



**VENTRIPOINT DIAGNOSTICS LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2022
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Ventripoint Diagnostics Ltd. ("Diagnostics" or the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Ventripoint Diagnostics Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at September 30, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash	\$ 6,209,862	\$ 9,268,963
Accounts receivable (note 4)	301,276	197,494
Prepaid expenses	22,846	35,871
Total current assets	6,533,984	9,502,328
Non-current assets		
Property and equipment (note 5)	9,382	16,026
ROU leased asset (note 8)	-	26,494
Total assets	\$ 6,543,366	\$ 9,544,848
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 1,026,916	\$ 1,050,867
Leases (note 8)	-	34,592
Total current liabilities	1,026,916	1,085,459
Non-current liabilities		
Other loans (note 7)	138,142	125,377
Total liabilities	1,165,058	1,210,836
Shareholders' equity (deficiency)		
Share capital (note 9)	42,576,656	42,213,957
Contributed surplus	10,248,312	9,755,930
Accumulated other comprehensive income	70,024	112,337
Deficit	(47,516,684)	(43,748,212)
Total equity (deficiency)	5,378,308	8,334,012
Total equity (deficiency) and liabilities	\$ 6,543,366	\$ 9,544,848

Nature of operations and going concern (note 1)

Commitments (note 16)

Subsequent events (note 17)

Approved on behalf of the Board:

(Signed) "Dr. George Adams " Director

(Signed) "Robert Hodgkinson" Director

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

Ventripoint Diagnostics Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

Unaudited

	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	\$ 15,460	\$ -	\$ 40,060	\$ -
Cost of Sales	(625)	-	(4,477)	-
Gross Margin	14,835	-	35,583	-
Operating expenses				
General and administrative	974,754	579,120	2,570,048	2,031,322
Research and development	194,216	106,874	687,247	304,913
Sales and marketing	276,714	58,824	576,107	189,344
Total operating expenses	1,445,684	744,818	3,833,402	2,525,579
Loss from operations	(1,430,849)	(744,818)	(3,797,819)	(2,525,579)
Finance income (cost)	3,239	(2,679)	(9,965)	(35,944)
Warrant liabilities revaluation	-	-	-	(229,087)
Other income (note 12)	25,128	12,676	65,026	89,679
Foreign currency differences	(2,206)	3,985	(25,714)	(376)
Loss on debt settlement (note 9)	-	-	-	(83,147)
Net loss for the period	\$ (1,404,688)	\$ (730,836)	\$ (3,768,472)	\$ (2,784,454)
Other comprehensive income (loss)				
Items that will be reclassified subsequently to income				
Currency translation	\$ (49,795)	\$ (14,095)	\$ (42,313)	\$ 1,002
Total loss and comprehensive loss for the period	\$ (1,454,483)	\$ (744,931)	\$ (3,810,785)	\$ (2,783,452)
Basic and diluted net loss per share (note 14)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding	156,038,959	137,688,731	155,749,253	130,942,841

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

Ventripoint Diagnostics Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Operating activities		
Net loss for the period	\$ (3,768,472)	\$ (2,784,454)
Adjustments for:		
Depreciation and amortization	6,644	9,750
Depreciation of right of use asset	26,494	26,493
Loss on debt settlement	-	83,147
Share-based compensation	594,211	775,223
Derivative liabilities revaluation adjustment	-	229,087
Consulting fees settled with shares	150,000	-
Accretion of debentures payable	-	19,538
Interest on debentures paid out in shares	-	23,274
Interest on leases	1,354	5,024
Interest free benefit included in income on forgivable loan	12,765	-
Changes in non-cash working capital items:		
Amounts receivable	(103,782)	65,184
Prepaid expenses	13,025	-
Accounts payable and other liabilities	(23,951)	(432,940)
Interest payable	-	(21,642)
Net cash used in operating activities	(3,091,712)	(2,002,316)
Investing activities		
Additions to property and equipment	-	(4,257)
Net cash used in investing activities	-	(4,257)
Financing activities		
Lease payments	(35,946)	(36,414)
Proceeds received on exercise of warrants	12,420	3,936,116
Proceeds received on exercise of options	98,450	628,311
Net cash provided by financing activities	74,924	4,528,013
Effect of foreign exchange on cash	(42,313)	1,000
Net change in cash	(3,059,101)	2,522,440
Cash, beginning of period	9,268,963	526,026
Cash, end of period	\$ 6,209,862	\$ 3,048,466

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

Ventripoint Diagnostics Ltd.

