's insurance policies also have various exclusions, and the Company may be subject to a product liability claim for which the Company has no coverage. The Company may have to pay any amounts awarded by a court or negotiated in a settlement that exceed the Company's coverage limitations or that are not covered by the Company's insurance, and the Company may not have, or be able to obtain, sufficient capital to pay such amounts.

**Risks Related to Management and Personnel**

***We rely on our management and need additional key personnel to grow our business, and the loss of key employees or inability to hire key personnel could harm our business.***

We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. The Company's senior management team has expertise in many different aspects of development, licensing, and commercialization. Competition for skilled personnel in the Company's market is intense and competition for experienced personnel may limit the Company's ability to hire and retain highly qualified personnel on acceptable terms. Despite the Company's efforts to retain valuable executives and consultants, members of the Company's management and scientific team may terminate their employment or consulting arrangements with the Company on short notice. In addition, the loss of any of our senior management or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. We do not maintain key person life insurance policies on any of our employees.

In addition, we are subject to a variety of business risks generally associated with growing companies, including capacity constraints and pressure on our internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. Future growth and expansion could place significant strain on our management personnel and likely will require us to recruit additional management personnel.

There can be no assurance that we will be able to manage our expanding operations (including any acquisitions) effectively, that we will be able to sustain or accelerate our growth or that such growth, if achieved, will result in profitable operations, that we will be able to attract and retain sufficient management personnel necessary for continued growth, or that we will be able to successfully make strategic investments or acquisitions.

***We may become subject to liability arising from any fraudulent or illegal activity by our employees, contractors and consultants.***

We are exposed to the risk that our employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for us to identify and deter misconduct by our employees and other third parties, and the precautions taken by us to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, monetary fines or contractual damages on us, reputational harm, diminished profits and future earnings, and curtailment of our operations.

***Our success is tied to management's efforts and abilities.***

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of our management team and other key personnel, including the Lead Researchers. Investors must be willing to rely to a significant extent on the discretion and judgment of the Company's management team.

***There may be conflicts of interest.***

The Company's directors and officers may serve as directors or officers of other similar companies or have significant shareholdings in other similar companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms in accordance with the BCBCA. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

**Risks Related to Intellectual Property**

***We rely on intellectual property and may not be able to protect intellectual property rights throughout the world.***

Our success is heavily dependent upon intangible property and technology that we own and/or license from others, including pursuant to the License Agreement. We rely upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information we consider important to the development and success of our business. We utilize various methods to protect our proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. Further, identifying the unauthorized use of intellectual property rights is difficult as we may be unable to effectively monitor and evaluate the products being distributed by our competitors. There can be no assurance that the steps taken by us to protect intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of our intangible property, technology or processes. Other companies may also be able to materially duplicate our proprietary technology. To the extent that any of the above would occur, this could reduce any competitive advantage the Company may have, reduce our market share otherwise harm our business and revenue could be negatively affected, and in the future, we may have to litigate to enforce our intangible property rights, which could result in substantial costs and divert management's attention and other resources.

Further, we may be unable to obtain registrations for our intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which we are not aware, or we may encounter claims from prior users of similar intellectual property in areas where we operate or intend to conduct operations. In addition, effective patent, trade secret and other intellectual property protection may be unavailable or limited in some foreign countries. In some countries, the Company may not apply for patent or other intellectual property protection. The Company also relies on unpatented technological innovation and other trade secrets to develop and maintain its competitive position. Although the Company generally enters into confidentiality agreements with its employees and third parties to protect its intellectual property, these confidentiality agreements are limited in duration, could be breached and may not provide meaningful protection of its trade secrets. Adequate remedies may not be available if there is an unauthorized use or disclosure of the Company's trade secrets and manufacturing expertise. In addition, others may obtain knowledge about the Company's trade secrets through independent development or by legal means. The failure to protect the Company's processes, technology, trade secrets and proprietary manufacturing expertise, methods and compounds could have a material adverse effect on its business by jeopardizing critical intellectual property.

Where a product formulation or process is kept as a trade secret, third parties may independently develop or invent and patent products or processes identical to such trade secret products or processes. This could have a material adverse effect on the Company's ability to make and sell products or use such processes and could potentially result in costly litigation in which the Company might not prevail. The Company could face intellectual property infringement claims

that could result in significant legal costs and damages and impede its ability to produce key products, which could have a material adverse effect on its business, financial condition, and results of operations.

In addition, we cannot be certain that issued patents will be enforceable or provide adequate protection or that pending or contemplated patent applications will result in issued patents. Competitors may independently develop similar products, duplicate our products, design around our patent rights, or obtain patents and proprietary rights that block or compete with our products.

Policing the unauthorized use of our current or future intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources, and filing, prosecuting, and defending patents on all of our product candidates in all jurisdictions throughout the world would be prohibitively expensive. Therefore, we have filed applications and/or obtained patents only in key markets, such as the United States. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and their products may compete with ours.

In addition, if competitors infringe on our intellectual property, we may have to participate in litigation, interference or other proceedings that are expensive and divert management's attention to determine the right to a patent or other intellectual property or the validity of any patent granted. In any infringement proceeding, some or all of our current or future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for our benefit, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defence proceedings could put one or more of our current or future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued.

The Company's performance and ability to compete are dependent to a significant degree on the proprietary technology licensed to it under the License Agreement. The Company relies on the patents and a combination of copyright and trade secret laws, as well as confidentiality agreements and technical measures, to establish and protect the proprietary rights of the Inventions. As part of its confidentiality procedures, the Company generally enters into agreements with its employees and consultants and limits access to and distribution of its documentation and other proprietary information. Accordingly, while the Company will endeavor to protect the intellectual property licensed to it under the License Agreement, there can be no assurance that the steps taken by the Company will prevent misappropriation of that technology or that agreements entered into for that purpose will be enforceable. The laws of other countries may afford the Company little or no effective protection of its intellectual property or the intellectual property of the Licensor.

***The Company may not successfully secure patents relating to the Licensed Patent Rights.***

Pursuant to the License Agreement, the Company has agreed to fund the Licensor's applications for patents under the Licensed Patent Rights. There can be no assurance that our pending patent applications or any future patent applications will result in issued patents in Canada, the U.S. or foreign jurisdictions in which such applications are pending. Even if patents do issue on any of these applications, there can be no assurance that a third party will not challenge their validity or enforceability, or that the Company will obtain sufficient claim scope or term in those patents to prevent a third party from competing successfully with the Company's product candidates. As a result, the Company could experience delays in its ability to distribute and commercialize REPELWRAP™, all of which would have a material adverse effect on the Company's business, results of operations and financial condition.

***There are risks of infringement on third parties' intellectual property.***

Although the Company does not believe that its proposed products infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Company or the Licensor or that any such assertions or prosecutions will not materially adversely affect the Company's business, financial condition, or results of operations. Regardless of the validity or the successful assertion of such claims, the Company could incur significant costs and diversion of resources with respect to the defense thereof, which could have a material adverse effect on the Company's business, financial condition, or results of operations.

**Risks Related to Ownership of Our Common Shares**

Until the Common Shares are listed on a stock exchange, holders of the Common Shares may not be able to sell their Common Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Common Shares will develop or be sustained. The holding of Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment

***The market price of our Common Shares may be volatile, which could result in substantial losses for investors purchasing Common Shares.***

The price of the Common Shares will fluctuate with market conditions and other factors. If a holder of Common Shares sells its Common Shares, the price received may be more or less than the original investment. Some of the factors that may cause the market price of our Common Shares to fluctuate include:

- actual or anticipated fluctuations in our quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which we operate;
- addition or departure of our executive officers and other key personnel;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies.

***There are risks associated with the potential dilution of our Common Shares.***

We may raise additional funds in the future by issuing equity securities. Such equity securities could contain rights and preferences superior to those of the Common Shares and holders of Common Shares will have no pre-emptive rights in connection with such further issues. The Board of Directors has the discretion to determine if an issuance of equity securities is warranted, the price at which such issuance is effected and the other terms of issue of any equity securities, including Common Shares or equity securities convertible into Common Shares. In addition, additional Common Shares may be issued by us in connection with the exercise of options granted. To the extent holders of our options or other convertible securities convert or exercise their securities and sell the Common Shares they receive, the trading price of the Common Shares may decrease due to the additional number of Common Shares available in the market. Such additional equity issuances could, depending on the price at which such securities are issued, substantially dilute the interests of the holders of Common Shares. In addition, we cannot predict the size of future issuances of our equity securities, including Common Shares, or the effect, if any, that future issuances and sales of our equity securities, including Common Shares will have on the market price of our Common Shares. Sales of substantial amounts of our Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for our Common Shares.

***No Market for Securities.***

There is currently no market through which any of the Common Shares, may be sold and there is no assurance that such securities of the Company will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and the extent of issuer regulation. We cannot predict the prices at which the Common Shares will trade. If an active and liquid trading market for the Common Shares does not develop or is not maintained, investors may have difficulty selling their Common Shares. There can be no assurance that there will be sufficient liquidity of the Common Shares on the trading market, or that we will continue to meet the listing requirements of the CSE or any other public listing exchange on which the Common Shares may subsequently be listed.

***If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about us or our business, our trading price and volume could decline.***

The trading market for our Common Shares will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering us, the trading price for our Common Shares could be negatively impacted. If we obtain securities or industry analyst coverage and one or more of the analysts who cover us downgrade our Common Shares or publish inaccurate or unfavourable research about our business, or more favourable relative recommendations about our competitors, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Common Shares could decrease, which could cause our trading price and volume to decline.

