



Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

WAVERLEY PHARMA INC.

Three and nine months ended September 30, 2022
(unaudited)

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022.



Condensed Consolidated Interim Statements of Financial Position
 (expressed in Canadian dollars)
 (unaudited)

	Note	September 30, 2022	December 31, 2021
Assets			
Current assets:			
Cash		\$ 125,990	\$ 158,115
Accounts receivable	3	417,874	702,046
Inventory	4	86,138	330,191
Prepaid expenses and other current assets		79,716	255,592
Total current assets		709,718	1,445,944
Non-current assets			
Intangible assets	6	1,759,878	1,758,280
Other asset	7(d)	401,522	479,806
Total non-current assets		2,161,400	2,238,086
Total assets		\$ 2,871,118	\$ 3,684,030
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities	10(b)	\$ 597,036	\$ 1,062,000
Current portion of license fee payable	9(b)	354,265	570,510
Loan payable	8	40,000	40,000
Bank indebtedness	5	463,958	222,356
Total current liabilities		1,455,259	1,894,866
Total liabilities		1,455,259	1,894,866
Equity:			
Share capital	7(b)	7,000,100	7,000,100
Warrants	7(d)	521,894	521,894
Contributed surplus		809,420	809,420
Accumulated other comprehensive income		48,209	(35,230)
Deficit		(6,963,764)	(6,507,020)
Total equity		1,415,859	1,789,164
Total liabilities and equity		\$ 2,871,118	\$ 3,684,030

Commitments and contingencies (Note 9)

See accompanying notes to the condensed consolidated interim financial statements.



Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss
(expressed in Canadian dollars)
(unaudited)

	Note	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Revenue from contracts with customers		\$ 341,927	\$ 382,721	\$ 1,067,589	\$ 1,286,073
Cost of goods sold	4	213,619	326,293	816,617	1,076,189
Gross Profit		128,308	56,428	250,972	209,884
Expenses:					
Selling, general and administrative		404,777	211,848	824,299	682,368
Research and development		14,999	3,896	46,871	26,423
		419,776	215,744	871,170	708,791
Loss before the undernoted		(291,468)	(114,442)	(620,198)	(498,907)
Other Income					
Recovery of value added tax	9(b)	(234,662)	-	(234,662)	-
		(234,662)		(234,662)	
Finance income:					
Finance expense (income), net		3,964	471	6,786	282
Foreign exchange loss (gain)		60,942	5,815	64,422	29,284
		(169,756)	6,286	(163,454)	29,566
Net loss		\$ (121,712)	\$ (207,248)	\$ (456,744)	\$ (528,473)
Translation adjustment		(24,806)	36,488	83,439	4,287
Comprehensive loss		\$ (146,518)	\$ (170,760)	\$ (373,305)	\$ (524,186)
Loss per share attributable to shareholders:					
Basic and Diluted	7(e)	\$ -	\$ -	\$ (0.01)	\$ (0.01)
Weighted average shares outstanding:					
Basic and Diluted	7(e)	54,000,000	54,000,000	54,000,000	54,000,000

See accompanying notes to the condensed consolidated interim financial statements.



Condensed Consolidated Interim Statements of Changes in Equity
 (expressed in Canadian dollars)
 (unaudited)

	Note	Share Capital	Warrants	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, December 31, 2020		\$ 7,000,100	\$ -	\$ 809,159	\$ (55,908)	\$ (5,710,513)	\$ 2,042,838
Net loss for the nine months ended September 30, 2021		-	-	-	-	(528,473)	(528,473)
Other comprehensive loss for the nine months ended September 30, 2021		-	-	-	4,287	-	4,287
Stock-based compensation	7(c)	-	-	(450)	-	-	(450)
Balance, September 30, 2021		\$ 7,000,100	\$ -	\$ 808,709	\$ (51,621)	\$ (6,238,986)	\$ 1,518,202
Balance, December 31, 2021		\$ 7,000,100	\$ 521,894	\$ 809,420	\$ (35,230)	\$ (6,507,020)	\$ 1,789,164
Net loss for the nine months ended September 30, 2022		-	-	-	-	(456,744)	(456,744)
Other comprehensive income for the nine months ended September 30, 2022		-	-	-	83,439	-	83,439
Balance, September 30, 2022		\$ 7,000,100	\$ 521,894	\$ 809,420	\$ 48,209	\$ (6,963,764)	\$ 1,415,859

See accompanying notes to the condensed consolidated interim financial statements.



