ME Therapeutics Holdings Inc.

(formerly Metx Research Corp.)

Condensed Interim Consolidated Financial Statements

For the three months ended

November 30, 2023

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements for ME Therapeutics Holdings Inc. (the “Company”) have been prepared by management in accordance with International Financing Reporting Standards (IAS 34). These condensed interim consolidated financial statements are the responsibility of management and are unaudited and have not been reviewed by the Company's auditors with the disclosure requirements of National Instruments 51-102 released by the Canadian Securities Administrators.

The Company's Audit Committee and Board of Directors has reviewed and approved these condensed interim consolidated financial statements.

ME Therapeutics Holdings Inc. (formerly Metx Research Corp.)

Condensed Interim Consolidated Statements of Financial Position

Unaudited – Prepared by Management

As at November 30, 2023 and August 31, 2023

	Note	**November 30, 2023 $**	August 31, 2023 $
Assets			
Current assets			
Cash		381,715	647,145
Government assistance receivable	11	19,419	-
Sales tax receivable		11,569	7,209
Prepaid expenses		57,943	17,310
		470,646	671,664
Non-current assets			
Equipment	4	187	196
Intangible asset	5	1	1
Total assets		**470,834**	671,861
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		36,999	106,716
Due to related parties	7	1,556	1,757
Government loans	11	40,000	40,000
Total liabilities		**78,555**	148,473
Shareholders' equity			
Share capital	6	4,523,869	4,523,869
Commitment to issue shares	6,7	36,317	31,917
Reserves	6	3,416,072	3,208,468
Deficit		(7,583,979)	(7,240,866)
Total shareholders' equity		**392,279**	523,388
Total liabilities and shareholders' equity		**470,834**	671,861
Nature of operations and going concern	**1**		
Reverse acquisition	**3**		
Event after the reporting period	**12**		

Approved on behalf of the Board of Directors on January 24, 2024:

"Salim Dhanji" **Director** *"Kenneth Harder"* **Director**

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

ME Therapeutics Holdings Inc. (formerly Metx Research Corp.)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

Unaudited – Prepared by Management

For the three months ended November 30, 2023 and November 30, 2022

	Common shares #	Share capital $	Commitment to issue shares $	Convertible debentures $	Reserves $	Deficit $	Total shareholders' equity (deficiency) $
September 1, 2022	8,488,458	513,082	-	18,263	57,649	(720,476)	(131,482)
Commitment to issue shares	-	-	3,166	-	-	-	3,166
Loss and comprehensive loss for the period	-	-	-	-	-	(40,453)	(40,453)
November 30, 2022	8,488,458	513,082	3,166	18,263	57,649	(760,929)	(168,769)
September 1, 2023	23,561,161	4,523,869	31,917	-	3,208,468	(7,240,866)	523,388
Share-based compensation	-	-	-	-	207,604	-	207,604
Commitment to issue shares	-	-	4,400	-	-	-	4,400
Loss and comprehensive loss for the period	-	-	-	-	-	(343,113)	(343,113)
November 30, 2023	**23,561,161**	**4,523,869**	**36,317**	**-**	**3,416,072**	**(7,583,979)**	**392,279**

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

ME Therapeutics Holdings Inc. (formerly Metx Research Corp.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

For the three months ended November 30,

	Note	**November 30, 2023 $**	November 30, 2022 $
Operating expenses			
Depreciation	4	9	12
General and administrative		19,545	5,099
Interest/accretion - convertible debentures	6	-	4,553
Professional fees	7	72,189	30,589
Research costs		66,831	200
Share-based compensation	6,7	207,604	-
Loss from operating expenses		**(366,178)**	(40,453)
Interest income		3,646	-
Government assistance	11	19,419	-
Loss and comprehensive loss for the period		**(343,113)**	(40,453)
Loss per share			
Weighted average number of common shares outstanding			
- Basic #		**23,561,161**	8,488,458
- Diluted #		**23,561,161**	8,488,458
Basic loss per share $		**(0.01)**	(0.00)
Diluted loss per share $		**(0.01)**	(0.00)

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

ME Therapeutics Holdings Inc. (formerly Metx Research Corp.)