Condensed Interim Consolidated Statements of Changes in Equity (Deficit)

(Expressed in Canadian Dollars)

Unaudited

	Number of common shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2020	90,062,382	\$ 31,009,342	\$ 6,400,369	\$ 108,846	\$ (39,867,182)	\$ (2,348,625)
Warrants exercised	25,750,322	4,903,687	(677,984)	-	-	4,225,703
Stock options exercised	3,861,250	995,056	(366,931)	-	-	628,125
Deferred share units exercised	142,500	6,250	-	-	-	6,250
Modification on convertible debt	17,573,324	1,158,922	-	-	-	1,158,922
Liabilities settled with shares	763,627	166,421	-	-	-	166,421
Share-based compensation	-	-	775,225	-	-	775,225
Currency translation adjustment	-	-	-	1,002	-	1,002
Net loss for the period	-	-	-	-	(2,784,454)	(2,784,454)
Balance, September 30, 2021	138,153,405	\$ 38,239,678	\$ 6,130,679	\$ 109,848	\$ (42,651,636)	\$ 1,828,569
Balance, December 31, 2021	155,558,905	\$ 42,213,957	\$ 9,755,930	\$ 112,337	\$ (43,748,212)	\$ 8,334,012
Warrants exercised	150,000	25,070	(12,650)	-	-	12,420
Stock options exercised	805,000	337,629	(89,179)	-	-	248,450
Share-based compensation	-	-	594,211	-	-	594,211
Currency translation adjustment	-	-	-	(42,313)	-	(42,313)
Net loss for the period	-	-	-	-	(3,768,472)	(3,768,472)
Balance, September 30, 2022	156,513,905	\$ 42,576,656	\$ 10,248,312	\$ 70,024	\$ (47,516,684)	\$ 5,378,308

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

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern

Ventripoint Diagnostics Ltd. ("Diagnostics" or the "Company") was incorporated by a Certificate of Incorporation pursuant to the provisions of the Business Corporations Act (Alberta) on May 4, 2005. Diagnostics acquired Ventripoint Inc. ("Ventripoint", Diagnostics and Ventripoint, collectively referred to herein as the "Company" or "Companies") on September 18, 2007. Diagnostics is a Canadian public company with its shares listed on the TSX Venture Exchange ("TSXV" or the "Exchange") with the trading symbol "VPT" and on the OTC Markets in the U.S. with the trading symbol "VPTDF". Ventripoint Inc. was incorporated in the State of Washington in July, 2004 and commenced operations in January, 2005. Ventripoint Inc.'s registration was migrated to the State of Delaware on December 21, 2017. The Companies' registered office is at 18 Hook Avenue, Unit 101, Toronto, Ontario, M6P 1T4.

The Company is a medical device company engaged in the development and commercialization of diagnostic tools that monitor patients with heart disease. The system is based upon patented technology, the commercialization rights of which Ventripoint has licensed from the University of Washington.

In March 2020 the World Health Organization declared coronavirus COVID19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company is dependent on the return of public access to hospitals and how quickly marketing and installations can proceed.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. There is no certainty whether the Company will generate significant revenues or attain profitable operations in the near future and there can be no assurance that it will achieve profitability in the future, as it incurred a loss of \$3,768,472 and had a negative cash flow from operating activities of \$3,091,712 for the nine months ended September 30, 2022, and has accumulated \$47,516,684 of losses as at September 30, 2022. The Company's ability to continue as a going concern is dependent on its raising of future required capital, bringing its products to market and achieving and maintaining profitable operations. The outcome of these matters cannot be predicted at this time. As a result there exists a material uncertainty which creates significant doubt regarding the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not include any adjustments and classifications of assets and liabilities, which might be necessary should the Company be unable to continue its operations. Such adjustments could be material.

2. Significant accounting policies

Statement of compliance

The Company applies 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 unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC, and should be read in conjunction with the annual December 31, 2021 consolidated financial statements.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

Unaudited

2. Significant accounting policies (continued)

Statement of compliance (continued)

The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2021.