***We may not be able or willing to pay any dividends.***

No dividends on the Common Shares have been paid to date and there is no assurance as to whether we will be profitable enough to pay dividends, or determine to do so even if sufficiently profitable. We anticipate that, for the foreseeable future, we will retain future earnings and other cash resources for the operation and development of our business. Payment of any future dividends will be at the discretion of the Board of Directors after considering many factors, including our earnings, operating results, financial condition, current and anticipated cash needs, and restrictions in financing agreements. Our ability to pay dividends is subject to our future financial position. Our Board must also approve any dividends at their sole discretion. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

**Other Risks**

***The COVID-19 Public Health Crisis or another global health crisis could materially affect the Company's business, operations and financial condition.***

The Company's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, on March 11, 2020, the World Health Organization declared the outbreak a global pandemic.

To date, there have been a large number of temporary business closures, quarantines and various reductions (and surges) in consumer activity worldwide, including in Canada. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While to date these effects have been temporary and sporadic, the duration of any future disruptions to businesses locally and internationally and the related financial impact may affect the Company's business, financial condition and results of operations.

Such public health crises can result in volatility and disruptions in global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations affected by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest.

To date the Company's business operations have not been substantially affected by the COVID-19 pandemic (save for requiring some company staff to work remotely). However, as discussed, as the COVID-19 pandemic continues, there is a risk that the effects of the COVID-19 pandemic, including governmental restrictions and vaccination requirements, market disruptions or volatility, or changed in economic conditions will materially affect the Company's business in the future. A future wave of COVID-19 in North America or a new global health pandemic may result in further disruptions due to: (i) restrictions that governments and communities impose to address the COVID-19 global pandemic or a new global health pandemic; (ii) restrictions that the Company or any manufacturing and distributor partners impose to ensure the safety of employees and others; (iii) shortages of employees and/or unavailability of manufacturing and distributor partners; (iv) interruption of supplies from third-parties upon which the Company relies and/or (v) vaccination requirements.

***There are risks related to the use of available funds.***

The Company has prepared a detailed budget setting out the way it intends to use the available funds. However, the Company's management will have broad discretion concerning the use of the funds as well as the timing of their expenditures, and there can be no assurance as to how the funds will be allocated. However, the quantum and timing of expenditure will necessarily be dependent upon the Company's ultimate strategy of successfully developing and marketing REPELWRAP™. As the Company continues to develop REPELWRAP™, it is possible that circumstances may dictate a departure from the pre-existing budget. Further, the Company may, from time to time as opportunities arise, utilize part of its financial resources (including the funds raised) to participate in additional opportunities that arise and fit within the Company's broader objectives, as a means of advancing shareholder value. Until utilized, the funds will be held in cash balances in the Company's bank account or invested at the discretion of the directors and/or senior management of the Company. As a result, a purchaser will be relying on the judgment of management of the Company for the application of the available funds. The results and the effectiveness of the application of the funds are uncertain. If the available funds are not applied effectively, the Company's business, prospects, financial condition and results of operations may suffer, which could have material and adverse effect on the trading price of the Common Shares in the market.

***The Company is subject to the effects of general economic and political conditions.***

The business of the Company is subject to the impact of changes in Canadian, U.S. and international economic conditions, including but not limited to, recessionary or inflationary trends, equity market conditions, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. These economic conditions may be further affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. Adverse economic and political developments could have a material adverse effect on the Company and its business, financial condition, results of operations and cash flows.

***General***

Although management believes that the above risks fairly and comprehensibly illustrate all material risks facing the Company, the risks noted above do not necessarily comprise all those potentially faced by the Company as it is impossible to foresee all possible risks.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2022
As of August 12, 2022

This management discussion and analysis ("MD&A") of Fendx Technologies Inc. (the "Company" or "FendX") is for the three months ended March 31, 2022. We have prepared this MD&A with reference to National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators. This MD&A should be read in conjunction with the Company's unaudited interim financial statements for the three month period ended March 31, 2022, and the related notes thereto ("Financial Statements"). The Company's Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

## FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward looking information" within the meaning of applicable securities laws in Canada. Forward looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward looking information. In some cases, forward looking information can be identified by the use of forward looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward looking information. Statements containing forward looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- our expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies;
- our ability to obtain funding for our operations
- the use of available funds;
- the performance of the Company's business and operations;
- our expectations regarding revenues, expenses and anticipated cash needs;
- the intention to grow our business and operations;
- the expected timing and completion of our near-term objectives;
- laws and regulations and any amendments thereto applicable to us;
- our competitive advantages and business strategies;
- our future product offerings;
- our research and development initiatives and expected results thereof;
- our ability to enter into distribution, manufacturing and other business relationships;
- our plans with respect to the payment of dividends; and
- the market price for the Common Shares.

The forward-looking information in this MD&A is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

In providing forward-looking information, we have made certain assumptions in respect of our ability to build our market share; the performance of the Company's business and operations; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in our product candidates to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry or the global economy; the size of the target markets for our product candidates; our ability to maintain, expand and protect our intellectual property; and the changes in laws, rules, regulations, and global standards.

The forward-looking information in this MD&A is subject to known and unknown risks and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied, including but not limited to the risks described below and the additional risks factors described under the heading "Risk Factors".

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the headings "Financial Instruments and Risk Management" and "Risk Factors".

The forward-looking statements contained in this MD&A reflect our views and assumptions only as of the date of this MD&A. The Company undertakes no obligation to update or revise any forward-looking statements after the date on which the statement is made, except as required by applicable laws, including the securities laws of Canada.

Actual results could differ materially from those anticipated in forward-looking statements stated within the MD&A.

## OVERVIEW

The Company was incorporated under the Business Corporations Act (British Columbia) on July 28, 2020 under the name "1259192 B.C. LTD". It changed its name to "FendX Technologies Inc." on September 18, 2020. The Company has no subsidiaries.

FendX is an early-stage technology company focused on developing surface protection coating products that protect surfaces from pathogen contamination. The Company is currently developing its anticipated first product, REPELWRAP™ to protect high-contact surfaces from contamination to reduce the transmission of harmful pathogens. The Company's business strategy is to complete additional research and development work on its technology which it anticipates will lead to the commercial development of REPELWRAP™ and follow-on products that are enhancements to REPELWRAP™.

To-date, the technology has been shown to effectively repel certain pathogens that comes into contact with its surface. Although this technology is still in the development stage, the Company believes this technology will be important to control the spread of pathogens on surfaces that are prone to contamination. This technology works by combining hierarchical wrinkled molecular structure with chemical functionalization to reduce pathogen adhesion and biofilm formation. It is flexible and can be applied to most surface shapes.

The Company's future performance depends on, among other things to: (i) fund the Company's research and development requirements pursuant to the CRA (as defined below); (ii) complete the development, scale-up and testing of REPELWRAP™; and (iii) enter into formal engagements with distribution and manufacturing partners.

## NATURE OF OPERATIONS

The Company is focused on the development and commercialization of a surface protection coating technology licensed from McMaster University, Hamilton, Ontario, Canada ("McMaster"). The Company entered into a License

Agreement (as defined herein) with McMaster dated February 5, 2021, as amended July 14, 2021 and July 15, 2022, which provides the Company with an exclusive world-wide license to several patent applications and certain technology to develop and commercialize surface coating films (the "Licensed Technology"). The Company is conducting research and development activities using the Licensed Technology in collaboration with McMaster and the Drs. Leyla Soleymani and Tohid Didar (the "Lead Researchers") pursuant to a research and development collaboration agreement (the "Collaborative Research Agreement" or "CRA") with McMaster with an effective date of August 1, 2021. The Company has engaged third parties to assist with prototype development and testing in order to assess the scalability of products being developed through the CRA.

McMaster created a surface coating film prototype using the Licensed Technology which has been shown to effectively repel certain pathogens that comes into contact with its surface. Although this film is still in the development stage, the Company believes this film will be important to control the spread of pathogens on surfaces that are prone to contamination. This technology works by combining hierarchical wrinkled molecular structure with chemical functionalization to reduce pathogen adhesion and biofilm formation. It is flexible and can be applied to most surface shapes.

The Company believes this surface coating film is unique and differentiated from current protective coatings in the marketplace. The Lead Researchers' research and development efforts and results, as published in several journals to-date, have shown the original prototype to be effective in repelling and preventing biofilm formation of World Health Organization-designated priority pathogens such as Gram-positive methicillin-resistant Staphylococcus aureus, and Gram-negative Pseudomonas and Enterococci strains, as well as being effective in repelling SARS-CoV-2 related viruses.

The Company has been collaborating with consultants and other third-party manufacturers to assist in optimizing the scalability of the original lab prototype with McMaster. The Company, with McMaster, has been working to reformulate the original lab prototype to streamline the scale-up process. The Company believes it has a reformulated product, and the reformulated product is being tested to confirm that it shows similar repelling properties to the original lab prototype. Once confirmed, the Company intends to engage a third-party manufacturers to assess scalability of the reformulated product. If successful, the Company intends to move to the scale-up phase to create a commercial product, which would be tested to ensure it meets the repelling specifications. Once final development is complete, the Company intends to commercialize using manufacturing and distributor partnerships.