Condensed Interim Consolidated Statements of Cash Flows

Unaudited – Prepared by Management

For the three months ended November 30,

	Note	**November 30, 2023 $**	November 30, 2022 $
Operating activities			
Loss for the period		(343,113)	(40,453)
Adjustments for non-cash items:			
Depreciation		9	12
Interest/accretion - convertible debentures		-	4,553
Share-based compensation		207,604	-
Commitment to issue shares - services		4,400	3,166
Working capital adjustments:			
Government assistance receivable		(19,419)	-
Sales tax receivable		(4,360)	(1,607)
Prepaid expenses		(40,633)	200
Accounts payable and accrued liabilities		(69,717)	(1,799)
Due to related parties		(201)	(7,357)
		(265,430)	(43,285)
Net change in cash		**(265,430)**	(43,285)
Cash, beginning of period		**647,145**	77,377
Cash, end of period		**381,715**	34,092
Supplemental cash flow information	9		

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

1. Nature of operations and going concern

Nature of operations

ME Therapeutics Holdings Inc. (formerly Metx Research Corp.) (the "Company" or "METX") is a preclinical stage biotechnology company working on cancer fighting drugs in the field of Immuno Oncology. The Company was incorporated on November 9, 2021 under the laws of the Province of British Columbia. The Company's head office is located at 177 Robson Street, Vancouver, British Columbia, Canada, V6B 0N3. Its records office is located at 2900 – 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 0A3. On March 9, 2023, the Company changed its name from "Metx Research Corp." to "ME Therapeutics Holdings Inc." and changed its year end from September 30 to August 31.

On March 9, 2023, the Company completed the acquisition of all of the issued and outstanding securities in the capital of ME Therapeutics Inc. ("METI"), a private company incorporated on September 16, 2014 under the laws of the Province of British Columbia, in exchange for the issuance of an aggregate of 14,999,994 common shares in the capital of the Company to the shareholders of METI pursuant to the terms of an Securities Exchange Agreement (the "Agreement") dated October 4, 2022 (and as amended on October 12, 2022, and March 7, 2023) between the Company and METI (collectively, the "Transaction").

The Transaction constituted a reverse acquisition ("RTO") of the Company by METI.

Effective October 4, 2023, the Company was issued a receipt for its final long-form prospectus dated September 29, 2023. Effective October 12, 2023, the Company's securities commenced trading on the Canadian Securities Exchange, and in December 2023, the Company's shares were listed on the Frankfurt Stock Exchange.

Going concern

These condensed interim consolidated financial statements (the "financial statements") are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As at November 30, 2023, the Company had a working capital surplus of $392,091 (August 31, 2023 – $523,191) and shareholders' equity of $392,279 (August 31, 2023 – $523,388). However, the Company does not have revenues and has recurring operating losses from incorporation. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with equity financings, or loans from related parties. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statements of financial position.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic from March 2020, political conflict in other regions, and supply chain disruptions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and its effect on the Company's business or ability to raise funds.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company‘s annual audited consolidated financial statements for the year ended August 31, 2023, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements.

These financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies set out below have been applied consistently by the Company.

All amounts on these financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

Principles of consolidation

These financial statements include the accounts of the Company, and its wholly-owned subsidiary as follows:

Name	Jurisdiction	Relationship
ME Therapeutics Holdings Inc.	Canada	Legal parent company
ME Therapeutics Inc.	Canada	Legal subsidiary company

A subsidiary is an entity controlled by the Company and is included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of a subsidiary are changed where necessary to align them with the policies adopted by the Company.

All intercompany balances are eliminated on consolidation.