Basis of consolidation

These unaudited condensed interim consolidated financial statements include the accounts of Diagnostics and Ventripoint Inc., its wholly-owned and controlled subsidiary. The financial statements of subsidiaries, including entities which the Company controls, are included in the unaudited condensed interim consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances have been eliminated.

Functional and presentation currency

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars ("CDN\$"), the Company's functional currency. The functional currency of the Company's wholly US owned subsidiary is US dollars ("US\$") and has been translated to CDN\$ using the closing rate, the spot exchange rate or the annual average exchange rate.

Critical accounting judgements and estimates

The preparation of the unaudited condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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 the revision affects both current and future periods.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

Derivatives and debt valuation

The valuation of debt and embedded derivatives for convertible instruments is based on the application of a recognized option valuation formula, which is highly dependent on, amongst other things, the expected volatility of the Company's registered shares and the expected life of the options. The Company uses an expected volatility rate for its shares based on past stock trading data, adjusted for future expectations, and actual volatility may be significantly different.

The resulting value calculated is not necessarily the value that the holder of the instrument could receive in an arm's length transaction. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

Unaudited

2. Significant accounting policies (continued)

Critical accounting judgements and estimates (continued)

Share-based payments

The fair value of share-based payments are estimated using the Black Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk free rate of return, and the estimated rate of forfeiture of options granted.

New standards not yet adopted and interpretations issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. There are no relevant IFRS's or IFRS interpretations that are not yet effective that would be expected to have a material impact on the unaudited condensed interim consolidated financial statements.

3. Financial instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, warrant liabilities, convertible debentures, and other loans. Cash and accounts receivable are classified as amortized cost. Accounts payable and accrued liabilities, interest payable on debentures, convertible debentures, leases, and other loans are classified as other financial liabilities, which are also measured at amortized cost. Warrant liabilities are measured at fair value.

IFRS 13 *Fair Value Measurement* ("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 (ie. as prices) or indirectly (ie. derived from prices); and
- Level 3: Inputs that are not based on observable market data.

The Company measures its warrant liabilities at fair value through profit or loss and has determined this valuation to be a level 2 valuation as it is based on inputs that are observable. There has been no change in level from prior year.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, market risk and foreign currency risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash, and accounts receivable. The carrying amount of the financial assets represents the maximum credit exposure.

The Company limits its exposure to credit risk on cash by placing these financial instruments with high- credit quality financial institutions and only investing in liquid, investment grade securities.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

Unaudited

3. Financial instruments (continued)

Credit risk (continued)

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss within operating expenses. When a receivable balance is considered uncollectable it is written off against the allowance. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss. Within the accounts receivable, all amounts receivable are considered to be collectible.

Amounts receivable from the Government for grants or sales tax refunds are considered to have no credit risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates and interest rates will affect the Company's income or the value of the financial instruments held.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk by monitoring forecasted and actual cash flows, as well as anticipated investing and financial activities. The majority of the Company's financial liabilities are due within 90 days.

The following table consists of accounts payable and accrued liabilities and sets out contractual maturities (representing undiscounted contractual cash flows) of the financial liabilities outstanding at September 30, 2022:

	2023	2024	2025	2026	Total
Accounts payable and accrued liabilities	\$ 1,026,916	\$ -	\$ -	\$ -	\$ 1,026,916
Other loan	61,302	32,604	32,604	32,604	159,114
	\$ 1,088,218	\$ 32,604	\$ 32,604	\$ 32,604	\$ 1,186,030

The contractual maturities of commitments at period end are included in (note 16).

Foreign currency risk

The majority of the Company's total expenditures were denominated in CDN\$ in 2022 (2021 - CDN\$). The Company's capital transactions are denominated in CDN\$ and the Company now maintains most of its cash in CDN\$. Foreign currency risk reflects the risk that the Company's earnings will be impacted by fluctuations in exchange rates.

With all other variables held constant, a 10% point increase in the value of the US\$ relative to the CDN\$ would have no significant impact.