Condensed Consolidated Interim Statements of Cash Flows
 (expressed in Canadian dollars)
 (unaudited)

For the nine months ended September 30	Note	2022	2021
Cash (used in) provided by:			
Operating activities:			
Net loss for the period		\$ (456,744)	\$ (528,473)
Recovery of value added tax		(234,662)	-
Stock-based compensation	7(c)	-	(450)
Amortization of intangible assets	6	27,115	16,958
Amortization of other asset	7(d)	78,284	-
Foreign exchange loss		64,422	-
Changes in working capital accounts:			
Accounts receivable	3	335,172	(236,503)
Inventory	4	295,053	50,935
Prepaid expenses and other current assets		216,887	(21,404)
Accounts payable and accrued liabilities		(373,650)	143,030
Cash flows used in operating activities		(48,123)	(575,907)
Financing activities:			
Bank indebtedness	5	241,602	-
Payment on license fee payable		(225,604)	-
Cash flows used in financing activities		15,998	-
Decrease in cash		\$ (32,125)	\$ (575,907)
Effect of exchange rate differences on cash		-	3,691
Cash, beginning of period		158,115	710,492
Cash, end of period		\$ 125,990	\$ 138,276

See accompanying notes to the condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements
(expressed in Canadian dollars)
(unaudited)

1. Reporting entity:

Waverley Pharma Inc. (“**Waverley**” or the “**Company**”) was incorporated as Buffalo Capital Inc. (“**Buffalo**”) pursuant to the provisions of the Canada Business Corporations Act (“**CBCA**”) on December 14, 2016 and was classified as a Capital Pool Corporation (“**CPC**”) as defined by Policy 2.4 of the TSX Venture Exchange (the “**Exchange**”). On October 24, 2017, the Company completed a qualifying transaction (the “**QT**”) with Waverley Pharma Inc. and resumed as Waverley Pharma Inc. in accordance with the CBCA.

The Company is domiciled and incorporated in Canada and its Common Shares are listed on Tier 2 of the Exchange under the symbol “**WAVE**”. The address of the Company’s registered office and head office is 4-1250 Waverley Street, Winnipeg, Manitoba, Canada, R3T 6C6.

The Company is a biopharmaceutical company engaged in the research, development and commercialization of human therapeutics focused on oncology. Through its wholly owned Barbadian subsidiary, Waverley Pharma International Inc. (“**WPPI**”), the Company has entered into a license, manufacture, supply, marketing and distribution agreement with Reliance Life Sciences Private Limited. (“**RLS**” or the “**Licensor**”) by which the Licensor granted the Company an exclusive territorial license to market and sell capecitabine in the United Kingdom (the “**UK**”) and Germany as well as a non-exclusive territorial license to market and sell temozolomide in the UK. Additionally, the Company has acquired exclusive territorial licenses from RLS to two oncologic drugs, pemetrexed and bortezomib in the United States and its territories (the “**USA**”), Canada, and the European Union (the “**EU**”). In addition, the Company has obtained a non-exclusive license to sell both pemetrexed and bortezomib in the UK. These products are marketed in the EU and the UK through the Company’s wholly owned Irish subsidiary, Waverley Pharma Europe Limited (“**WPEL**”). During the period ended September 30, 2022, the Company elected to wind-up WPPI into Waverley, as a result, the above licenses acquired through WPPI were transferred to Waverley upon the completion of the wind-up.

2. Basis of preparation:

(a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“**IFRIC**”).

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* and have been prepared using the same accounting policies and methods of application as those used in the Company’s audited consolidated financial statements for the year ended December 31, 2021. These condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2021.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors (the “**Board**”) on November 24, 2022.

(b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss (“**FVTPL**”) which are measured at fair value.

(c) Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they become due.

Notes to the Condensed Consolidated Interim Financial Statements
(expressed in Canadian dollars)
(unaudited)

2. Basis of preparation (continued):

(c) Going concern (continued):

The Company is a research and development stage company and as such is primarily dependent on financing provided from external sources to continue as a going concern. Management intends to raise capital in order to fund its operations, however, the outcome of these matters cannot be predicted at this time. In addition, there is uncertainty surrounding the potential impacts of COVID-19 on the Company and its subsidiaries. The COVID-19 pandemic has resulted in uncertainties surrounding the shipment of products and fluctuations of foreign exchange. Due to the preventive measures taken by the UK and EU with respect to preventing the spread of the virus, the Company is unable, at this time, to assess the future impact of COVID-19 on the Company and its subsidiaries' operations.