The financial statements account for METX as a controlled entity requiring consolidation since the date of the RTO (notes 1 and 3), effective March 9, 2023 onwards, except for capital which has been retroactively adjusted to reflect the capital of the Company.

Significant accounting policies

The accounting policies, estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent annual audited consolidated financial statements and are those the Company expects to adopt in its consolidated financial statements for the year ended August 31, 2024. Accordingly, these financial statements should be read in conjunction with the Company’s most recent annual audited consolidated financial statements.

New accounting policies

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2023. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

3. Reverse acquisition

As described in note 1, on March 9, 2023, the Company (METX) and METI completed a Transaction which constituted a reverse acquisition, with METI shareholders receiving 1.395 shares of METX for every share of METI held. This resulted in METI shareholders controlling approximately 64.4% of the issued and outstanding shares of the Company.

The Transaction resulted in the shareholders of METI obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision-making processes, and the resulting power to govern the financial and operating policies of the combined entities.

The Transaction constituted an RTO of METX by METI and had been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, *Share-based Payments* and IFRS 3, *Business Combinations*. As METX did not qualify as a business according to the definition in IFRS 3, the RTO did not constitute a business combination; rather it was treated as an issuance of common shares by METI for the net assets of METX, with METI as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction as it does not constitute a business.

For accounting purposes, METI was treated as the accounting parent company (legal subsidiary) and METX as the accounting subsidiary (legal parent) in the financial statements. As METI was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation were included in the financial statements at their historical carrying values. METX's results of operations were included from March 9, 2023, except for capital which had been retroactively adjusted to reflect the capital of the Company.

On closing of the Transaction, METI's nominees comprised the entirety of the Board of the combined entity with the exception of one Director being appointed by METX. Further, METI's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") remain as CEO and CFO of the combined entity.

A summary of the net assets (liabilities) acquired versus the consideration paid was as follows:

Net assets (liabilities) of ME Therapeutics Holdings Inc. acquired:	**March 9, 2023** **$**
Cash	757,438
Accounts payable and accrued liabilities	(23,611)
Due to to related parties	(1,195)
Net assets acquired	**732,632**
Consideration paid on RTO:	**$**
Common shares (fair value of 8,304,445 common shares at $0.45 per share)	3,737,000
Fair value of retained warrants	2,562,600
Total consideration paid	**6,299,600**
Transaction expense	**5,566,968**

The Transaction was measured at the fair value of the shares that METI would have had to issue to the shareholders of METX, to give the shareholders of METX the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of METI acquiring METX. On March 1, 2023, prior to the completion of the RTO, METX had completed a unit offering whereby a total of 694,444 units were issued at a price of $0.45 per unit for gross proceeds of $312,500. Each unit was comprised of one common share and one half of one share purchase warrant, with each whole warrant being exercisable into an additional common share at an exercise price of $1.00 for a period of three years expiring on March 1, 2026.

Additionally, 7,975,220 METX warrants were retained on completion of the RTO (the "Retained Warrants"), with a fair value of $2,562,600 (see note 6 for details).

4. Equipment

As at November 30, 2023, the Company owns computer equipment with a cost of $829 (August 31, 2023 - $829) and a net book value of $187 (August 31, 2023 - $196).

Depreciation charges of $9 were recorded during the three months ended November 30, 2023 (2022 - $12).

5. Intangible asset

As at November 30, 2023, and August 31, 2023, the Company has recognized a nominal amount of $1 in respect of capitalized intangible asset costs, representing the Company's work with respect to its novel antibody sequences.

The Company has expensed all patent application costs to date, in accordance with its stated significant accounting policy.

6. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares are fully paid. From incorporation to November 30, 2023, no preferred shares have been issued.