Once fully developed, the Company intends to initially target REPELWRAP™ towards healthcare settings (i.e., hospitals, long-term care, senior's residences, clinics) and high traffic public touchpoints (i.e., transportation, hospitality, stadiums/arenas/malls, restaurants, schools, business offices) prone to high levels of surface contamination. The Company expects to launch REPELWRAP™ in the Canadian market in late 2023 or early 2024, conditional on achieving successful product scale-up and commercial manufacturing.

## Q1 2022 HIGHLIGHTS – For the Three Month Period Ended March 31, 2022

Highlights during and subsequent to the three months ended March 31, 2022 include:

- The Company and McMaster entered into a second amendment to the License Agreement, dated July 15, 2022 with an effective date of May 5, 2022.

- The Company signed an extension agreement with Draganfly, which extended the LOI expiry date to June 23, 2024.

- On May 9, 2022, NSERC provided McMaster and the Lead Researchers with notice of approval for an Alliance Grant of $361,520 over two years, for its project entitled "Developing a pathogen repellant wrap-improving performance and manufacturing throughput and evaluating real-world potential" with the Company as the main sponsor. This grant requires cash contributions by the Company of $93,500 for each of the two years) and in-kind contributions totaling $229,400 and $309,200 in years 1 and 2, respectively, from FendX and other parties including Draganfly and a future manufacturing partner. The Company's

obligations for cash and in-kind services will be satisfied by the Company's contributions pursuant to the CRA as well as through time spent by its senior management and employees related to the project.

- On April 28, 2022, the Company closed a non-brokered private placement raising proceeds of $4,001,400 and issued an aggregate of 13,338,000 subscription receipts (each a "Subscription Receipt") at $0.30 per Subscription Receipt. The gross proceeds raised pursuant to the Subscription Receipt offering are being held in escrow by an escrow agent pursuant to a Subscription Receipt Agreement dated April 28, 2022 between the Company and Endeavor Trust Corporation (the "Escrow Agent") and upon obtaining the receipt for a final prospectus (the "Escrow Release Condition"), the funds will be released to the Company and each Subscription Receipt will automatically convert into one unit of FendX (each, a "Unit"). Each Unit will consist of one common share and one-half of one transferable share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase an additional common share at an exercise price of $0.50 per share for a period of two years following the date of the satisfaction of the Escrow Release Condition, subject to an acceleration provision. Should the Escrow Release Condition not be satisfied by the date that is 180 days after the closing date of the Subscription Receipt offering, subscribers will be entitled to receive a refund of the subscription amounts held in escrow, without interest thereon. Upon satisfaction of the Escrow Release Condition, the Company will pay a cash commission to registrants in the aggregate amount $112,752 and will issue 609,680 Subscription Receipt Broker Shares to the registrants and will also issue an aggregate of 985,520 Subscription Receipt Broker Warrants to registrants.

- On April 22, 2022, the Company issued an aggregate of 1,050,000 common shares at $0.15 per share to settle an agreement of $157,500 of debts.

- On April 22, 2022, the Company granted an aggregate of 1,025,000 stock options with an exercise price of $0.15 per share.

- On February 17, 2022, Rose Zanic was appointed as CFO.

- On January 20, 2022 the Company closed the final tranche of a non-brokered private placement raising gross proceeds of $45,000 through the issuance of an aggregate of 300,000 units at $0.15 per unit. In connection with the financing, the Company issued an aggregate of 8,000 broker warrants and 8,000 common shares issued to finders.

## SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information for the three month period ended March 31, 2022 ("Q1 2022") and March 31, 2021 ("Q1 2021"). The selected financial information set out below has been derived from the unaudited interim financial statements and accompanying notes, in each case prepared in accordance with IFRS. The selected financial information set out below may not be indicative of the Company's future performance. The following discussion should be read in conjunction with the financial statements.

| | March 31, 2022 (unaudited) | March 31, 2021 (unaudited) |
|---|---|---|
| Net loss for the period | $ (486,507) | $ (192,220) |
| Loss per share, basic and fully diluted | $ (0.01) | $ (192,220) |

| | As at March 31, 2022 | As at December 31, 2021 |
|---|---|---|
| Total assets | $ 1,260,536 | $ 1,247,122 |
| Total non-current liabilities | $ - | $ - |
| Working capital | $ 650,199 | $ 855,681 |

## DISCUSSION OF OPERATIONS

### Analysis of Q1 2022 results compared to Q1 2021

The Company recorded a net loss of $486,507 in Q1 2022 compared to a net loss of $192,220 in Q1 2021. The increase in net loss in Q1 2022 was mainly due to entering in the License Agreement and CRA in 2021 and the Company had limited operations prior thereto. To-date, The Company has not earned any revenues. The increase in net loss was primarily impacted by the following items:

- The Company incurred consulting fees of $202,426 during Q1 2022 (Q1 2021 – $49,152). Consulting fees increased as the Company had limited operation in Q1 2021.

- Directors' fees of $25,000 were incurred in Q1 2022 (Q1 2021 – $Nil) as the Company appointed two independent board members after Q1 2021 and entered into director service agreements with each of them.

- General and administrative expenses were $34,726 in Q1 2022 (Q1 2021 - $443). The most significant components of G&A are salaries and related costs which increased in Q1 2022 due to the hiring on an employee in late 2021, higher travel related expenses and general office expenses due to increased operations compared to the prior period.

- Management fees increased to $116,625 for Q1 2022 (Q1 2021 - $60,000) due to fees charged by senior management in Q1 2022 which including the fees for the CEO, CFO and COO, whereas Q1 2021 only included fees incurred by the CEO.

- Marketing expenses were $Nil in Q1 2022 compared to $604 in Q1 2021.

- The Company incurred professional fees of $70,963 in Q1 2022 (Q1 2021 - $78,940). Professional fees consist of: $7,500 for audit fees accrued in Q1 2022 (Q1 2021 – $Nil); $17,930 for general and corporate related legal fees (Q1 2021 - $35,596); and intellectual property and other legal fees of $45,533 (Q1 2021 - $43,344). Professional fees decreased mainly due lower general and corporate legal fees in Q1 2022 compared to Q1 2021, offset by increase in audit fees in Q1 2022. Intellectual property and other legal fees related to legal fees incurred related to patent applications, trademark filings, contract negotiations and reimbursements to McMaster for legal costs related to patent applications and filings.

- The Company incurred research and development expenses ("R&D") of $36,762 in Q1 2022 compared to $3,081 in Q1 2021. The majority of the increase was attributable to continued scientific research and related costs incurred with McMaster pursuant to the CRA.

## QUARTERLY FINANCIAL INFORMATION

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in Canadian dollars.

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in Canadian dollars.

| | Quarter Ended | Revenue | Net Loss (unaudited) | Net loss per share (Basic and diluted) | Weighted average number of shares |
|---|---|---|---|---|---|
| Q1 2022 | March 31, 2022 | $ - | $ 486,507 | $ (0.01) | 36,111,773 |
| Q4 2021 | December 31, 2021 | $ - | $ 347,065 | $ (0.01) | 30,313,693 |
| Q3 2021 | September 30, 2021 | $ - | $ 252,084 | $ (0.01) | 26,910,134 |
| Q2 2021 | June 30, 2021 | $ - | $ 331,712 | $ (0.04) | 9,530,441 |
| Q1 2021 | March 31, 2021 | $ - | $ 192,220 | $ (0.10) | 1,955,557 |
| Q4 2020 | December 31, 2020 | $ - | $ 243,333 | $ (243,333) | 1 |
| Q3 2020 | Incorporation July 28, to September 30, 2020 | $ - | $ 93,542 | $ (93,542) | 1 |

Variations in the Company's net losses and expenses as well as notable trends for the seven quarters ended since incorporation were typical of an early-stage company. Spending on consulting, management expenses, general and administration, professional fees, marketing and R&D are expected to increase over the next year relative to historical spending due to the expected increased operations of the Company.

During the first year, in Q3 2020 and Q4 2020, the Company focussed on organizing the Company, strategic planning, branding, research of various third parties that it could use to assist with testing and scale-up work and negotiating the License Agreement with McMaster. During 2021, the Company's activities primarily related to finalizing and entering into the License Agreement and CRA, research and testing-related activities with McMaster and third parties, establishing agreements with third parties related to testing and scale-up, financing activities, building its board and management team, and building corporate infrastructure. In Q1 2022, the Company focussed on its operations and continued to perform R&D activities on its technology as well as pursue financing activities.

## LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2022, the Company had working capital of $650,199 compared to working capital of $855,681 as of December 31, 2021. The Company has relied upon equity financings to finance its operations and meet its capital requirements. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure and the amount of cash, the Company may issue new shares or debt or acquire or dispose of assets.

The Company's objectives when managing its liquidity and capital resources is to maintain a sufficient capital base to sustain and grow its overall operations, ensure adequate capital to meet its obligations under the CRA and License Agreement, and provide adequate capital to fund future developments of the business.

### Summary of cash flows

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 | Change |
|---|---|---|---|
| Cash used in operating activities | $ (252,580) | $ (46,613) | $ (205,967) |
| Cash provided by financing activities | $ 280,500 | $ 138,000 | $ 142,500 |
| Net (decrease) increase in cash | $ 27,920 | $ 91,387 | $ (63,467) |

Cash used in operating activities is comprised of net loss, add-back of non-cash expenses, and net change in non-cash working capital items. Cash used on operating activities increased to $252,580 in Q1 2022 from $46,613 in Q1 2021. This increase is primarily due to increase in consulting fees, management and director fees, R&D, administration and professional fees as the Company focussed on its ongoing operations and R&D activities.