The above noted events and conditions indicate that material uncertainties exist that may cast significant doubt upon the Company's ability to continue as a going concern. In the future, the Company's ability to continue as a going concern will be dependent upon its ability to attain profitable operations and generate funds there from, and to continue to obtain funds from equity financings or borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing liabilities. These consolidated condensed financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations

(d) Functional and presentation currency

The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest dollar except where indicated otherwise.

(e) Use of estimates and judgments

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses during the period.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Areas in which management has made critical judgments in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements include the determination of the Company's and its subsidiaries' functional currencies.

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes to the consolidated financial statements for the year ended December 31, 2021:

- Note 3(e): Estimates of variable consideration receivable from revenue from contracts with customers
- Note 3(g): Estimates of the measurement and valuation of inventory
- Note 3(h): Estimates of the measurement, valuation and period of use of intangible assets
- Note 3(n): Estimates regarding assumptions used to estimate the value of share-based payment transactions and warrants



Notes to the Condensed Consolidated Interim Financial Statements
(expressed in Canadian dollars)
(unaudited)

3. Accounts receivable

	September 30, 2022	December 31, 2021
Trade accounts receivable	\$ 233,181	\$ 424,368
Other accounts receivable	184,693	277,678
	\$ 417,874	\$ 702,046

As at September 30, 2022, there was one customer with amounts owing greater than 10% of the Company's trade accounts receivable which totaled 100% in aggregate (December 31, 2021 – one customer totaling 100%).

4. Inventory

Inventory consists of finished product available for sale to customers. Inventory expensed as part of cost of goods sold during the three and nine months ended September 30, 2022, totaled \$213,619 and \$816,617, respectively (2021 – \$326,293 and \$1,076,189).

5. Bank indebtedness

The Company currently has access to a line of credit from its primary financial institution for maximum aggregate proceeds of \$3,000,000. The line of credit carries a floating interest rate on standard commercial terms, calculated daily, and is repayable as to principal amount drawn and accrued and unpaid interest thereon upon demand. As at September 30, 2022, the drawn amount on the line of credit is \$463,958 (December 31, 2021 – \$222,356). During the three and nine month period ended September 30, 2022, the amount of interest paid in relation to the line of credit was \$3,667 and \$6,261 respectively, (2021 – nil and nil), and is included within finance expense on the consolidated statement of net loss and comprehensive loss. The collateral for the line of credit was provided by a director of the Company (see note 7(d) and note 10(b) below for more information).

6. Intangible assets

Cost		Licenses
Balance, December 31, 2020		\$ 1,810,072
Amortization		(28,166)
Impairment		(15,623)
Effects of movements in exchange rates		(8,003)
Balance, December 31, 2021		\$ 1,758,280
License amortization		(27,155)
Effects of movements in exchange rates		28,753
Balance, September 30, 2022		\$ 1,759,878

On August 30, 2017, the Company acquired exclusive territorial licenses from RLS to sell and market two generic cancer drugs, pemetrexed and bortezomib in the USA, Canada and the EU (excluding the UK where a non-exclusive territorial license was acquired). During 2021, the Company began selling pemetrexed within the UK and began amortizing the product over ten years, consistent with the licensing term within the agreement. Amortization expense relating to pemetrexed during the three month and nine month period ended September 30, 2022, was \$10,336 and \$27,115, respectively (2021 – \$8,272 and \$8,272). The Company had not commenced commercialization of bortezomib; therefore, the Company did not realize any amortization expense relating to the bortezomib intangible license for the three and nine month period ending September 30, 2022 or 2021. The value of these licenses on the Company's balance sheet as at September 30, 2022 is \$1,750,878. The Company has considered indicators of impairment as at September 30, 2022 and 2021 and did not record an impairment charge in either the three months or nine months ended September 30, 2022 or 2021.

Notes to the Condensed Consolidated Interim Financial Statements
(expressed in Canadian dollars)
(unaudited)

7. Capital stock

(a) Authorized

The Company has authorized share capital of an unlimited number of common voting shares.

