MARVEL BIOTECHNOLOGY INC.

Condensed Interim Financial Statements

For the Three and Six Months Ended January 31, 2021 and 2020

(Unaudited - Amounts in Canadian Dollars)

MARVEL BIOTECHNOLOGY INC.

Condensed Interim Statements of Financial Position
(in Canadian dollars)

As at

		January 31, 2021 (unaudited)		July 31, 2020 (audited)
Assets				
Current assets:				
Cash	$	340,340	$	224,810
Goods and services taxes receivable		63,785		35,840
Prepaid and deposits (note 9)		35,000		35,000
Total current assets		439,125		295,650
Property and equipment		245		337
Total assets	**$**	**439,370**	**$**	**295,987**
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities (note 3)	$	193,571	$	153,827
Due to related party (note 9)		23,356		23,356
Total current liabilities		216,927		177,183
Shareholders' equity:				
Share capital (note 4)		1,558,344		898,432
Contributed surplus		358,222		384,442
Deficit		(1,694,123)		(1,164,070)
Total shareholder's equity		222,443		118,804
Total liabilities and shareholder's equity	**$**	**439,370**	**$**	**295,987**

Going concern (note 1)
Subsequent events (note 11)

Approved by the Board of Directors:

signed "Rod Matheson" *signed "Mark Williams"*

Rod Matheson Mark Williams

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

MARVEL BIOTECHNOLOGY INC.

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

For the three-months and six-months ended January 31, 2021 and 2020

	Three-Months Ended January 31		Six-Months Ended January 31	
	2021	2020	2021	2020
Expenses				
Management consulting fees (note 9)	$ 120,699	$ 46,549	$ 234,161	$ 46,549
Clinical study expense (note 8,9)	105,801	18,382	309,991	22,947
Professional fees	64,429	11,648	96,667	11,648
General and administrative expenses (note 9)	14,541	4,457	27,506	4,715
Travel expense	523	704	1,403	1,779
Bank charges	466	85	853	248
Share-based compensation	-	34,618	-	34,618
Depreciation	47	103	93	206
	306,506	116,546	670,674	122,710
Loss before other items	306,506	116,546	670,674	122,710
Other items				
Foreign exchange gain (loss)	2,315	508	4,088	470
Interest income	239	-	239	-
Government SR&ED	136,294	-	136,294	-
Net loss and comprehensive loss	$ (167,658)	$ (116,038)	$ (530,053)	$ (122,240)
Weighted average shares outstanding	13,935,714	5,928,359	12,635,515	5,464,228
Loss per share (note 5)	$ (0.01)	$ (0.02)	$ (0.06)	$ (0.02)

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

MARVEL BIOTECHNOLOGY INC.

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

For the six-months ended January 31, 2021 and 2020

		2021		2020
Cash provided by (used in):				
Operations				
Net loss	$	(530,053)	$	(143,261)
Items not involving cash:				
Depreciation		92		207
		(529,961)		(143,054)
Change in non-cash working capital				
Good and services taxes receivable		(27,945)		(4,558)
Accounts payable and accrued liabilities		39,744		78,434
Net cash used in operations		**(518,162)**		**(69,178)**
Financing				
Issuance of common shares, net of share issue costs (note 4)		583,692		288,257
Exercise of share purchase warrants (note 4)		50,000		-
Proceeds from related party (note 9)		-		24,752
Net cash provided from financing activities		**633,692**		**313,009**
Increase in cash		115,530		243,831
Cash, beginning of period		224,810		171
Cash, end of period	**$**	**340,340**	**$**	**244,002**

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

MARVEL BIOTECHNOLOGY INC.

Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)
(in Canadian dollars)
(unaudited)

For the three-months ended January 31, 2021 and 2020

	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, July 31, 2020	$ 10	$ -	$ (208,413)	$ (208,403)
Private placements, net of share issue costs (note 4)	288,257	-	-	288,257
Net loss	-	-	(143,261)	(143,054)
Balance, January 31, 2020	**$ 288,267**	**$ -**	**$ (351,674)**	**$ (63,200)**
Balance, July 31, 2021	**$ 898,432**	**$ 384,442**	**$ (1,164,070)**	**$ 118,804**
Private placements, net of share issue costs (note 4)	583,692	-	-	583,692
Exercise of share purchase warrants (note 4)	84,618	(34,618)	-	50,000
Finder warrants issued (note 4)	(8,398)	8,398	-	-
Net loss	-	-	(530,053)	(530,053)
Balance, January 31, 2021	**$ 1,558,344**	**$ 358,222**	**$ (1,694,123)**	**$ 222,443**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Marvel Biotechnology Inc. ("Marvel" or the "Company") is a biotechnology company incorporated on August 1, 2018 under the laws of the Province of Alberta, Canada as 2134684 Alberta Inc. On November 16, 2018 the Company changed its name to Marvel Biotechnology Inc. The Company's head office, principal address and registered and records office is 420, 505 8th Ave SW, Calgary, Alberta T2P 1G2.