Escrowed shares

On completion of a public listing (note 1), it is anticipated that 18,477,772 common shares will be subject to escrow provisions and will have different (and in some cases multiple) escrow release schedules applied. These shares will be released from escrow as follows: (a) an aggregate of 2,727,778 shares will be released over a period of 36 months from the listing date with 10% being released on the listing date and 15% being released every 6 months thereafter (the "NP 46-201 Escrow"), (b) an aggregate of 750,000 will be released from escrow on the date that is 6 months from listing, (c) an aggregate of 2,474,565 shares will be released over 27 months from listing with 10% released on listing, 30% released 9 months from listing, 30% released 18 months from listing and the remaining shares released 27 months from listing (the "Target Voluntary Escrow"); and (d) an aggregate of 12,525,429 shares are subject to both NP 46-201 Escrow and the Target Voluntary Escrow and released over a period of 36 months from listing with 10% released on listing, 15% released 9 months from listing, 15% released 12 months from listing, 15% released 18 months from listing, 15% released 24 months from listing, 15% released 30 months from listing, and the remaining shares released 36 months from listing.

Transactions for the issue of share capital during the three months ended November 30, 2023:

There were no common shares issued during the three months ended November 30, 2023.

Transactions for the issue of share capital during the three months ended November 30, 2022:

There were no common shares issued during the three months ended November 30, 2022.

Warrants

As an incentive to complete private placements the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements.

6. Share capital (continued)

Warrants (continued)

A summary of the status of the Company's warrants as at November 30, 2023 and August 31, 2023, and changes during the period/year then ended are as follows:

	Period ended November 30, 2023		Year ended August 31, 2023	
	Warrants #	Weighted Avg. Exercise price $	Warrants #	Weighted Avg. Exercise price $
Warrants outstanding, beginning of period/year	7,957,220	0.29	-	-
Issued in connection with RTO	-	-	7,957,220	0.29
Warrants outstanding, end of period/year	**7,957,220**	**0.29**	7,957,220	0.29

The Company measured the fair value of the Retained Warrants using the Black-Scholes option pricing model using the following weighted average assumptions: expected life of the options – 2.0 years, expected stock price volatility – 120.00%, no dividend yield, and a risk-free interest rate yield of 3.00%. Using the above assumptions, the fair value of Retained Warrants was approximately $0.32 per warrant for a total of $2,562,600.

On August 18, 2023, the Company extended the expiration date of certain share purchase warrants as follows: 1,250,000 with an original expiration date of January 13, 2025 were extended to January 13, 2027, 800,000 with an original expiration date of January 26, 2025 were extended to January 26, 2027, and 500,000 with an original expiration date of October 21, 2025 were extended to October 21, 2027. All other terms of the warrants remained unchanged.

As at November 30, 2023, the Company has warrants outstanding and exercisable as follows:

Warrants outstanding #	Warrants exercisable #	Exercise price $	Weighted average remaining life (years)	Expiry date
1,000,000	1,000,000	0.20	1.12	January 13, 2025
3,400,000	3,400,000	0.25	1.16	January 26, 2025
660,000	660,000	0.40	1.89	October 21, 2025
347,220	347,220	1.00	2.25	March 1, 2026
1,250,000	1,250,000	0.20	3.12	January 13, 2027
800,000	800,000	0.25	3.16	January 26, 2027
500,000	500,000	0.40	3.89	October 21, 2027
7,957,220	**7,957,220**		**1.94**	

Stock options

The Company has an incentive stock option plan (the "Plan") which provides for the granting of options. Under the Plan the maximum number of stock options issued cannot exceed 15% of the Company's currently issued and outstanding common shares. Options granted under the Plan may have a maximum term of ten years. A participant, who is not a consultant conducting investor relations activities, who is granted an option that is exercisable at the market price at the date of grant, will have their options vest immediately, unless otherwise determined by the Board of Directors.

A participant who is a consultant conducting investor relations activities who is granted an option under the Plan will become vested with the right to exercise one-quarter of the option upon conclusion of every three months subsequent to the grant date. All options are to be settled by physical delivery of shares.