Cash provided by financing activities increased to $280,500 in Q1 2022 compared to $138,000 in Q1 2021. In Q1 2022 the Company completed a final tranche of a private placement which resulted in proceeds of $15,000, compared to $37,500 in Q1 2021. In Q1 2022 the Company received $265,500 in subscriptions receivable toward a financing which subsequently closed in April, 2022 compared to $100,500 of subscriptions received in Q1 2021.

The Company funded operations during Q1 2022 through the net proceeds of securities issued and the use of existing cash. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its success with its strategic collaborations. Additional financing may not be available on terms favourable to the Company or at all. If the Company does not receive future financing, it may not be possible for the Company to advance its business plans.

## COMMITMENTS

*McMaster University*

The Company entered into the License Agreement with McMaster for the Licensed Technology. Pursuant to the License Agreement, the Company agreed to the following key terms:

- the issuance to McMaster of common shares equal to 5% of its fully diluted share capital on achievement of certain funding thresholds, of which 1,435,000 common shares were issued at a deemed price of $0.05 per share for fair value of $71,750 in Fiscal 2021;
- pay an annual royalty payment as a % on net sales, subject to annual minimum payments; and
- contribute an aggregate of $350,000 toward sponsored research projects in year one, of which $175,000 was due on signing the Collaborative Research Agreement and receipt of an invoice from McMaster (paid). In year two and year three, the Company is to contribute a minimum of $150,000 each year to a sponsored research project to further develop the Licensed Technology, provided the research aims are approved by the Company.

*NSERC Grant*

On May 9, 2022, NSERC provided McMaster and Lead Researchers with notice of approval for an Alliance Grant of $361,520 over two years, for its project entitled “Developing a pathogen repellant wrap-improving performance and manufacturing throughput and evaluating real-world potential” with the Company as the main sponsor. This grant requires cash contributions by the Company of $93,500 for each of the two years and in-kind contributions totaling $229,400 and $309,200 in years 1 and 2, respectively, from FendX and other parties including a future manufacturing partner. The Company’s obligations for cash and in-kind services will be satisfied by the Company’s contributions pursuant to the CRA and through time spent by its senior management and employees related to the project.

## OUTSTANDING SHARE CAPITAL

*Common Shares*

As of the date of this MD&A, the Company had authorized an unlimited number of common shares without par value.

Common Shares issued and outstanding, and other securities convertible into Common Shares as summarized in the following table:

| | Number Outstanding as of August 12, 2022 | Number Outstanding as of December 31, 2021 |
|---|---|---|
| Common Shares issued and outstanding | 37,215,773 | 35,857,773 |
| Options | 1,025,000 | - |
| Common share purchase warrants | 9,200,000 | 9,200,000 |
| Broker warrants | 696,107 | 688,107 |
| Subscription Receipts | 13,338,000 | - |

*Subscription Receipts*

As at the date of this MD&A, the Company had 13,338,000 Subscription Receipts issued and outstanding. Upon satisfaction of the Escrow Release Condition, each Subscription Receipt will automatically convert into one Unit of the Company. Each Unit will consist of one common share and one-half of one Warrant. See "Q1 2022 HIGHLIGHTS – For the Three Month Period Ended March 31, 2022".

*Warrants*

A summary of the Company's issued and outstanding share purchase warrants at the date of this MD&A is as follows:

| Expiry Date | Exercise Price | Number Outstanding |
|---|---|---|
| March 10, 2023 | $ 0.10 | 8,000,000 |
| June 29, 2023 | $ 0.10 | 1,200,000 |
| | | 9,200,000 |

A summary of the Company's issued and outstanding broker warrants at the date of this MD&A is as follows:

| Expiry Date | Exercise Price | Number Outstanding |
|---|---|---|
| August 16, 2023 | $ 0.15 | 200,320 |
| November 9, 2023 | $ 0.15 | 45,120 |
| December 23, 2023 | $ 0.15 | 442,667 |
| January 20, 2024 | $ 0.15 | 8,000 |
| | | 696,107 |

*Share Purchase Options*

As at the date of this MD&A, the Company had an aggregate of 1,025,000 share purchase options issued and outstanding with an exercise price of $0.15 per common share with an expiry date of April 22, 2027.

*Bonus Shares*

As at the date of this MD&A, the Company has reserved for issuance 4,150,000 Bonus Shares, issuable upon achievement of certain milestones related to the Licensed Technology as set out in the Bonus Agreements (see "Highlights"). As at the date of this MD&A, no Bonus Shares have been issued.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of its operations, financial condition, revenue or expenses, liquidity, capital expenditures or capital resources that is material to investors.

## RELATED PARTY DISCLOSURE

Related parties of the Company include key management personnel, companies controlled by key management personnel and close family members of key management personnel. Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company. Key management personnel are composed of the board of directors and executive leadership team.

The following fees and expenses were incurred with key management personnel and companies controlled by them:

| | Three Month Period Ended March 31,2022 | Three Month Period Ended March 31,2021 |
|---|---|---|
| | $ | $ |
| Directors' fees [(1)] | 25,000 | - |
| Management fees [(2), (3), (4)] | 116,625 | 60,000 |
| Total | 141,625 | 60,000 |

Notes:

(1) The Company entered into director services agreements with each of two directors, Dr. Ian Mark Landy and Prakash Gowd for their 2022 and 2021 director services. During the three month period ended March 31, 2022, Mark Landy incurred director fees of $12,500 (Q1 2021 - $Nil) and Prakash Gowd incurred directors fees of $12,500 (Q1 2021 - $Nil). An aggregate of $110,000 in outstanding directors' fees was included in accounts payable and accrued liabilities as at March 31, 2022 (December 31, 2021 - $85,000).

(2) BioEnsemble Inc. ("BioEnsemble"), a company controlled by Carolyn Myers, the Company's Chief Executive Officer ("CEO"), charges CEO management consulting fees at a monthly fee of $20,000 pursuant to a consulting agreement. During Q1 2022, BioEnsemble incurred $60,000 (Q1 2021- $Nil) in management consulting fees. During Q1 2022, management fees incurred by the CEO directly were $Nil (Q1 2021 - $60,000). As at March 31, 2022, $60,000 was owing to BioEnsemble and $80,000 was owing to the CEO. As at December 31, 2021 $Nil was owing to BioEnsemble and $80,000 was owing to the CEO.

(3) Effective May 17, 2021, the Company engaged Andrea Mulder as COO pursuant to an employment contract with the Company. The COO was compensated at an annual rate of $165,000 payable semi-monthly in arrears with a discretionary year-end bonus payable of up to 20%. During Q1 2022, the COO earned an aggregate of $41,250 (Q1 2021 - $nil) in salaries and accrued vacation pay. As at March 31, 2022, $27,724 was owing to the COO (December 31, 2021 - $28,549).

(4) Effective February 17, 2022, the Company entered into a consulting agreement with RCF Advisors Ltd. ("RCF"), a company controlled by Rose Zanic, the Company's CFO, and Rose Zanic to provide part-time CFO services to the Company at a rate of $250 per hour plus applicable taxes. During Q1 2022, RCF earned an aggregate of $15,375 in management consulting fees (Q1 2021 - $nil). As at March 31, 2022, $16,144 was owing to RCF (December 31, 2021 - $Nil). On April 22, 2022, $7,500 of the outstanding balance due to RCF was paid for through the issuance of 50,000 common shares at a fair value of $0.15 per common share.

Included in accounts payable and accrued liabilities at March 31, 2022, were amounts totaling $293,868 (December 31, 2021 - $243,274) due to current and former key management personnel and companies controlled by them.

## SEGMENTED INFORMATION

The Company operates in one reportable segment, involving the research and development of its Licensed Technology. All the Company's assets are located in Canada.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

*Fair value*

The Company's financial instruments at March 31, 2022 include cash, amounts receivable, accounts payable and accrued liabilities. The fair values of these instruments approximate their carrying values due to their short-term nature.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

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., from derived prices); and

Level 3 - inputs for the asset or liability that are not based upon observable market data.

The fair value of cash is based on Level 1 inputs.

[a] Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises for the Company from its cash and amounts receivable. The Company has adopted practices to mitigate the deterioration of principal, to enhance the Company's ability to meet its liquidity needs and to optimize yields within those parameters. The Company regularly reviews the collectability of its accounts receivable and would establish an allowance account for credit losses based on its best estimate of any potentially uncollectible accounts receivable. As of March 31, 2022 and December 31, 2021, the balance of the allowance account for credit losses was $0.

[b] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's exposure to liquidity risk is dependent on its purchasing commitments and obligations and its ability to raise funds to meet commitments and sustain operations. The Company manages liquidity risk by continuously monitoring its actual and forecasted working capital requirements, and actively managing its financing activities. As of December 31, 2021, the Company had working capital of $650,199 (December 31,2021 - $855,681). As at March 31, 2022, the Company's financial liabilities were comprised of accounts payable and accrued liabilities totalling $607,049 (December 31, 2021 - $387,629) all of which have contractual maturities less than 3 months.

[c] Market risk

a. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company has cash balances and no interest-bearing investments or debt. If the Company had excess cash to invest, the Company's policy would be to invest the excess cash in guaranteed investment certificates issued by its banking institutions.

b. Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company has a portion of its operating expenses in US dollars. The Company has not entered into foreign exchange derivative contracts.

