

MARVEL BIOSCIENCES CORP.

Condensed Interim Consolidated Financial Statements
For the Three Months ended October 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

MARVEL BIOSCIENCES CORP.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)

		October 31, 2023	July 31, 2023
	Note	\$	\$
ASSETS			
Current assets			
Cash		316,984	556,622
Goods and services taxes receivable		92,673	81,914
Prepaid and deposits		25,090	33,853
		434,747	672,389
Total assets		434,747	672,389
Liabilities and Shareholders' (Deficit)			
Current liabilities			
Accounts payable and accrued liabilities	3	1,663,440	1,392,477
		1,663,440	1,392,477
Non-current liabilities			
Convertible debentures	4	1,000,000	1,000,000
		1,000,000	1,000,000
Total liabilities		2,663,440	2,392,477
Shareholders' (deficit)			
Share capital	5	7,126,719	7,126,719
Contributed surplus		211,830	202,137
Accumulated deficit		(9,567,242)	(9,048,944)
Total shareholder's (deficit) equity		(2,228,693)	(1,720,088)
Total liabilities and shareholders' (deficit) equity		434,747	672,389

Going concern (Note 2)

Approved on behalf of the Board of Directors

/s/ "J. Roderick Matheson"

Roderick Matheson
CEO and Director

/s/ "Randall Smallbone"

Randall Smallbone
Director

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

MARVEL BIOSCIENCES CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three Months Ended October 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

	Note	October 31, 2023	October 31, 2022
		\$	\$
Expenses			
Clinical study	6	211,664	8,879
Management, director & consulting fees	7	122,594	143,228
Professional fees	7	24,639	17,667
General and administrative	7	65,758	66,944
Interest and bank charges	4	20,707	1,934
Transfer agent fee		2,606	4,979
Travel		2,786	14,094
Share-based compensation	5,7	9,693	32,859
Loss before other items		(460,447)	(290,584)
Foreign exchange loss		(57,851)	(5,620)
Net loss and comprehensive loss		(518,298)	(296,204)
Basic and diluted net loss per share		(0.01)	(0.01)
Weighted average number of shares outstanding		39,786,231	39,287,318

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

MARVEL BIOSCIENCES CORP.

Condensed Interim Consolidated Statements of Cash Flows
For the Three Months Ended October 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

	October 31, 2023	October 31, 2022
Note	\$	\$
Cash provided by (used in):		
Operations		
Net loss	(518,298)	(296,204)
Items not involving cash:		
Share-based compensation	5 9,693	32,859
	(508,605)	(263,345)
Change in non-cash working capital		
Goods and services taxes receivable	(10,759)	8,000
Prepays and deposits	8,763	9,143
Accounts payable and accrued liabilities	270,963	(106,727)
Net cash used in operating activities	(239,638)	(352,929)
Financing		
Issuance of common shares	-	300,000
Share issue costs	-	(4,350)
Net cash from financing activities	-	295,650
Net change in cash	(239,638)	(57,279)
Cash, beginning of the period	556,622	593,207
Cash, end of the period	316,984	535,928

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

MARVEL BIOSCIENCES CORP.

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

For the Three Months ended October 31, 2023 and 2022

(Unaudited - expressed in Canadian Dollars)

	Common Shares #	Share capital \$	Subscription receivable \$	Contributed surplus \$	Accumulated deficit \$	Total \$
Balance, July 31, 2022	37,086,231	6,861,069	(30,000)	122,022	(6,757,555)	195,536
Private placement	2,700,000	270,000	30,000	-	-	300,000
Share issue costs	-	(4,350)	-	-	-	(4,350)
Share-based compensation	-	-	-	32,859	-	32,859
Loss for the period	-	-	-	-	(296,204)	(296,204)
Balance, October 31, 2022	39,786,231	7,126,719	-	154,881	(7,053,759)	227,841
Share-based compensation	-	-	-	47,256	-	47,256
Loss for the period	-	-	-	-	(1,995,185)	(1,995,185)
Balance, July 31, 2023	39,786,231	7,126,719	-	202,137	(9,048,944)	(1,720,088)
Share-based compensation	-	-	-	9,693	-	9,693
Loss for the period	-	-	-	-	(518,298)	(518,298)
Balance, October 31, 2023	39,786,231	7,126,719	-	211,830	(9,567,242)	(2,228,693)

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

MARVEL BIOSCIENCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended October 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Marvel Biosciences Corp. (“Marvel” or the “Company”) a biotechnology company that was incorporated on August 1, 2018, under the laws of the Province of British Columbia. The Company continued from British Columbia to Alberta on June 14, 2021. The Company’s head office is 420, 505 8th Ave SW, Calgary, Alberta T2P 1G2 and the registered and records office is 600, 815 8th Avenue SW, Calgary Alberta T2P 3T2.