6. Share capital (continued)

Stock options (continued)

A summary of the status of the Company's stock options as at November 30, 2023 and August 31, 2023 and changes during the period/year then ended is as follows:

	Period ended November 30, 2023		Year ended August 31, 2023	
	Options #	Weighted Avg. Exercise price $	Options #	Weighted Avg. Exercise price $
Options outstanding, beginning of period/year	2,546,670	0.45	121,670	0.75
Granted	-	-	2,425,000	0.45
Options outstanding, end of period/year	**2,546,670**	**0.45**	2,546,670	0.45

As at November 30, 2023, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Weighted average remaining life (years)	Expiry date
2,175,000	1,631,250	0.45	2.33	March 31, 2026
250,000	62,500	0.45	2.52	June 7, 2026
121,670	121,670	0.40	4.28	March 9, 2028
2,546,670	**1,815,420**		**2.45**	

On March 31, 2023, 2,175,000 stock options were granted to a Directors, Officers, and a consultant. The stock options are exercisable at $0.45 each until March 31, 2026, and vest as follows: (a) 25% on the date of grant, (b) 50% six months from the date of grant, and (c) 25% nine months from the date of grant.

On June 7, 2023, the Company granted 250,000 stock options to a Director. The stock options are exercisable at $0.45 each until June 7, 2026, and vest as follows: (a) 25% on the date of grant, (b) 50% six months from the date of grant, and (c) 25% nine months from the date of grant.

The Company measured the fair value of the options granted using the Black-Scholes option pricing model on a graded basis. Share-based payment expense was calculated using the following weighted average assumptions: expected life of the options – 3.0 years, expected stock price volatility – 125.00%, no dividend yield, and a risk-free interest rate yield of 3.58%. Using the above assumptions, the fair value of options granted was approximately $0.33 per option for a total of $802,743.

The total share-based payment expense for the three months ended November 30, 2023, was $207,604 (2022 - $nil), which is presented as an operating expense.

Convertible debentures

Between January 27, 2022 and February 10, 2022, METI closed a convertible debenture offering whereby gross proceeds of $140,000 was raised. Each debenture consisted of an interest-free, unsecured convertible debenture with a maturity of one year from the date of issuance. At the option of the holder, the debentures were convertible into common shares of the Company at an initial conversion price of $0.01, which was subsequently amended to $0.03 based on completion of the Agreement with METX (note 3). Pursuant to the Agreement, all of the debentures were automatically converted immediately prior to completion of the Transaction.

6. Share capital (continued)

Convertible debentures (continued)

As the debentures were convertible into common shares, the liability and equity components were presented separately on the consolidated statements of financial position. The initial carrying amount of the financial liability was determined by discounting the stream of future payments of interest and principal at a market interest rate of 15% totaling $121,737. Using the residual method, the carrying amount of the conversion feature was the difference between the principal amount and the initial carrying value of the financial liability.

The equity component was recorded within equity on the consolidated statement of financial position totaling $18,263. The debentures, net of the equity component were accreted using the effective interest method over the term of the debentures, such that the carrying amount of the financial liability equaled the principal balance at maturity.

The Company recorded interest/accretion expense of $4,533 related to the convertible debentures during the three ended November 30, 2022.

Commitment to issue shares

As at November 30, 2023, the Company has accrued $36,317 for amounts owing to a related party (note 7) that is payable through the issuance of common shares (August 31, 2023 - $31,917). Of this amount, $33,817 will be settled at a value of $0.45/share, associated with professional services rendered prior to the Company obtaining a public listing in October 2023.

7. Related party transactions and balances

Key management personnel are the persons responsible for the planning, directing, and controlling the activities of the Company and includes both executive and non-executive Directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

During the three months ended November 30, 2023, the Company paid or accrued $7,500 in professional fees to DBM CPA Inc. ("DBM"), a company in which the Company's CFO is a principal and exerts significant influence (2022 - $6,333).