As at March 31, 2022 and December 31, 2020, the Company had the following assets and liabilities denominated in US dollars:

| | March 31, 2022<br>US$ | December 31, 2021<br>US$ |
|---|---|---|
| Cash and cash equivalents | - | - |
| Accounts payable and accrued liabilities | 7,279 | 12,923 |
| Total | 7,279 | 12,923 |

[d] Capital disclosure

The Company's objective when managing capital is to ensure its ability to continue as a going concern in order to pursue the development of its product candidates for ultimate sale or out-licensing. The Company attempts to maximize return to shareholders by minimizing shareholder dilution and, when possible, utilizing non-dilutive funding arrangements, such as collaborative partnership arrangements.

The Company defines its capital as share capital and reserves. The Company has financed its capital requirements primarily through equity share issuances since inception.

The Company manages its capital structure and adjusts it considering changes in economic conditions and risk characteristics of the underlying assets. The Company may issue new securities. The Company is not subject to any externally imposed capital requirements.

## SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES IN POLICIES

In applying the Company's accounting policies, management makes several judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

***CRITICAL JUDGMENTS***

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

i. Research costs and license costs are recognized as an expense when incurred, but development costs may be capitalized as intangible assets if certain conditions are met, as described in International Accounting Standard ("IAS") 38 *Intangible Assets*. Management has determined that development costs do not meet the conditions for capitalization under IAS 38, and all research and development costs and license costs have been expensed.

ii. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company and its subsidiary operate.

iii. The determination of categories of financial assets and financial liabilities have been identified as an accounting policy, which involves judgments or assessments made by management.

iv. Management is required to determine whether the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future, including the availability of financing and revenue projection, as well as the current working capital balance and future commitments of the Company.

***ESTIMATION UNCERTAINTY***

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

ii. The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

***CHANGES IN ACCOUNTING POLICIES***

There were no new accounting policies adopted during the period ended March 31, 2022.

## RISK FACTORS

An investment in the Company is speculative and involves a high degree of risk. Current and prospective shareholders should specifically consider various factors, including the risk factors outlined below. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

Should one or more of these risk factors or uncertainties, including the risks listed below, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected.

**Risks Related to Our Business and the Development of Our Product Candidates**

***Performance depends primarily on the success of product candidates, which is in early formulation/reformulation and have not yet been field tested or received regulatory approval in any country.***

We currently have no products approved or ready for sale or marketing in any country, and may never be able to commercialize our proposed products or obtain regulatory approval for any of our product candidates, including REPELWRAP™, if required by any jurisdiction. Our product candidates are in the early stages of formulation and reformulation and have not yet been field tested. Completing field testing and receiving any required regulatory approval for our product candidates will depend on many factors, including, but not limited to the following:

- Successfully completing stability and pathogen testing;
- Successfully scaling product candidates for high volume manufacturing;
- Preparing and submitting applications for approvals to appropriate regulatory authorities, if required; and
- Launching commercial sales, marketing and distribution operations.

Many of these factors are wholly or partially beyond our control, including the regulatory submission process and changes in the competitive landscape. Although the Company believes REPELWRAP™ would not require Health Canada or the Pest Control Board approvals for sales in Canada as it believes REPELWRAP™ will be considered a coating which would not require such approvals, there is no certainty that such approvals may not be required or that

it will be successful in obtaining any required approvals or licenses in Canada or any other jurisdiction the Company that the Company intends to sell its products. If we do not achieve one or more of these factors in a timely manner, we could experience significant delays or an inability to commercialize our products.

***The Company has a limited operating history and has not yet generated revenues. Availability of future financing is uncertain.***

The Company has no history of earnings, has generated no revenues since commencing operations, and has no source of operating cash flow.

The Company will require significant additional capital to execute its business plan and fund its operations that will likely require the involvement of multiple capital sources and participants. Although the Company has been successful to date in financing its activities through the sale of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to fund its operations and research and development objectives. The actual availability of financing, the involvement of any or all of the potential participant groups and their level of participation, and the details and terms of any eventual financing will be dependent on numerous conditions, including, but not limited to, general market conditions and other economic considerations at the time. While the Company anticipates that financing for development of its products can be arranged, such financing is highly dependent on factors outside of the Company's control and there can be no assurance that the Company will be successful in arranging financing at all, or if so, under acceptable terms and conditions. Even if the Company begins licensing or selling its products, there is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future. There can be no assurance that any future financing will be available on reasonable terms, if at all, and if available, may be dilutive to existing shareholders. Failure to obtain such additional financing could result in delay or indefinite postponement of further research and development activities with the possible loss of the Licensed Technology should the Company not be able to meet its commitments pursuant to the License Agreement or the CRA.

***No production history and no assurances of future profitability.***

To date, the Company does not have a commercial product available for sale and has recorded no revenue from product sales and there is no assurance that it will generate revenue in the future. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's business operations are at an early stage of development and its success will be largely dependent upon the outcome of its ultimate strategy of successfully developing, marketing and generating sales of its products. The Company's operating expenses and capital expenditures may increase in subsequent years. The Company expects to continue to incur losses unless and until such time as it completes scale-up and commercialization of its products and enters into long term and large volume distribution and manufacturing agreements and generates sufficient revenues to fund its continuing operations.

***The Company operates in a highly competitive industry.***

The Company faces competition from a number of manufacturers and suppliers of different products to protect surfaces from pathogens. Significant product innovations, technical advances or competitive pricing could adversely affect the Company's operations and future revenues. We are currently developing products that will compete with other antimicrobial products that currently already exist or are being developed. Products we may develop in the future are also likely to face competition, some of which we may not currently be aware of. We have competitors in North America and internationally, including companies that are more established than FendX. Many of our competitors have significantly greater financial, manufacturing, marketing, development, technical and human resources than we do. Large companies, in particular, have extensive experience in product development and manufacturing, as well as obtaining regulatory approvals. These companies also have significantly greater research and marketing capabilities than we do and may also have products that have been approved or are in late stages of development. Established competitors may also invest heavily to accelerate development of novel products or to license novel products in the Company's target markets, which could make the product candidates that we develop obsolete. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are more effective, affordable or convenient than products that we may develop. Our competitors may also obtain regulatory approvals for their products more rapidly, which could result in our competitors establishing a strong market position

before we are able to enter the market.

Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing manufacturing, as well as in acquiring technologies or intellectual property complementary to, or necessary for, our product candidates. In addition, our industry is characterized by rapid technological change. If we fail to stay at the forefront of technological change, we may be unable to compete effectively. Technological advances or products developed by our competitors may render our technologies or product candidates obsolete, less competitive or not economical.

***The ability of the Company to satisfy the terms of the License Agreement and the Collaborative Research Agreement and maintain the License in good standing.***

The Company has been granted an exclusive license to the Licensed Technology pursuant to the License Agreement. The Company's rights and obligations are outlined in the License Agreement. The License Agreement requires the Company to complete certain milestones (the "License Agreement Milestones")). Failure to complete the License Agreement Milestones could allow the Licensor to terminate the License Agreement. The License Agreement may also be terminated by the Licensor if certain other conditions occur. Under the Collaborative Research Agreement, the Company is obligated to make certain payments to the Licensor, and the Collaborative Research Agreement could be terminated by the Licensor if the Company breaches this agreement. If the Company's relationship with the Licensor were to terminate, the Company would not be able to distribute and commercialize its products and might not be able to enter into another license agreement with an entity with similar technologies on acceptable terms or at all. As a result, the Company could experience delays in its ability to distribute and commercialize its products or a similar technology, all of which would have a material adverse effect on the Company's business, results of operations and financial condition.

***The ability of the Licensor to satisfy the terms of the License Agreement and the Collaborative Research Agreements.***

Pursuant to the License Agreement, the Licensor is, among other things, involved in the ongoing research and development activities being conducted on the Licensed Technology. Pursuant to the Collaborative Research Agreement, the Licensor has agreed to conduct research and development work on behalf of the Company on the Licensed Technology and provide the human resources, materials, facilities and equipment as needed to conduct the sponsored project work. The Company is reliant on McMaster to conduct research and development of the Licensed Technology to advance product candidates for manufacturing scale-up and ultimate commercialization. The Company will be at risk should McMaster not be able to discharge its obligations to conduct research and development funded by the Company.

McMaster, on behalf of the Company, is responsible to file provisional patent applications for new inventions arising from research and development work on the License Technology. In addition, under the direction of the Company, McMaster is responsible to file Patent Cooperation Treaty (PCT), as well as file and prosecute national patent applications. Should McMaster not file new provisional patents, PCT applications and/or file or prosecute national applications, this would materially adversely affect the Company's business, as its products may not have robust enough protection impacting commercialization, and overall operations.

McMaster may not be able to discharge its obligations pursuant to the License Agreement or the Collaborative Research Agreement and thereby the Company's development timeline, regulatory approval and commercialization prospects for its product candidates would be materially adversely affected which may have materially adverse impact on the Company's business.

***The ability of the Company to complete scale-up and/or testing of an intermediate prototype of REPELWRAP™.***

Given the early stage of development of REPELWRAP™, the Company can make no assurance that it can develop viable prototypes for commercial scale-up and/or meet certain product specifications including high repel rates of pathogens or demonstrate long-term durability and stability. Unsatisfactory results may cause the Company or its collaborators to abandon commitments to that program. The early stage of product development makes it particularly

uncertain whether any of its product development efforts will prove to be successful. If the Company fails to develop viable prototypes for scale-up or they fail testing, the development timeline and commercialization prospects may be materially adversely affected which may have a material adverse impact on the Company's business.