The Company was formed to take an innovative target redevelopment approach to drug development in large markets with few or no competitors. Marvel is focused on a non-traditional biotech model in that it has identified assets or compounds or new chemical entities that have come off patent protection for a certain and already approved disease indication and unlike a traditional or repurposing biotech model, develops synthetic chemical derivatives to significantly enhance certain compounds that results in a new novel and patentable asset for a new disease indication. The result is that there is significantly less cost and time to develop the Marvel's assets compared to traditional biotech companies.

Marvel has developed a number of new patented and patentable chemical entities, using synthetic chemical derivatives of known, off-patent drugs, that inhibit the A2a adenosine receptor with application to neurological diseases (depression & anxiety, Alzheimer's, ADHD and addiction), cancer, and application to the non-neurological disease of non-alcoholic steatohepatitis liver fibrosis. Marvel is also exploring additional undisclosed targets to expand its asset pipeline.

Going Concern

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company will need to raise sufficient working capital to maintain operations. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company has incurred operating losses from inception, has no recurring revenue sources and does not currently have the financial resources to sustain operations in the long-term.

The Company has a deficit balance of $1,694,123 (July 31, 2020 - $1,164,070) largely due to expenditures in scientific research and compound development, and clinical study expenses. In particular, the Company incurred $309,991 of these expenditures in the first half of 2021 (2020 - $22,947). A government scientific research and experimental development ("SR&ED") assistance application was submitted for the expenses incurred for the year ended July 31, 2020 for $202,389 of which $181,725 has been received.

The Company actively manages its cash flow and investment in research to match its cash generated from financing activities including eligible government programs. In order to maximize cash generated from operations, the Company plans to focus on developing compounds with positive indicators of activity that can be patented or patentable and commercialized; minimize operating expenses where possible; and limit capital expenditure. As the Company continues to expend on research and development, investments will be financed through eligible government programs and external financing. Management believes that successful execution of its business plan will result in sufficient cash flow and new financing to fund projected operational and investment requirements for its pipeline of compounds it has identified.

1. NATURE AND CONTINUANCE OF OPERATIONS *(continued)*

However, no assurances can be given that the Company will be able to achieve all or part of the objectives discussed above, or that sufficient financing from outside sources will be available. Further, if the Company's operations are unable to generate cash flow levels at or above current projections, the Company may not have sufficient funds to meet its obligations over the next twelve months

In March 2021, the World Health Organization declared coronavirus COVID-19 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. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect demand for the Company's product and harm the Company's business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

The failure of the Company to achieve one or all of the above items may have a material adverse impact on the Company's financial position, results of financial performance and cash flows. These factors indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent upon successful execution of its plans noted above. The outcome of these initiatives cannot be predicted at this time. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern for a reasonable period of time.

Merger Agreement

Alphanco Venture Corp. ("AVC") (TSX-V: AVC.P), a company listed on the TSX Venture Exchange (the "TSXV"), announced that it has entered into and executed a binding Merger Agreement dated December 4, 2020 (the "Agreement") pursuant to which the Company will acquire (the "Proposed Transaction") all of the outstanding shares of Marvel. The Proposed Transaction is to be completed by way of a merger between Marvel and a newly incorporated and wholly–owned Alberta subsidiary of AVC. Marvel will become a wholly-owned subsidiary of AVC on completion of the Proposed Transaction and the shareholders of Marvel will exchange their shares for shares of AVC. Upon completion of a Definitive Agreement and the Proposed Transaction, AVC will continue with the business of Marvel. Completion of the Transaction is subject to regulatory body approvals including approval of the TSXV.

2. BASIS OF PREPARATION

Statement of Compliance and basis of presentation

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PREPARATION *(continued)*

These condensed interim financial statements have been prepared on the basis of accounting policies, methods of computation, and estimates and judgements consistent with those applied in the Company's July 31, 2020 annual financial statements.

These condensed interim financial statements do not include all of the information required of full audited financial statements and therefore these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2020.