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Number of Common Shares		Amount
Balance, December 31, 2020	54,000,000	\$	7,000,100
Balance, December 31, 2021	54,000,000	\$	7,000,100
Balance, September 30, 2022	54,000,000	\$	7,000,100

(c) Stock option plan

The Company has an incentive stock option plan (the “Plan”) whereby the Company may grant directors, officers, employees and contractors incentive stock options to purchase voting common shares of the Company. The terms and conditions of each option granted under the Plan are determined by the Board. The number of common shares reserved for issuance upon the exercise of options is limited to a maximum of 10% of the issued and outstanding common shares of the Company at any time.

Changes in the number of options outstanding during the nine months ended September 30, 2022 and 2021 are as follows:

For the nine months ended September 30	Number of options	2022		2021	
		Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Balance, beginning of period	1,075,000	\$ 0.34	1,260,000	\$ 0.35	
Expired/Forfeited	-	\$ -	(139,167)	\$ (0.42)	
Balance, end of period	1,075,000	\$ 0.34	1,120,833	\$ 0.34	
Options exercisable, end of period	1,075,000	\$ 0.34	1,033,333	\$ 0.36	

The following is a summary of the 1,075,000 outstanding options issued under the Plan:

Exercise price	Number outstanding	Weighted average remaining contractual life	Number exercisable	Weighted average remaining vesting period
\$0.100	250,000	2.3 years	250,000	-
\$0.200	225,000	4.6 years	225,000	-
\$0.500	600,000	5.1 years	600,000	-
	1,075,000		1,075,000	

Notes to the Condensed Consolidated Interim Financial Statements
(expressed in Canadian dollars)
(unaudited)

7. Capital stock (continued)

(c) Stock option plan (continued)

There was no compensation expense related to stock options granted during previous periods under the stock option plan for the three and nine months ended September 30, 2022 as the previously granted options are fully vested (2021 – recovery of \$2,633 and \$450 respectively). The compensation expense was determined based on the fair value of the options at the date of measurement using the Black-Scholes option pricing model. The expected life of stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

(d) Warrants

The fair value of the warrants outstanding as at September 30, 2022 was estimated using the following Black-Scholes Model assumptions:

Expected life	5 years
Expected volatility	55.00%
Risk free rate	0.97%
Underlying share price	\$ 0.11
Strike price	\$ 0.11

Changes in the number of warrants outstanding during the periods ended September 30, 2022 and 2021 are as follows:

Period ended September 30	2022		2021	
	Warrants	Weighted average exercise price	Warrants	Weighted average exercise price
Balance, beginning of period ⁽¹⁾	10,000,000	\$ 0.11	-	\$ -
Granted ⁽¹⁾	-	-	10,000,000	\$ 0.11
Balance, end of period	10,000,000	\$ 0.11	10,000,000	\$ 0.11

(1) On August 05, 2021, the Company entered into an agreement with its primary financial institution, pursuant to which the financial institution provided the Company with a line of credit with maximum aggregate proceeds of \$3,000,000. The collateral necessary to secure the line of credit was provided by a director of the Company. To compensate the director for providing the collateral for the line of credit, the Company granted the director 10,000,000 warrants. Each warrant entitles the holder to purchase one (1) common share of the Company and are exercisable within five years of the date of grant at an exercise price of \$0.11 per common share. On the initial grant date of the warrants the Company recognized an other asset on its consolidated statement of financial position of \$521,894 as a result of this arrangement, equal to the fair value of the warrants issued, which were calculated using the Black-Scholes pricing model. The Company is amortizing the warrants asset on a straight-line basis over five years, consistent with the contractual term of the warrants issued and expected time to settle the line of credit obtained. For the three and nine month period ended September 30, 2022, the Company recognized amortization expense in relation to this asset of \$26,095 and \$78,284 respectively, (2021 – \$nil and \$nil). The amortization expense was recorded during the current period within selling, general, and administrative expenses on the condensed consolidated interim statement of net loss and comprehensive loss.

Notes to the Condensed Consolidated Interim Financial Statements
(expressed in Canadian dollars)
(unaudited)

7. Capital stock (continued)

(e) Per share amounts

The weighted average number of common voting shares outstanding for the three and nine month period ended September 30, 2022 and 2021 was 54,000,000. Effects of dilution from 1,075,000 (2021 – 1,120,833) options and 10,000,000 (2021 – 10,000,000) warrants were excluded from the calculation of weighted average shares outstanding for diluted loss per share for the three and nine month period ended September 30, 2022 and 2021 as they are anti-dilutive.