***Research and development activities may not be successful.***

Given the early stage of product development, the Company can make no assurance that its research and development programs will result in commercially viable products or obtain regulatory approval, as needed. To achieve profitable operations, the Company, alone or with others, must successfully develop and market its future products, and obtain regulatory approval, as needed. To achieve commercial success, sufficient testing must demonstrate that the product candidates demonstrate efficacy and that products can be successfully scaled up for production, in addition to other factors. Unsatisfactory results obtained from testing relating to a research and development program may cause the Company or its collaborators to abandon commitments to that program. The early stage of product development makes it particularly uncertain whether any of its product development efforts will prove to be successful and meet any applicable regulatory requirements, and whether any of its products will receive any requisite regulatory approvals, be capable of being manufactured at a reasonable cost or be successfully marketed. If the Company fails to produce positive results in its future testing of its products or fails to produce test results that demonstrate similar efficacy as any initial testing by McMaster, the development timeline and regulatory approval, if required and commercialization prospects for its products, would be materially adversely affected which may have a material adverse impact on the Company's business.

***Our revenues will be highly dependent on a limited number of products.***

The Company will initially generate revenues from a limited number of products that it intends to commercialize. The loss of a single source of revenue for any reason could have a material adverse effect on our business, financial condition and results of operations. In addition, each of these products may face competition and the ability to grow the market and our market share may be limited.

***The Company is dependent on current and future collaborative partners, manufacturers, distributors, licensors and others.***

The Company has no history of manufacturing, distribution or sales. The Company's success will be dependent upon its ability to enter into distribution and manufacturing agreements with third parties. The Company does not intend to manufacture or sell its products directly but will rely on third party distributors and manufacturers to sell and manufacture its products. To-date, the Company has not entered into any formal distribution or manufacturing agreements.

The Company may be unable to enter into agreements with third parties to market and sell REPELWRAP™, upon successful scaleup and testing, for commercialization within and outside of Canada. The Company is seeking to engage third-party distribution partners to sell REPELWRAP™. If the Company is successful in entering into a commercialization agreement for sales within and outside of Canada, the Company may have limited or no control over sales, marketing and distribution activities of these third parties. The Company's future revenues may depend on the success of the efforts of these third parties. To the extent that the Company relies on, or partners with, third parties to launch, manufacture and commercialize REPELWRAP™ if approved, or any other product for which the Company develops in the future, the Company may receive less revenue than if the Company manufactured or sold these products itself. In the event that the Company is unable to partner with a third-party marketing and sales organization, the Company's ability to generate product revenues may be limited, if any. A variety of risks associated with potential international business relationships could materially adversely affect the Company's business. The Company may enter into agreements with third parties for the development and commercialization of future products in international markets. If the Company does so, the Company would be subject to additional risks related to entering into international business relationships.

Any collaboration arrangements that the Company may enter into in the future may not be successful, which could adversely affect the Company's ability to develop and commercialize the Company's products. The Company may seek partnerships, collaborations and other strategic transactions to maximize the commercial potential its products and the Company's proprietary technologies in Canada, the U.S. and other territories throughout the world. The Company may enter into such arrangements on a selective basis depending on the merits of retaining

commercialization rights for itself as compared to entering into selective collaboration arrangements with leading distribution companies for each of the Company's products, both in Canada and internationally. The Company faces competition in seeking appropriate collaborators. Moreover, collaboration arrangements are complex and time consuming to negotiate, document and implement. The Company may not be successful in its efforts to establish and implement collaborations or other alternative arrangements should the Company choose to enter into such arrangements. The terms of any collaborations or other arrangements that the Company may establish may not be favourable to the Company. Any future collaborations that the Company enters into may not be successful. The success of the Company's collaboration arrangements will depend heavily on the efforts and activities of the Company's collaborators. Collaborators generally have significant discretion in determining the efforts and resources that they will apply to these collaborations. Disagreements between parties to a collaboration arrangement regarding sales and commercialization matters could lead to delays in the commercialization of the Company's products and, in some cases, termination of the collaboration arrangement. These disagreements can be difficult to resolve if neither of the parties has final decision-making authority. Collaborations with third parties often are terminated or allowed to expire by the other party. Any such termination or expiration could adversely affect the Company financially and could harm the Company's business reputation.

The Company does not own or operate, and has no plans to establish, any manufacturing facilities for the Company's products. The Company will rely on key strategic collaborators and manufacturers to develop and test its prototypes as well as manufacture commercial supplies of finished goods, once its product is fully developed.

The Company plans to negotiate one or more manufacturing agreements with third parties to produce REPELWRAP™ samples, prototypes and ultimately, end products on behalf of the Company for the Canadian and international markets. The facilities used by any third-party manufacturer must be approved by the relevant regulatory body. The Company does not control the manufacturing process of, and is completely dependent on, the Company's contract manufacturing partners for compliance with the regulatory requirements, for manufacture of the Company's prototypes and products, if and when finalized. If contract manufacturers that the Company may use cannot successfully manufacture material that conforms to the Company's specifications and any regulatory requirements that may be required, the Company could face material adverse impacts on its operations and cash flow. In addition, the Company has no control over the ability of the Company's contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If any regulatory authority does not approve these facilities for the manufacture of the Company's products or product candidates or if it withdraws any such approval in the future, the Company may need to find alternative manufacturing facilities, which would significantly impact the Company's ability to develop, obtain regulatory approval for or market the Company's products or product candidates, if approved. Moreover, if the Company's contract manufacturer cannot successfully manufacture materials that conform to the Company's specifications and any regulatory requirements the Company may be subject to, recalls, product seizures, fines, refusal to permit import or export of the product and injunction against manufacture or distribution or regulatory enforcement action. The machinery to produce the commercial supply of our commercial products and product candidates must be qualified and validated, which is time consuming and expensive, and this machinery is located within one manufacturing site and is customized to the particular manufacturing specifications of each product or product candidate. If any manufacturer is unable to qualify and validate this equipment in a timely manner, the Company's ability to supply or launch and commercialize, as applicable, any of its products, will be compromised. If this customized equipment malfunctions at any time during the production process, the time it may take the manufacturer to secure replacement parts, to undertake repairs and to revalidate the equipment and process could limit The Company's ability to meet the commercial demand for its products. This may increase the risk that the third party manufacturer may not manufacture the product or product candidate in accordance with the applicable regulatory requirements, that the Company may not have sufficient quantities of that product or that the Company may not have such quantities at an acceptable cost, any of which could delay, prevent, or impair the sale or commercialization of any of our commercial products or product candidates, if approved, and the development of the Company's other product candidates. Reliance on a third-party manufacturer subjects the Company to risks that would not affect the Company if the Company manufactured the commercial product or product candidates itself, including:

- reliance on the third party for regulatory compliance and quality assurance;
- reduced control over the manufacturing process for the Company's products and product candidates;
- the possible breach of the manufacturing agreements by the third party because of factors beyond the Company's control;
- the possibility of termination or nonrenewal of the agreements by the third party because of the Company's

breach of the manufacturing agreement or based on their own business priorities;
- the disruption and costs associated with changing suppliers; and
- potential theft of know-how and trade secrets.

The Company's commercial products and product candidates may compete with other products and product candidates for access to manufacturing resources and facilities. There may be a limited number of manufacturers that are both capable of manufacturing for the Company and willing to do so. If the Company's existing third-party manufacturer, or the third parties that the Company may engage in the future to manufacture a product for commercial sale should cease to continue to manufacture the Company's products for any reason, the Company likely would experience delays in obtaining sufficient quantities of its products to meet commercial demand or to advance the Company's scale-up and commercialization efforts while the Company identifies and qualifies replacement suppliers. If for any reason the Company is unable to obtain adequate supplies of the Company's products or the substances used to manufacture them, it will be more difficult for the Company to develop its products and compete effectively.

***The Company faces legal and regulatory requirements that may change or restrict the Company's ability to develop, manufacture and supply products.***

The Company's future operations, including development, and commencement and continuation of commercial production, may require licenses, permits or other approvals from various federal, provincial, local and potentially foreign governmental authorities, and such operations are or will be governed by laws and regulations relating to production, exports, taxes, labor standards, occupational health and safety, the environment and other matters, Furthermore, in certain foreign jurisdictions, these regulatory requirements may be more stringent than those in Canada. Although the Company believes REPELWRAP™ would not require Health Canada Therapeutic Products Directorate ("TPD"), Pest Management Regulatory Agency ("PMRA") or Consumer and Hazardous Products Safety Directorate ("CHPSD") approvals for sales in Canada as it believes REPELWRAP™ will be considered a coating which would not require such approvals, there is no certainty that such approvals may not be required or that it will be successful in obtaining any required approvals or licenses in Canada or any other jurisdiction the Company that the Company intends to sell its products. Should the Company be successful in developing an enhanced repel and kill version of REPELWRAP™, a catheter coating or other new products or enhancements which require approval, the Company will be required to obtain all necessary approvals.

To be able to provide the Company's products in other countries, the Company may need to obtain regulatory approvals and comply with the regulations of those countries which may differ substantially from those of Canada. These regulations, including any requirements for approvals and the time required for regulatory review, vary from country to country. Obtaining and maintaining foreign regulatory approvals is complex, and the Company cannot be certain that it will receive regulatory approvals in any foreign country in which the Company plans to market the Company's products, or to obtain such approvals on a favorable schedule. If the Company fails to obtain or maintain regulatory approval in any foreign country in which the Company plans to market the Company's products, the Company's ability to generate revenue will be harmed.