The Company’s common shares are listed on the TSXV (the “Exchange”) under the symbol “MRVL”. The Company is classified as a Tier 2 issuer pursuant to TSXV policies and a reporting issuer in each of the Provinces of British Columbia, Alberta, and Ontario.

The Company is currently a pre-clinical stage pharmaceutical development biotechnology company that utilizes a “drug redevelopment” approach to drug development. Historically, when a new class of drug is developed, it is optimized for a particular target, but typically only approved for a specific disease. Often, a new disease is identified which involves the same target, however, pending the remaining patent life, the originally approved drug may not have sufficient time left for it to be commercially viable to be developed for the new disease indication. Marvel develops new synthetic chemical derivatives of the original approved drug for the new disease indication. Patent protection is sought as the new potential asset is developed by the Company. The Company believes the business model results in significantly less risk, cost and time to develop its assets compared to traditional biotechnology companies.

The Company has currently developed several new 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 the non-neurological conditions of cancer and non-alcoholic steatohepatitis. Marvel is also exploring additional undisclosed targets to expand its asset pipeline.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated 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”)

These condensed interim consolidated financial statements have been prepared on the basis of the accounting policies, methods of computation, and estimates and judgements consistent with those applied in the Company’s July 31, 2023 annual audited consolidated financial statements.

These condensed interim financial statements do not include all of the information required of the full audited consolidated financial statements and therefore these condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2023.

Basis of presentation

These condensed interim consolidated financial statements been prepared on a historical cost basis.

Basis of Consolidation

The condensed interim consolidated financial statements include the accounts of Marvel Biotechnologies Inc., which was incorporation on August 1, 2018 and is a wholly owned subsidiary of the Company.

MARVEL BIOSCIENCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended October 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

Functional and presentation currency

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

Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

During the period ended October 31, 2023, the Company incurred a net loss and comprehensive loss of \$518,298 (2022 - \$296,204) and utilized cash totalling \$239,638 (2022 - \$352,929) in operating activities and as at that date, its current liabilities exceeded its current assets by \$1,228,694 (2022 – current assets exceeded current liabilities by \$227,841) and has an accumulated deficit of \$9,567,243 (July 31, 2023 - \$9,048,944).

The Company will need to raise sufficient funds 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 revenue sources and does not currently have the financial resources to sustain operations in the long-term.

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 conserve cash, 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, these activities 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. However, no assurances can be given that the Company will be able to achieve all or part of the objectives discussed here, 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.

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.

These condensed interim consolidated financial statements do not reflect adjustments that may be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classification used.

Approval of the financial statements

The condensed interim consolidated financial statements of the Company for the period ended October 31, 2023, were approved and authorized for issuance by the Board of Directors on December 18, 2023.

MARVEL BIOSCIENCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended October 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	October 31, 2023 \$	July 31, 2023 \$
Trade accounts payable	1,525,990	1,208,440
Accrued accounts payable	82,875	149,626
Interest payable (Note 4)	54,575	34,411
	1,663,440	1,392,477

4. CONVERTIBLE DEBENTURES

On February 24, 2023, the Company raised gross proceeds of \$1,000,000 through the issuance of unsecured convertible debentures. The convertible debentures units will mature on February 24, 2026, and bear simple interest of 8% per annum. Interest is payable annually in arrears.

The entire principal amount of the convertible note may be converted at the election of the holder into common shares of the Company at a conversion price of \$0.12 per share at any time prior to the maturity date. The conversion is subject to certain price adjustment clauses as provided in the unsecured convertible debentures agreement, which may change the number of shares that would be issued if conversions were exercised.