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposures and the resulting volatility of the Company's earnings. The Company manages this risk by pricing sales in CDN\$ where possible. The Company has not entered into any forward foreign exchange contracts.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2022
(Expressed in Canadian Dollars)
Unaudited

3. Financial instruments (continued)

Foreign currency risk (continued)

The Company was exposed to currency risk for the following assets (liabilities) as follows:

	September 30, 2022 US\$	December 31, 2021 US\$
Cash	10,191	10,820
Accounts payable and accrued liabilities	(415,079)	(424,546)
Total	(404,888)	(413,726)

4. Accounts receivable

	As at September 30, 2022	As at December 31, 2021
Trade accounts receivable	15,460	-
Goods and services taxes receivable	\$ 301,276	\$ 197,494
Total	\$ 316,736	\$ 197,494
	\$(15,460)	\$NIL

5. Property and equipment

Cost	Total
Balance, December 31, 2020	\$ 163,851
Additions	4,258
Balance, December 31, 2021	168,109
Balance, September 30, 2022	\$ 168,109
Accumulated Depreciation	
Balance, December 31, 2020	\$ 138,595
Depreciation for the year	13,488
Balance, December 31, 2021	\$ 152,083
Depreciation for the period	6,644
Balance, September 30, 2022	\$ 158,727
Carrying Value	
Balance, December 31, 2021	\$ 16,026
Balance, September 30, 2022	\$ 9,382

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

Unaudited

6. Accounts payable and accrued liabilities

	As at September 30, 2022	As at December 31, 2021
Trade and other payables	\$ 904,403	\$ 988,587
Accrued management salaries and other payroll liabilities	30,052	23,374
Accrued liabilities	92,461	38,906
Total	\$ 1,026,916	\$ 1,050,867

7. Federal loans

In April 2020, the Company received a \$40,000 loan through the Canada Emergency Business Account program ("CEBA"). The CEBA was launched by the Government of Canada in response to the global COVID-19 health crisis, and has been implemented by financial institutions in cooperation with Export Development Canada. In December 2020, the Government of Canada increased the CEBA loan for eligible businesses from \$40,000 to \$60,000. In October 2021 the Company received an additional \$20,000 loan. The loans have no repayment terms and are non-interest bearing during the initial term, until December 31, 2022. If the loan balances are repaid in full on or before December 31, 2022, 25% of the loans will be forgiven. The forgivable portion of the loan has been accounted for as a government grant. On December 31, 2022, any remaining outstanding loan balances will be converted into three-year term loans at fixed interest rates of 5% per annum.

During the nine months ended September 30, 2022, the Government of Canada announced that the deadline to repay loans under the Canada Emergency Business Account program would be extended by one year (that is from December 31, 2022 to December 31, 2023). As of January 1, 2024, the loan balance will bear interest at 5% and will be repayable on maturity on December 31, 2025.

The loan is summarized as follows:

	As at September 30, 2022	As at December 31, 2021
Loan payable	\$ 45,000	\$ 30,000
Government grant income	-	(5,000)
Loan payable received	-	20,000
	\$ 45,000	\$ 45,000

In December 2020, the Company received \$130,400 as part of the Regional Economic Growth Through Innovation program (Regional Relief and Recovery Fund ("RRRF")) to support enterprises to enable recovery from economic disruptions associated with COVID-19. In April 2021, the company received the balance of \$32,600 for a total loan of \$163,000. The loan is repayable starting April 1, 2023 until March 1, 2028 at an amount of \$2,717 per month. The loan has been recorded at its fair value on initial recognition based on the discounted future cash flow at a market rate of interest of 19.5%. The benefit of the below-market rate of interest was measured as the difference between the initial fair value of the loan and the proceeds received.

As at September 30, 2022	As at December 31, 2021
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Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

Unaudited

Loan payable	\$	80,377	\$	118,106
Fair value adjustment		-		(52,106)
Accretion		12,765		14,377
	\$	93,142	\$	80,377

8. Leases

The Company entered in to a 5 year office lease on October 1, 2017. The Company used its incremental borrowing rate of 10.92% as the discount rate of determine the value of its five year office premises lease. The asset is depreciated on a straight-line basis over the lease term, starting October 1, 2017.