Achievement of our business objectives is subject to compliance with regulatory requirements enacted by governmental authorities. We may incur costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, thereunder, including orders issued by regulatory or judicial authorities causing the development and manufacture of products to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. We may be required to compensate those suffering loss or damage by reason of our operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Health Canada also regulates certain markets into which the Company intends to supply products or license its intellectual property. Although the Company believes its products will not require Health Canada, PMRA or CHPSD approval, there is no assurance that Health Canada or any other body will require the Company to obtain any license for sales into markets it regulates. Each foreign jurisdiction for the Company's products may also be regulated and there is no assurance that sales of products will be permitted without receipt of regulatory approvals or licenses. Any inability by the Company to obtain approval from Health Canada and/or international bodies could have a material adverse impact of the business of the Company.

Changes in environmental regulation, if any, may adversely impact the Company's operations and future potential profitability. The trend in most countries in environmental legislation and regulation generally is toward stricter standards

The Company may also be subject to consumer protection laws that may impact its sales and marketing efforts. These laws, as well as any changes in these laws, could make it more difficult for the Company to sell and market its products. These laws and regulations may be subject to change over time and thus the Company must continue to monitor and dedicate resources to ensure continued compliance. Non-compliance with applicable regulations or requirements could subject the Company to investigations, sanctions, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any governmental sanctions are imposed, or if the Company does not prevail in any possible civil or criminal litigation, its business, operating results, and financial condition could be materially adversely affected. Additionally, in order for the Company to carry out its activities, any required licences and permits must be obtained and kept current. There can be no assurance, however, that the Company will obtain on reasonable terms or at all the permits and approvals, and the renewals thereof, which it may require for the conduct of its future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on the Company's business plans. Possible future legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delay on the Company's planned research and development and operations, the extent of which cannot be predicted. Failure to comply with applicable laws, regulations and other requirements may have an adverse material impact on the Company and its operations.

***No guarantee of success. Even if we commercialize any of our product candidates, our success is dependent upon each product's acceptance in the market.***

The Company's product candidate REPELWRAP™ (repel film) is in the formulation stage and is not yet commercially viable. There is no guarantee that the Company's efforts to commercialize REPELWRAP™ will be successful and that it will achieve revenues. There is no assurance that broad successful commercial applications may be feasible for the Company. The Company is continuing to explore, develop, and test its current product candidates, and there can be no assurance that new products will be fully developed for commercial application, that scale-up and commercialization test results will be successful, if completed at all, that any necessary permits or approvals required in order to market such products will be obtained by the Company. The commercial success of our product candidates will depend upon their acceptance by the market and by various sectors, such as the healthcare industry or high-touch point retail venues. The degree of market acceptance will depend on a number of factors, including:

- demonstrated and perceived effectiveness compared to other products;
- limitations and drawbacks compared to other products;
- sales, marketing and distribution support;
- timing of market introduction;
- the degree of cost-effectiveness of our product candidates;
- competitive products;
- adverse publicity of our product candidates or favorable publicity about competitive products;
- convenience and ease of administration of our products; and
- potential product liability claims.

***If the market opportunities for any product that we develop are smaller than we believe they are, our revenue may be adversely affected and our business may suffer.***

Our projections of the markets in which we anticipate to operate in, are based on estimates. If our projections are inaccurate, the market opportunities for any of our product candidates could be significantly diminished and have an adverse material impact on our business.

***Global economic instability may affect the Company's ability to execute its business plan.***

Many industries, including out industry, are affected by global market conditions, and negative trends in global economic conditions, including but not limited to interest rates, consumer spending, employment rates, business conditions, inflation, energy costs, debt levels and credit availability. Changes in these conditions may adversely affect the Company's ability to obtain loans and other credit facilities, which could affect the Company's ability to develop and market its products and affect the trading price of the Company's shares in an adverse manner.

***We may face product liability claims and lawsuits that could adversely impact our business.***

If product liability lawsuits are brought against the Company, the Company may incur substantial liabilities and may be required to limit commercialization of any of its development programs, if approved.

The Company faces a potential risk of product liability if the Company commercializes its products. For example, the Company may be sued if any product candidate the Company develops allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranties. Claims could also be asserted under state consumer protection acts. If the Company cannot successfully defend itself against product liability claims, the Company may incur substantial liabilities or be required to limit commercialization of the product candidate subject to such claims. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for any products that the Company may develop;
- injury to the Company's reputation;
- costs to defend any related litigation;
- a diversion of management's time and the Company's resources;
- substantial monetary awards to any trial participants or customers;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- the inability to commercialize any of the Company's products, subject to any approvals;
- a decline in s stock price; and
- exposure to adverse publicity.

The Company's inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of product candidates the Company develops. The Company does not currently maintain product liability insurance given its current level of product development. Although the Company does maintain other forms of insurance, any claim that may be brought against the Company could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by the Company's insurance or that is in excess of the limits of the Company's insurance coverage. The Company's insurance policies also have various exclusions, and the Company may be subject to a product liability claim for which the Company has no coverage. The Company may have to pay any amounts awarded by a court or negotiated in a settlement that exceed the Company's coverage limitations or that are not covered by the Company's insurance, and the Company may not have, or be able to obtain, sufficient capital to pay such amounts.

**Risks Related to Management and Personnel**

***We rely on our management and need additional key personnel to grow our business, and the loss of key employees or inability to hire key personnel could harm our business.***

We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. The Company's senior management team has expertise in many different aspects of development, licensing, and commercialization. Competition for skilled personnel in the Company's market is intense and competition for experienced personnel may limit the Company's ability to hire and retain highly qualified personnel on acceptable terms. Despite the Company's efforts to retain valuable executives and consultants, members of the Company's management and scientific team may terminate their employment or consulting arrangements with the Company on short notice. In addition, the loss of any of our senior management or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. We do not maintain key person life insurance policies on any of our employees.

In addition, we are subject to a variety of business risks generally associated with growing companies, including

capacity constraints and pressure on our internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. Future growth and expansion could place significant strain on our management personnel and likely will require us to recruit additional management personnel.

There can be no assurance that we will be able to manage our expanding operations (including any acquisitions) effectively, that we will be able to sustain or accelerate our growth or that such growth, if achieved, will result in profitable operations, that we will be able to attract and retain sufficient management personnel necessary for continued growth, or that we will be able to successfully make strategic investments or acquisitions.

***We may become subject to liability arising from any fraudulent or illegal activity by our employees, contractors and consultants.***

We are exposed to the risk that our employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for us to identify and deter misconduct by our employees and other third parties, and the precautions taken by us to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, monetary fines or contractual damages on us, reputational harm, diminished profits and future earnings, and curtailment of our operations.

***Our success is tied to management's efforts and abilities.***

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of our management team and other key personnel, including the Lead Researchers. Investors must be willing to rely to a significant extent on the discretion and judgment of the Company's management team.

***There may be conflicts of interest.***

The Company's directors and officers may serve as directors or officers of other similar companies or have significant shareholdings in other similar companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms in accordance with the BCBCA. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

**Risks Related to Intellectual Property**

***We rely on intellectual property and may not be able to protect intellectual property rights throughout the world.***

Our success is heavily dependent upon intangible property and technology that we own and/or license from others, including pursuant to the License Agreement. We rely upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information we consider important to the development and success of our business. We utilize various methods to protect our proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. Further, identifying the unauthorized use of intellectual property rights is difficult as we may be unable to effectively monitor and evaluate the products being distributed by our competitors. There can be no assurance that the steps taken by us to protect intangible property, technology and information will be adequate to prevent

misappropriation or independent third-party development of our intangible property, technology or processes. Other companies may also be able to materially duplicate our proprietary technology. To the extent that any of the above would occur, this could reduce any competitive advantage the Company may have, reduce our market share otherwise harm our business and revenue could be negatively affected, and in the future, we may have to litigate to enforce our intangible property rights, which could result in substantial costs and divert management's attention and other resources.

Further, we may be unable to obtain registrations for our intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which we are not aware, or we may encounter claims from prior users of similar intellectual property in areas where we operate or intend to conduct operations. In addition, effective patent, trade secret and other intellectual property protection may be unavailable or limited in some foreign countries. In some countries, the Company may not apply for patent or other intellectual property protection. The Company also relies on unpatented technological innovation and other trade secrets to develop and maintain its competitive position. Although the Company generally enters into confidentiality agreements with its employees and third parties to protect its intellectual property, these confidentiality agreements are limited in duration, could be breached and may not provide meaningful protection of its trade secrets. Adequate remedies may not be available if there is an unauthorized use or disclosure of the Company's trade secrets and manufacturing expertise. In addition, others may obtain knowledge about the Company's trade secrets through independent development or by legal means. The failure to protect the Company's processes, technology, trade secrets and proprietary manufacturing expertise, methods and compounds could have a material adverse effect on its business by jeopardizing critical intellectual property.

Where a product formulation or process is kept as a trade secret, third parties may independently develop or invent and patent products or processes identical to such trade secret products or processes. This could have a material adverse effect on the Company's ability to make and sell products or use such processes and could potentially result in costly litigation in which the Company might not prevail. The Company could face intellectual property infringement claims that could result in significant legal costs and damages and impede its ability to produce key products, which could have a material adverse effect on its business, financial condition, and results of operations.