Functional and presentation currency

The financial statements are presented in Canadian Dollars, which is the Company's functional and presentation currency.

Approval of the financial statements

The condensed interim financial statements of the Company for the period ended January 31, 2021, were approved and authorized for issuance by the Board of Directors on March 30, 2021.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are non-interest bearing and detailed below:

	January 31, 2021	July 31, 2020
Trade accounts payable	$ 131,944	$ 94,175
Accrued accounts payable	61,627	59,652
	$ 193,571	**$ 153,827**

4. SHARE CAPITAL

Authorized:

Unlimited number of common shares without par value.

Issued and outstanding:

	Number Issued	Amount Issued
Common shares		
Balance, July 31, 2020	**11,965,098**	**$ 898,432**
Private placements	2,048,333	614,500
Exercise of warrants	2,000,000	84,618
Share issue costs	-	(30,808)
Finder warrants	-	(8,398)
Balance, January 31, 2021	**16,013,431**	**$ 1,558,344**

4. SHARE CAPITAL *(continued)*

On August 27, 2020, the Company closed a private placement of 1,145,000 units of the Company for gross proceeds of $343,500. Each unit consists of one common share of the Company and one common share purchase warrant, which entitles the holder to purchase one common share of the Company at $0.50 per common share. These warrants expire 2 years from the date of closing. In connection with this placement, the Company issued 58,200 Finder warrants allowing the holder to purchase one common share at $0.50 per common share, expiring 2 years from the date of issuance. Using the Black-Scholes options pricing model with the following inputs: i) exercise price: $0.30; ii) share price: $0.30; iii) term: 2 years; iv) volatility: 116%; v) discount rate: 0.29%. The Finder warrants were valued at $8,398 and recorded as a share issue cost.

On October 15, 2020, the Company closed a private placement of 353,333 units of the Company for gross proceeds of $106,000. Each unit consists of one common share of the Company and one common share purchase warrant, which entitles the holder to purchase one common share of the Company at $0.50 per common share. These warrants expire 2 years from the date of closing.

On November 30, 2020, the Company closed a private placement of 550,000 units of the Company for gross proceeds of $165,000. Each unit consists of one common share of the Company and one common share purchase warrant, which entitles the holder to purchase one common share of the Company at $0.50 per common share. These warrants expire 2 years from the date of closing.

On November 30, 2020, 2,000,000 purchase warrants were exercised for gross proceeds of $50,000.

For the three-month period ended January 31, 2021, the Company paid $30,080 (2020 – nil) of share issuance costs.

Warrants

Warrant transactions are summarized as follows:

	Number		Average Exercise Price
Balance, July 31, 2021	6,365,000		0.28
Issued on private placement	2,048,333		0.50
Finder warrants issued	58,200		0.50
Balance, January 31 2021	**8,471,533**	**$**	**0.32**

4. SHARE CAPITAL *(continued)*

The following table shows the warrants outstanding:

	January 31, 2021		July 31, 2020	
Exercise Price	Number	Weighted Average Remaining Life	Number	Weighted Average Remaining Life
$0.25	5,700,000	2.01	5,700,000	2.52
$0.50	2,771,533	1.60	665,000	1.96
	8,471,533	**1.88**	**6,365,000**	**2.46**

5. LOSS PER SHARE

The calculation of weighted average shares outstanding for the diluted loss per share calculation excludes the impact of the options and warrants outstanding as at January 31, 2021 as the effect is anti-dilutive.

6. SHARE-BASED COMPENSATION

During the year ended July 31, 2020, the Board of Directors issued 6,600,000 performance warrants. The performance warrants entitle the holder to purchase one common share of the Company at a set price and vest immediately.

The following table sets forth a reconciliation of performance warrant activity:

	Number	Average Exercise Price
Balance, July 31, 2019	-	$ -
Granted	6,600,000	0.07
Balance, July 31, 2020	6,600,000	$ 0.07
Exercised	2,000,000	0.03
Balance, January 31, 2021	**4,600,000**	**$ 0.09**

The range of exercise prices of the outstanding performance warrants and weighted average contractual life remaining as at January 31, 2021 are as follows:

Exercise Price	Number Outstanding and Exercisable	Average Exercise Price	Weighted Average Remaining Life
$0.025	3,000,000	$ 0.025	2.10
$0.20	1,600,000	$ 0.20	2.24
	4,600,000	**$ 0.07**	**2.15**