Right-of-use leased asset	Total
Balance, December 31, 2020	\$ 61,819
Depreciation	(35,325)
Balance, December 31, 2021	26,494
Depreciation	(26,494)
Balance, September 30, 2022	\$ -

Lease liability	Total
Balance, December 31, 2020	\$ 77,317
Interest expense	6,141
Lease payments	(48,866)
Balance, December 31, 2021	34,592
Interest expense	1,354
Lease payments	(35,946)
Balance, September 30, 2022	\$ -

	As at September 30, 2022	As at December 31, 2021
Short-term lease expense	\$ -	\$ 34,592
Total lease liability	\$ -	\$ 34,592

9. Share capital

a) Authorized share capital

The Company has authorized share capital of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value. No preferred shares have been issued. Common shareholders are entitled to receive dividends as declared by the Company at its discretion and are entitled to one vote per share at the Company's annual general meeting.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

Unaudited

9. Share capital (continued)

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2020	90,062,382	\$ 31,009,342
Warrants exercised	25,750,322	3,996,116
Fair value of warrants exercised	-	229,587
Reclassification of warrants from contributed surplus	-	677,984
Stock options exercised	3,861,250	628,124
Reclassification of stock options from contributed surplus	-	366,932
Liabilities settled with shares (i)	763,627	166,421
Deferred share units exercised	142,500	6,250
Conversion of convertible debentures	17,573,324	1,158,922
Balance, September 30, 2021	138,153,405	\$ 38,239,678
Balance, December 31, 2021	155,558,905	\$ 42,213,957
Warrants exercised	150,000	12,420
Fair value of warrants exercised	-	12,650
Stock options exercised (note 10)	805,000	248,450
Reclassification of stock options from contributed surplus	-	89,179
Balance, September 30, 2022	156,513,905	\$ 42,576,656

i) Liabilities settled with shares

- ◆ On February 2, 2021, the Company issued 666,666 common shares to a consultant in payment of \$60,000 of consulting fees. The common shares issued had a price of \$0.19 based on the fair value. As a result, the Company recorded a loss of \$66,667.
- ◆ On February 23, 2021 the Company issued 96,961 common shares in payment of \$23,270 of interest owing on the Convertible Debentures I and II. The common shares issued had a price of \$0.41 based on the fair value. As a result, the Company recorded a loss on debt settlement of \$16,480. Two directors of the Company received a total of 30,186 common shares.

10. Stock options

The Company has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, at its discretion, grant to Directors, Officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. In addition, the number of common shares reserved for issuance in any one period to any one optionee shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allotted to each Director, Officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the Exchange.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

Unaudited

10. Stock options (continued)

	Number of stock options	Weighted average exercise price
Balance, December 31, 2020	6,240,000	\$ 0.12
Granted	5,635,000	0.23
Exercised	(3,861,250)	0.16
Expired	(765,000)	0.29
Balance, September 30, 2021	7,248,750	\$ 0.17
Balance, December 31, 2021	7,333,750	\$ 0.21
Granted	3,325,000	0.39
Exercised	(805,000)	0.31
Expired	(400,000)	0.49
Balance, September 30, 2022	9,453,750	\$ 0.24

Share-based compensation expense was determined based on the fair value of the options at the date of measurement using the Black-Scholes model with the following weighted average assumptions:

	September 30, 2022	September 30, 2021
Expected option life	1.00 - 10 years	1.00 - 10 years
Risk-free rate	1.20% - 3.17%	0.14% - 1.51
Expected forfeiture rate	0.01% to 6%	0.01% to 6%
Expected volatility	86.9% - 143.9%	96.8% - 138.4%
Dividend yield	nil	nil

The following table reflects the actual stock options issued and outstanding as of September 30, 2022:

Grant price range	Weighted average exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options outstanding vested
<\$0.25	0.12	6.81	5,193,750	580,000
\$0.26 - \$0.50	0.39	4.85	4,260,000	2,351,250
	0.24	5.93	9,453,750	2,931,250

For the three and nine months ended September 30, 2022, stock based compensation of \$224,871 and \$594,211, respectively, was recognized in the statement of loss and comprehensive loss (three and nine months ended September 30, 2021 - \$331,616 and \$775,223, respectively)

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

Unaudited

11. Warrants

The following table reflects the continuity of warrants for the nine months ended September 30, 2022 and September 30, 2021:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2020	23,586,132	\$ 0.110
Exercised	(22,322,932)	0.100
Balance, September 30, 2021	1,263,200	\$ 0.115
Balance, December 31, 2021	15,880,835	\$ 0.680
Exercised	(150,000)	0.115
Balance, September 30, 2022	15,730,835	\$ 0.680

The following table reflects the warrants outstanding as of September 30, 2022:

Number of warrants outstanding	Exercise price (\$)	Expiry date
110,000	0.115	October 2, 2022 (i)
14,590,500	0.70	October 20, 2026
1,030,335	0.52	October 20, 2026
15,730,835	0.68	

i) Subsequent to September 30, 2021, these warrants were exercised.