In addition, we cannot be certain that issued patents will be enforceable or provide adequate protection or that pending or contemplated patent applications will result in issued patents. Competitors may independently develop similar products, duplicate our products, design around our patent rights, or obtain patents and proprietary rights that block or compete with our products.

Policing the unauthorized use of our current or future intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources, and filing, prosecuting, and defending patents on all of our product candidates in all jurisdictions throughout the world would be prohibitively expensive. Therefore, we have filed applications and/or obtained patents only in key markets, such as the United States. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and their products may compete with ours.

In addition, if competitors infringe on our intellectual property, we may have to participate in litigation, interference or other proceedings that are expensive and divert management's attention to determine the right to a patent or other intellectual property or the validity of any patent granted. In any infringement proceeding, some or all of our current or future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for our benefit, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defence proceedings could put one or more of our current or future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued.

The Company's performance and ability to compete are dependent to a significant degree on the proprietary technology licensed to it under the License Agreement. The Company relies on the patents and a combination of copyright and trade secret laws, as well as confidentiality agreements and technical measures, to establish and protect the proprietary rights of the Inventions. As part of its confidentiality procedures, the Company generally enters into agreements with its employees and consultants and limits access to and distribution of its documentation and other

proprietary information. Accordingly, while the Company will endeavor to protect the intellectual property licensed to it under the License Agreement, there can be no assurance that the steps taken by the Company will prevent misappropriation of that technology or that agreements entered into for that purpose will be enforceable. The laws of other countries may afford the Company little or no effective protection of its intellectual property or the intellectual property of the Licensor.

***The Company may not successfully secure patents relating to the Licensed Patent Rights.***

Pursuant to the License Agreement, the Company has agreed to fund the Licensor's applications for patents under the Licensed Patent Rights. There can be no assurance that our pending patent applications or any future patent applications will result in issued patents in Canada, the U.S. or foreign jurisdictions in which such applications are pending. Even if patents do issue on any of these applications, there can be no assurance that a third party will not challenge their validity or enforceability, or that the Company will obtain sufficient claim scope or term in those patents to prevent a third party from competing successfully with the Company's product candidates. As a result, the Company could experience delays in its ability to distribute and commercialize REPELWRAP™, all of which would have a material adverse effect on the Company's business, results of operations and financial condition.

***There are risks of infringement on third parties' intellectual property.***

Although the Company does not believe that its proposed products infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Company or the Licensor or that any such assertions or prosecutions will not materially adversely affect the Company's business, financial condition, or results of operations. Regardless of the validity or the successful assertion of such claims, the Company could incur significant costs and diversion of resources with respect to the defense thereof, which could have a material adverse effect on the Company's business, financial condition, or results of operations.

**Risks Related to Ownership of Our Common Shares**

Until the Common Shares are listed on a stock exchange, holders of the Common Shares may not be able to sell their Common Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Common Shares will develop or be sustained. The holding of Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment

***The market price of our Common Shares may be volatile, which could result in substantial losses for investors purchasing Common Shares.***

The price of the Common Shares will fluctuate with market conditions and other factors. If a holder of Common Shares sells its Common Shares, the price received may be more or less than the original investment. Some of the factors that may cause the market price of our Common Shares to fluctuate include:

- actual or anticipated fluctuations in our quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which we operate;
- addition or departure of our executive officers and other key personnel;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies.

***There are risks associated with the potential dilution of our Common Shares.***

We may raise additional funds in the future by issuing equity securities. Such equity securities could contain rights and preferences superior to those of the Common Shares and holders of Common Shares will have no pre-emptive rights in connection with such further issues. The Board of Directors has the discretion to determine if an issuance of equity securities is warranted, the price at which such issuance is effected and the other terms of issue of any equity securities, including Common Shares or equity securities convertible into Common Shares. In addition, additional Common Shares may be issued by us in connection with the exercise of options granted. To the extent holders of our options or other convertible securities convert or exercise their securities and sell the Common Shares they receive, the trading price of the Common Shares may decrease due to the additional number of Common Shares available in the market. Such additional equity issuances could, depending on the price at which such securities are issued, substantially dilute the interests of the holders of Common Shares. In addition, we cannot predict the size of future issuances of our equity securities, including Common Shares, or the effect, if any, that future issuances and sales of our equity securities, including Common Shares will have on the market price of our Common Shares. Sales of substantial amounts of our Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for our Common Shares.

***No Market for Securities.***

There is currently no market through which any of the Common Shares, may be sold and there is no assurance that such securities of the Company will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and the extent of issuer regulation. We cannot predict the prices at which the Common Shares will trade. If an active and liquid trading market for the Common Shares does not develop or is not maintained, investors may have difficulty selling their Common Shares. There can be no assurance that there will be sufficient liquidity of the Common Shares on the trading market, or that we will continue to meet the listing requirements of the CSE or any other public listing exchange on which the Common Shares may subsequently be listed.

***If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about us or our business, our trading price and volume could decline.***

The trading market for our Common Shares will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering us, the trading price for our Common Shares could be negatively impacted. If we obtain securities or industry analyst coverage and one or more of the analysts who cover us downgrade our Common Shares or publish inaccurate or unfavourable research about our business, or more favourable relative recommendations about our competitors, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Common Shares could decrease, which could cause our trading price and volume to decline.

***We may not be able or willing to pay any dividends.***

No dividends on the Common Shares have been paid to date and there is no assurance as to whether we will be profitable enough to pay dividends, or determine to do so even if sufficiently profitable. We anticipate that, for the foreseeable future, we will retain future earnings and other cash resources for the operation and development of our business. Payment of any future dividends will be at the discretion of the Board of Directors after considering many factors, including our earnings, operating results, financial condition, current and anticipated cash needs, and restrictions in financing agreements. Our ability to pay dividends is subject to our future financial position. Our Board must also approve any dividends at their sole discretion. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

**Other Risks**

***The COVID-19 Public Health Crisis or another global health crisis could materially affect the Company's business, operations and financial condition.***

The Company's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, on March 11, 2020, the World Health Organization declared the outbreak a global pandemic.

To date, there have been a large number of temporary business closures, quarantines and various reductions (and surges) in consumer activity worldwide, including in Canada. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While to date these effects have been temporary and sporadic, the duration of any future disruptions to businesses locally and internationally and the related financial impact may affect the Company's business, financial condition and results of operations.

Such public health crises can result in volatility and disruptions in global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations affected by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest.

To date the Company's business operations have not been substantially affected by the COVID-19 pandemic (save for requiring some company staff to work remotely). However, as discussed, as the COVID-19 pandemic continues, there is a risk that the effects of the COVID-19 pandemic, including governmental restrictions and vaccination requirements, market disruptions or volatility, or changed in economic conditions will materially affect the Company's business in the future. A future wave of COVID-19 in North America or a new global health pandemic may result in further disruptions due to: (i) restrictions that governments and communities impose to address the COVID-19 global pandemic or a new global health pandemic; (ii) restrictions that the Company or any manufacturing and distributor partners impose to ensure the safety of employees and others; (iii) shortages of employees and/or unavailability of manufacturing and distributor partners; (iv) interruption of supplies from third-parties upon which the Company relies and/or (v) vaccination requirements.

***There are risks related to the use of available funds.***

The Company has prepared a detailed budget setting out the way it intends to use the available funds. However, the Company's management will have broad discretion concerning the use of the funds as well as the timing of their expenditures, and there can be no assurance as to how the funds will be allocated. However, the quantum and timing of expenditure will necessarily be dependent upon the Company's ultimate strategy of successfully developing and marketing REPELWRAP™. As the Company continues to develop REPELWRAP™, it is possible that circumstances may dictate a departure from the pre-existing budget. Further, the Company may, from time to time as opportunities arise, utilize part of its financial resources (including the funds raised) to participate in additional opportunities that arise and fit within the Company's broader objectives, as a means of advancing shareholder value. Until utilized, the funds will be held in cash balances in the Company's bank account or invested at the discretion of the directors and/or senior management of the Company. As a result, a purchaser will be relying on the judgment of management of the Company for the application of the available funds. The results and the effectiveness of the application of the funds are uncertain. If the available funds are not applied effectively, the Company's business, prospects, financial condition and results of operations may suffer, which could have material and adverse effect on the trading price of the Common Shares in the market.

***The Company is subject to the effects of general economic and political conditions.***

The business of the Company is subject to the impact of changes in Canadian, U.S. and international economic conditions, including but not limited to, recessionary or inflationary trends, equity market conditions, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence.

These economic conditions may be further affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. Adverse economic and political developments could have a material adverse effect on the Company and its business, financial condition, results of operations and cash flows.

***General***

Although management believes that the above risks fairly and comprehensibly illustrate all material risks facing the Company, the risks noted above do not necessarily comprise all those potentially faced by the Company as it is impossible to foresee all possible risks.

## CERTIFICATE OF THE ISSUER

Dated: August 12, 2022

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of the provinces of British Columbia, Alberta, Manitoba and Ontario.

| | |
|---|---|
| (Signed) "*Carolyn Myers*" | (Signed) "*Rose Zanic*" |
| Chief Executive Officer | Chief Financial Officer |

On behalf of the Board of Directors

| | |
|---|---|
| (Signed) "*Ian Mark Landy*" | (Signed) "*Prakash Gowd*" |
| Director | Director |

## CERTIFICATE OF THE PROMOTER

Dated: August 12, 2022

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of the provinces of British Columbia, Alberta, Manitoba and Ontario.

(Signed) "*Carolyn Myers*"

Carolyn Myers