8. Government assistance

During the three and nine months ended September 30, 2022, the Company did not receive any government assistance from the National Research Council of Canada Industrial Research Assistance Program (“**NRC IRAP**”) (2021 - nil and \$2,665, respectively). The grant received during the prior year from NRC IRAP was provided as financial assistance for salary expenditures in connection with the development of pemetrexed and bortezomib. In the prior year, the grant had been recorded as a reduction of salary expenditures within selling, general, and administrative expenses.

On June 29, 2020, the Company received \$40,000 as an interest-free loan from the government of Canada as part of the Canada Emergency Business Account (“**CEBA**”) program. The term loan is interest free until December 31, 2023, with an option for an extension until December 31, 2025, at an interest rate of 5% per annum.

9. Commitments and contingencies

(a) Commitments

As at September 30, 2022, and in the normal course of business, the Company has obligations to make future payments representing contracts and other commitments that are known and committed. The Company, through a subsidiary, WPEL has committed to purchase inventory totaling £68,973 (CAD \$104,135) and an office space lease at a rate of €1,167 (CAD \$1,562) per month for a term ending October 31, 2023. All commitments are current and expected to be settled within one year of September 30, 2022.

(b) Contingencies

June 7, 2018 agreement

On June 7, 2018, the Company through WPIL entered into a license, manufacture, supply, marketing and distribution agreement with RLS by which the Licensor granted the Company an exclusive territorial license to market and sell capecitabine in the UK and Germany and non-exclusive territorial license to market and sell temozolomide in the UK. Additionally, the Company has assumed the obligations associated with binding contracts held by the Licensor for the supply of these products to the UK National Health Service. All inventory purchased for resale will be purchased from RLS, in accordance with the June 7, 2018 agreement.

In addition, as part of the June 7, 2018 agreement, the Company was provided an option to obtain the market authorization rights to erlotinib in the UK. On December 17, 2019, the Company elected to exercise this option and obtained the rights to market erlotinib in the UK, and as of May 1, 2020, the Company began commercialization of erlotinib in the UK. Similar to both capecitabine and temozolomide, all inventory purchased for resale will be purchased from RLS, in accordance with the June 7, 2018 agreement. During the year-ended December 31, 2021, the Company elected to stop marketing erlotinib, due to lower than expected customer demand. During the period ended September 30, 2022 management elected to wind-up WPIL, as a result, the June 7, 2018 agreement was transferred from WPIL to Waverley.

In connection with the signing of the June 7, 2018 agreement, the Company entered into a profit and/or loss sharing arrangement resulting in a portion of the net profits, after a margin deduction to the Company on the sales of capecitabine, and temozolomide, to be paid to RLS. During the period ended September 30, 2022 and 2021, the Company elected to not record a recovery from the profit and/or loss arrangement due to significant delays in collections caused by the detailed review process of the profit share arrangement.

Notes to the Condensed Consolidated Interim Financial Statements
(expressed in Canadian dollars)
(unaudited)

9. Commitments and contingencies (continued):

(b) Contingencies (continued)

August 30, 2017 agreement

On August 30, 2017, the Company acquired exclusive licenses to sell and market two generic cancer drugs, pemetrexed and bortezomib from RLS, in the USA, Canada and Europe (excluding the UK where a non-exclusive license was acquired). An up-front payment of US \$20,000 was made upon signing of the term sheet on July 5, 2017 and a US \$180,000 payment was made upon signing of the definitive documentation on August 30, 2017. Additional payments of US \$1,200,000 are payable upon certain development and approval based milestones being met and as at September 30, 2022, the Company has paid US \$925,000 of the remaining US \$1,200,000 with US \$275,000 (CAD \$354,265) recorded as license fee payable. The amount recorded as license fee payable represents the remaining portion of the milestones which have not been met, the remaining milestone payments are recorded as current liabilities as they are expected to be met within one year of September 30, 2022. Additionally, the Company will purchase inventory and pay a royalty of 7.5% of its net sales from these two products to the Licensor. During the three and nine month period ended September 30, 2022, the Company recorded a royalty expense of \$10,712 and \$24,525 respectively, (2021 – \$6,358 and \$6,358) in relation to sales of pemetrexed within the UK. This amount is recorded within cost of goods sold in the condensed consolidated interim statement of net loss and comprehensive loss. At September 30, 2022, \$36,920 (December 31, 2021 - \$15,636) is recorded as a payable within accounts payable and accrued liabilities on the condensed consolidated interim statement of financial position in connection with the royalties payable to the Licensor. The Company has not started the commercialization of bortezomib as at September 30, 2022. Therefore, the Company has not accrued for, or expensed any royalties pertaining to bortezomib as at September 30, 2022. The term of the August 30, 2017 agreement is a period of ten (10) years, which begins when regulatory approval is obtained in the USA.