12. Government Grants and Contributions

Other income for the three and nine months ended September 30, 2022 consists of \$25,128 and \$65,026, respectively (nine months ended September 30, 2021 - and \$77,003, respectively) contribution from the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) under a Contribution Agreement for partial reimbursement of salary and contractor costs for research and development work on next generation product features.

13. Personnel costs

Personnel costs for the period ended September 30, 2022 and September 30, 2021 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Salaries, fees and short-term benefits	\$ 158,127	\$ 142,300	\$ 574,809	\$ 441,295
Share-based compensation	224,871	194,948	594,211	775,226
Total personnel cost	\$ 382,998	\$ 337,248	\$ 1,169,020	\$ 1,216,521

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Unaudited

14. Loss per share

For the three and nine months ended September 30, 2022, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$1,404,688 and \$3,768,472, respectively (three and nine months ended September 30, 2021 - \$730,836 and \$2,784,454, respectively) and the weighted average number of common shares outstanding of 156,038,959 and 155,749,253, respectively (three and nine months ended September 30, 2021 - 137,688,731 and 130,942,841, respectively). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

15. Related party transactions

The Company defines key management personnel as Board of Directors, Chief Executive Officer, Chief Financial Officer and Chief Science Officer.

a) Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Salaries, fees and short term benefits	\$ 111,937	\$ 60,000	\$ 313,874	\$ 180,000
Share-based payments	38,018	19,145	175,015	68,629
Directors fees (i)	21,000	-	63,000	-
Total remuneration	\$ 170,955	\$ 79,145	\$ 551,889	\$ 248,629

i) The Company accrued directors fees for the three and nine months ended September 30, 2022, and the amount is outstanding as of September 30, 2022.

b) Other transactions of directors and key management personnel of the Company was as follows:

i) For the three and nine months ended September 30, 2022, the Company expensed \$20,329 and \$56,438, respectively (three and nine months ended September 30, 2021 - \$18,504 and \$65,076, respectively) to Marrelli Support Services Inc. ("Marrelli") for: the Chief Financial Officer ("CFO") of the Company; and for bookkeeping services. The CFO is an employee of Marrelli. These services were incurred in the normal course of operations for general accounting and financial reporting matters.

ii) On January 13, 2021, directors of the Company converted \$250,000 of the February 6, 2020 convertible debt into 3,333,332 shares.

iii) On February 16, 2021, a director of the Company exercised 100,000 options at an exercise price of \$0.10, with an expiry date of January 12, 2031.

iv) On February 19, 2021, an officer and director of the Company exercised 466,799 warrants at an exercise price of \$0.10, with an expiry date of February 6, 2022.

v) On February 23, 2021, the Company issued to an officer and directors of the Company, 30,186 shares for debt for final interest on convertible debt.

vi) As at September 30, 2022, \$67,366 (December 31, 2021 - \$98,873) was included in accounts payable and accrued liabilities due to related parties.

Ventripoint Diagnostics Ltd.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

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16. Commitments

The Company has the following contractual obligations as of September 30, 2022:

Fiscal year ended	2022	2023	2024-2029	Total
University of Washington Technology License Minimum Annual Royalty ⁽¹⁾	\$ 6,854	\$ 6,854	\$ 41,124	\$ 54,832

1) The annual Royalty due to the University of Washington under the Technology License Agreement is the higher of 1.5% of gross sales or the Minimum Annual Royalty of US\$5,000.

17. Subsequent events

- i) Subsequent to September 30, 2022, the following options were exercised:
- 120,000, expiry date of February 5, 2023, with an exercise price of \$0.25.
- ii) Subsequent to September 30, 2022, the following warrants were exercised:
- 110,000, expiry date of October 2, 2022, with an exercise price of \$0.115.