During the year ended August 31, 2023, the Company granted a total of 1,925,000 stock options to Directors and Officers, having a fair value on issuance of $637,291.

As at November 30, 2023, $181 is owing to a Director and Officer of the Company (August 31, 2023 - $382), and $1,375 is owing to DBM (August 31, 2023 - $1,375). Further, as at November 30, 2023, $36,317 is owing to DBM as a commitment to issue shares (August 31, 2023 - $31,917).

8. Capital management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to maintain operations. The Board of Directors which comprises members of management, does not establish quantitative return on capital criteria, but rather relies on their expertise to sustain future development of the business. The Company defines capital that it manages as shareholders' equity.

The Company does not expect to enter into additional debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new units or common shares. The Company's capital structure as at November 30, 2023, is comprised of shareholders' equity of $392,279 (August 31, 2023 – $523,388).

The Company is not subject to any externally imposed capital requirements and there were no changes to the Company's approach to managing capital during the three months ended November 30, 2023.

9. Supplemental cash flow information

The Company did not incur any non-cash financing or investing activities during the three months ended November 30, 2023 and November 30, 2022.

During the three months ended November 30, 2023, and November 30, 2022, the Company did not pay any amounts pertaining to interest or income taxes.

10. Financial risk management and financial instruments

Fair value of financial instruments

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying values of Government assistance receivable, accounts payable and accrued liabilities, due to related parties, and government loans approximate their respective fair values due to the short-term nature of these instruments.

Financial instruments - risk

The Company is exposed to varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure to the Company is the carrying amount of cash. All of the Company’s cash is held with a major Canadian financial institution, and management believes the exposure to credit risk with respect to the financial institution is not significant. The Company has minimal receivables exposure as its refundable credits are due from the Canadian Government and the Government assistance receivable was subsequently received.

(b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates on its cash balances held on deposit in the financial institution. Further, the Government loans (note 11) do not bear interest. Accordingly, management does not feel as though the Company’s exposure to interest rate risk is significant.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities as they come due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. As at November 30, 2023, the Company has $381,715 of cash to settle current liabilities in the amount of $78,555. The Company will require additional funding to meet its ongoing obligations, as discussed in note 1.

11. Government assistance

Scientific Research and Experimental Development ("SRED")

SRED is a federal tax incentive program designed to encourage Canadian businesses of all sizes and in all sectors to conduct research and development in Canada.

During the three months ended November 30, 2023, the Company accrued $nil in government assistance proceeds associated with the SRED program.

As at August 31, 2022, the Company had accrued $17,000 in government assistance proceeds associated with the SRED program. These funds were received during the year ended August 31, 2023.

Canadian Emergency Business Account ("CEBA")

During the year ended August 31, 2020, the Company qualified for a government-guaranteed line of credit (government loan) of $40,000 which is free of interest and to be repaid by December 31, 2023, at which time a 25% balance forgiveness ($10,000) will apply if the loan is repaid by such date.

During the year ended August 31, 2021, the Company qualified for an additional government-guaranteed line of credit (government loan) of $20,000 which is free of interest and to be repaid by December 31, 2023, at which time a 50% balance forgiveness ($10,000) will apply if the loan is repaid by such date.

As at November 30, 2023, all amounts owing have been classified as a current liability, as their repayment is due within 12 months. All amounts owing were repaid subsequent to November 30, 2023.

NRC Industrial Research Assistance Program ("NRC-IRAP")

NRC-IRAP is a federal research assistance program designed to provide funding assistance to small and medium-sized businesses to conduct research and development in Canada.

During the three months ended November 30, 2023, the Company accrued $19,419 in government assistance proceeds associated with the NRC-IRAP program. This amount was received subsequent to November 30, 2023.

12. Event after the reporting period

In December 2023, the Company's shares were listed on the Frankfurt Stock Exchange.