7. CLINICAL STUDY EXPENSE

During the six-month period ended January 31, 2021, the Company initiated and conducted ongoing clinical studies to determine if the Company had indications of viable active compounds, that could lead to drugs being developed to be made commercially, totaling $309,991 (2020 – $22,947). Because the costs incurred were to determine if a viable active compound existed and further development should be undertaken, the amounts have been expensed. These costs incurred during the period, broken down by nature, are as follows:

	2021	2020
Consultant (note 9)	$ 75,000	$ -
Research lab and supplies	234,991	22,947
	$ 309,991	**$ 22,947**

8. GOVERNMENT SCIENTIFIC RESEARCH AND DEVELOPMENT EXPENSE CREDIT

The Company has applied for and received federal SR&ED of $178,725 and Manitoba SR&ED tax credits of $3,000. In addition, the Company has applied for Alberta SR&ED tax credits of $20,664. The costs of preparation of the SR&ED claim is $50,485 and has been pro-rated against the Federal and Manitoba SR&ED tax credit received.

9. RELATED PARTY TRANSACTIONS

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined the key personnel to be the executive and non-executive officers and directors of the Company.

During the six-months ended January 31, 2021, a privately held company owned by a director and officer of the Company provided executive management, executive financial and administration staff and services under an Executive Management and Administrative Services Contract (“Contract”) totaling $122,979 (2020 – nil). Under the Contract a deposit of $35,000 was advanced to the related party. This agreement requires the Company to pay a monthly consulting fee of up to $45,000 and office and equipment rental of up to $4,000 per month. The agreement can be cancelled with one-year notice. Management consulting services and administrative expenses were incurred as follows:

	Three-months Ended January 31,		Six-months Ended January 31,	
	2021	2020	2021	2020
Management and consulting	$ 113,331	$ -	$ 234,161	$ -
General and administrative	9,648	-	19,836	-
	$ 122,979	**$ -**	**$ 253,997**	**$ -**

During the three-month and six-month period ended January 31, 2021, the Company paid the Chief Scientific Officer and director $37,500 and $75,000 (2020 – nil and nil) for consulting services. These amounts are included in Clinical study expense.

As at January 31, 2021 and July 31, 2020, no amounts were owed to related parties for the above services.

9 RELATED PARTY TRANSACTIONS *(continued)*

As at January 31, 2021 and July 31, 2020, the Company owed $23,356 to a director and officer of the Company. The amount is non-interest bearing, unsecured and is due on demand.

Transactions with related parties are incurred in the normal course of business and initially recorded at fair value.

10 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of cash, accounts payable and accrued liabilities, and due to related party approximate their fair value because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

There have been no changes from the prior year.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2021, the Company had a cash balance of $340,340 (July 31, 2020 - $224,810) to settle current liabilities of $216,927 (July 31, 2020 - $177,183). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. To maintain liquidity, the Company is currently investigating financing opportunities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at January 31, 2021 and 2020, the Company did not have any investments in investment-grade short-term deposit certificates.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Foreign currency risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than Canadian dollars. As at January 31, 2021, the Company had monetary liabilities of US$16,421 or $21,407 (July 31, 2020 - US$31,125 or $47,347) at the Canadian equivalent.

For the year ended July 31, 2020, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in US dollar by 10% will increase or decrease net loss by approximately $1,642 (July 31, 2020 - $4,734). The Company has not entered into any foreign currency contracts to mitigate this risk. Foreign currency risk is considered low relative to the overall financial operating plan.

Price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

11. SUBSEQUENT EVENTS

On March 18, 2021, Alphanco Venture Corp. (TSX-V: AVC.P) ("AVC"), a capital pool company listed on the TSX Venture Exchange (the "TSXV"), announced that it has received conditional approval from the TSXV for its acquisition of all of the outstanding shares (the "Proposed Transaction") of Marvel Biotechnology Inc. ("Marvel") as its proposed "Qualifying Transaction" as defined under TSXV policies.

A copy of AVC's TSXV Filing Statement, which contains comprehensive disclosure on the Proposed Transaction and the business of AVC and Marvel, has been filed on SEDAR under AVC's profile. Closing of the Proposed Transaction is expected to occur at the end of April 2021.

As part of the conditional approval of the Proposed Transaction from the TSXV, AVC is required to complete a private placement financing (the "Financing') of a minimum of 6,400,000 common shares of the Company ("Common Shares") at a price of $0.40 per share for gross proceeds of $2,560,000. The Company has previously disclosed that it intended to complete a Financing for maximum proceeds of up to $4,000,000 through the issuance of 10,000,000 Common Shares at $0.40 per share.