The accrued interest may be paid in cash or common shares, at the option of the Company, based on a conversion price equal to the 20-day VWAP of the Company's common shares on the TSXV immediately preceding the date the interest is due.

In line with the Company's accounting policies, the Company designated these convertible debenture as measured at fair value in their entirety (debt host as well as the conversion feature). The Company utilized a convertible bond pricing model to determine the fair value of the convertible debentures that was estimated to be \$1,000,000 as at October 31, 2023 (July 31, 2023 - \$1,000,000), as such, fair value change of \$nil was recorded in profit or loss.

Significant inputs include use of risk-free rate, credit spread, the Company's share prices and historical volatility at the measurement date.

During the three months ended October 31, 2023, \$20,164 (2022 - \$nil) of interest expense was recorded on the convertible notes. As at October 31, 2023, \$54,575 (July 31, 2023 - \$34,411) of accrued interest is recorded in accounts payable and accrued liabilities (Note 3) and is payable on December 31, 2023.

MARVEL BIOSCIENCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended October 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

5. SHARE CAPITAL

(a) Common Shares

Authorized:

Unlimited number of common shares without par value.

Issued and outstanding:

During the three months ended October 31, 2023, the Company did not complete any financings.

During the three months ended October 31, 2022, the Company issued the following shares:

On August 9, 2022, the Company closed the second tranche of its non-brokered private placement of 2,700,000 units (the "Units") at a price of \$0.10 per Unit for gross proceeds of \$270,000. Each Unit is comprised of one common share of the Company and one share purchase warrant. Each share purchase warrant is exercisable at a price of \$0.15 per share and expires on August 9, 2023. The Company incurred cash share issuance costs of \$4,350. Upon initial recognition, the Company determined the fair value of the warrants issued to be \$nil thus the entire proceeds net of the issuance cost was assigned to the common shares.

Escrow

11,400,098 shares issued to Principals pursuant to the Qualifying Transaction are subject to a Tier 2 Value Security Escrow Agreement to be released over a 36-month period. 150,000 shares issued to non-Principals pursuant to the Qualifying Transaction are subject to a Tier 2 Value Security Escrow Agreement to be released over a 36-month period, in accordance with the Exchange's Seed Share Resale Restrictions. 2,700,000 shares are subject to a CPC Escrow Agreement to be released over an 18-month period. As at October 31, 2023, 3,465,028 common shares issued pursuant to the Qualifying Transaction remain in escrow.

(b) Warrants

Warrant transactions are summarized as follows as at October 31, 2023:

	Number of warrants	Weighted Average Exercise Price \$	Weighted Average Remaining Life (years)
Balance July 31, 2022	12,306,533	0.26	0.98
Issued on private placements	2,700,000	0.15	0.02
Expired	(12,306,533)	0.20	-
Balance, July 31, 2023	2,700,000	0.15	0.02
Expired	(2,700,000)	0.19	-
Balance, October 31, 2023	-	-	-

MARVEL BIOSCIENCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended October 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

(c) Stock Options

The Company has established a stock option plan (the "Plan") whereby it provides for a rolling number of Common Shares to be reserved and available to be granted. This number is approved by the Company's Shareholders from time to time and not to exceed 10% of the Company's issued and outstanding Common Shares on an undiluted basis and including securities authorized under any equity compensation plans, at the time of approval. The exercise price of the Common shares subject to each stock option is determined by the Board of Directors and may not be less than the Discounted Market Price.

The balance of options outstanding and related information for the three months October 31, 2023 and 2022 are as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, July 31, 2022	1,725,000	\$0.28	3.97
Granted	1,625,000	\$0.10	-
Balance, October 31, 2023 and July 31, 2023	3,350,000	\$0.20	3.46
Unvested	(608,333)	\$0.10	3.74
Vested and exercisable	2,741,667	\$0.24	2.96

The balance of options outstanding as at October 31, 2023 was as follows:

Expiry Date	Exercise price \$	Number of options outstanding	Number of options outstanding	
			Unvested	Exercisable
July 14, 2026	0.25	1,325,000	-	1,325,000
July 29, 2026	0.40	400,000	-	400,000
July 14, 2027	0.10	1,425,000	475,000	950,000
October 19, 2027	0.14	200,000	133,333	66,667
		3,350,000	608,333	2,741,667

During the three months ended October 31, 2023, the Company did not grant share options.