Recovery of value added tax

During the three and nine month period ended September 30, 2022, the Company recorded a recovery of value added tax (“VAT”) of \$234,662 (2021 – nil and nil, respectively) which was in connection with previously expensed VAT on the import of products into the UK during the years ended December 31, 2019 and December 31, 2020. The offsetting entry to the other income recorded during the current period was applied to the Company’s outstanding VAT liability with Her Majesty’s Revenue and Customs (“HMRC”).

10. Related party transactions

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors, Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Company are considered to be key management personnel. The CEO of the Company is a consultant through a consulting agreement which was signed on February 1, 2020.

The following table details the compensation paid to key management personnel:

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months Ended September 30, 2021
Salaries, fees and short-term benefits	\$ 31,500	\$ 38,750	\$ 108,583	\$ 116,250
Stock-based compensation	-	527	-	1,931
	\$ 31,500	\$ 39,277	\$ 108,583	\$ 118,181

Directors and key management personnel control 75% of the voting shares of the Company as at September 30, 2022 (December 31, 2021 - 75%).

Notes to the Condensed Consolidated Interim Financial Statements
(expressed in Canadian dollars)
(unaudited)

10. Related party transactions

(b) Transactions with related parties

During the three and nine months ended September 30, 2022, the Company paid Genesys Venture Inc. (“**GVI**”), a company controlled by a director of the Company, a total of \$955 and \$2,818, respectively (2021 – \$1,049 and \$3,620) for business administration expenses.

During the three and nine month period ended September 30, 2022, the Company paid GVI Clinical Development Solutions Inc. (“**GVI CDS**”) a company controlled by a director of the Company, a total of \$32,519 and \$78,102 respectively, (2021 – nil and nil) for regulatory affairs consulting.

These transactions were in the normal course of business and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at September 30, 2022, included in accounts payable and accrued liabilities is \$526 (December 31, 2021 - \$2,939) payable to GVI, this amount is unsecured, payable on demand and non-interest bearing. As at September 30, 2022, included in accounts payable and accrued liabilities is \$23,525 (December 31, 2021 - \$12,863) payable to GVI CDS. All amounts owed to related parties are unsecured, payable on demand and non-interest bearing.

Effective January 1, 2021, the Company’s CFO was no longer an employee of the Company, and on January 1, 2021, the Company signed a consulting agreement with the same CFO, through 10055098 Manitoba Ltd., a company owned by the CFO for a monthly rate of \$9,167. The aforementioned fee shall be reviewed annually on January 1. The Company can terminate the agreement with 30 days written notice, otherwise the agreement has an indefinite term.

Effective June 1, 2022, the Company amended its agreement with its CFO through 10055098 Manitoba Ltd., a company owned by the CFO for a monthly rate of \$6,750. The aforementioned fee shall be reviewed annually on January 1. The Company can terminate the agreement with 30 days written notice, otherwise the agreement has an indefinite term. As of September 30, 2022, included in accounts payable and accrued liabilities is \$6,750 (December 31, 2021 - nil) payable to 10055098 Manitoba Ltd. Any amounts payable to 10055098 Manitoba Ltd are unsecured, payable on demand and non-interest bearing.

On August 05, 2021, the Company entered into an agreement with its primary financial institution, pursuant to which the financial institution provided the Company with a line of credit with maximum aggregate proceeds of \$3,000,000. The collateral necessary to secure the line of credit was provided by a director of the Company. To compensate the director for providing the collateral for the line of credit, the Company granted the director 10,000,000 warrants. Each warrant entitles the holder to purchase one (1) common share of the Company and is exercisable within five years of the date of grant at an exercise price of \$0.11 per common share.

11. Segmented information:

The Company operates in one business segment, the biopharmaceutical industry. The Company’s intangible assets are located in Canada. All of the Company’s revenue was generated from product sales within the UK, with one customer accounting for 100% of total revenue for the three and nine month period ended September 30, 2022.