During the year ended July 31, 2023, the Company granted 1,625,000 share purchase options, 1,425,000 expiring on July 14, 2027, and 200,000 expiring on October 19, 2027, with an exercise price of \$0.10 and \$0.14 per share purchase option respectively (2022 – no share purchase options were granted). The options vest one-third on the grant date, one-third on the first anniversary of the grant and the remainder on the second anniversary of the grant. The weighted average fair value of the options granted is \$0.05 per option and the Company recorded share-based payments expense of \$80,115. The fair value was determined using the Black-Scholes model using the following assumptions: Risk-free rate – 2.99% to 3.33% per annum; expected life – 4.8 years; expected volatility – 122% to 135%; expected forfeiture and dividends – nil.

During the three months ended October 31, 2023 the Company recorded \$9,693 (2022 - \$32,859) relating to the vesting of previously granted options.

MARVEL BIOSCIENCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended October 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

(e) 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 October 31, 2023 and 2022 as the effect is anti-dilutive.

6. CLINICAL STUDY EXPENSE

During the three months ended October 31, 2023, the Company continued conducting 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 \$211,644 (2022 – \$8,879). Since 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:

	October 31, 2023 \$	October 31, 2022 \$
Consultants	-	5,214
Research, lab and supplies	211,664	3,665
	211,664	8,879

7. 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. Compensation paid or payable to key personnel to be the executive and non-executive officers and directors of the Company, for services provided during the during the three months ended October 31, 2023 and 2022 are as follows:

	2023 \$	2022 \$
General and administrative	9,918	9,918
Management and director & consulting fees	82,500	75,000
Professional fees	21,000	18,750
Share based compensation (Note 5)	9,693	28,824
	123,111	132,492

Included in accounts payable and accrued liabilities at October 31, 2023 are amounts due to related parties of \$77,698 (July 31, 2023 - \$72,332) for the above services. The amounts owing are non-interest bearing and due on demand.

During the three months ended October 31, 2023, the Company paid \$1,150 (2022 - \$nil) in general and administrative expenses to a family member of the CEO.

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

During the year ended July 31, 2023, the Company issued \$500,000 in convertible debentures to the CEO of the Company (Note 4). During the three months ended October 31, 2023, the Company recorded \$10,082 in interest expense on the convertible debt related to the CEO and as at October 31, 2023, the \$27,288 is recorded as interest payable and is due on December 31, 2023.

MARVEL BIOSCIENCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended October 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized costs; and fair value through other comprehensive income. Cash, accounts payable and accrued liabilities are classified as measured at amortized costs. Convertible debentures are classified as measured at FVTPL.

As at October 31, 2023 and 2022, the carrying amounts for cash and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The convertible debentures are measured at fair value.

Risk management

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. As at October 31, 2023 and 2022 the Company's credit risk is primarily related to cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2023, the Company had a cash balance of \$316,984 (July 31, 2023 - \$556,622) to settle current liabilities of \$1,663,440 (July 31, 2023 - \$1,392,477).

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. Interest on convertible debentures is payable annually. The convertible debentures are due on February 24, 2026.

To maintain liquidity, the Company is currently exploring financing opportunities.

Market risk

Market risk is the risk that changes in market prices – e.g., foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Interest rate risk is part of market risk and is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rate on the Company's convertible debentures is fixed during the term of the convertible debentures.

Foreign currency risk

A portion of the Company's financial assets and liabilities are denominated in US dollars and give rise to risks from changes in foreign exchange rate between the Canadian dollar (functional currency) and US dollar. As at October 31, 2023, a 1% increase (decrease) in the Canadian Dollar/U.S. dollar

MARVEL BIOSCIENCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended October 31, 2023 and 2022

(Unaudited - expressed in Canadian Dollars)

exchange rates on that date would have resulted in an increase or decrease of approximately \$11,000. The Company does not use derivative financial instruments to reduce its foreign exchange exposure and is subject to fluctuations in exchange rate between Canadian dollars and US dollars.