

**VOYAGEUR PHARMACEUTICALS LTD.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023**  
**AND 2022**

**(Unaudited – Expressed in Canadian Dollars)**

**Notice of No Auditor Review**

These unaudited consolidated interim financial statements of Voyageur Pharmaceuticals Ltd. (the “Corporation”) have not been reviewed by the auditors of the Corporation. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 – Continuous Disclosure Obligations.

**VOYAGEUR PHARMACEUTICALS LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

<b>As at,</b>	<b>August 31</b>	<b>November 30</b>
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>	\$	\$
Current assets		
Cash and cash equivalents	1,882	31,561
Deposits	5,952	5,952
Amounts receivable and other assets	26,652	23,889
Inventory	10,323	10,323
Prepaid expenses	51,228	85,455
	96,037	157,180
Reclamation deposits (note 7)	14,000	14,000
Equipment (note 4)	6,374	8,013
Exploration and evaluation assets (note 5)	2,057,729	1,916,214
<b>Total assets</b>	<b>2,174,140</b>	<b>2,095,407</b>
 <b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 6 & 11)	428,147	591,306
	428,147	591,306
Long-term liabilities		
Provision for reclamation obligations (note 7)	14,000	14,000
CEBA loan (note 12)	25,520	25,520
<b>Total liabilities</b>	<b>467,668</b>	<b>630,826</b>
 <b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 8)	8,684,155	7,551,509
Contributed surplus	1,867,783	1,641,398
Deficit	(8,845,465)	(7,728,326)
<b>Total shareholders' equity</b>	<b>1,706,473</b>	<b>1,464,581</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,174,140</b>	<b>2,095,407</b>

Nature of operations and going concern (note 1)

Commitments and contingencies (note 11)

Approved on behalf of the Board:

Director (signed) "Kevin McBeth"

Director

(signed) "Ralph Hesje"

Director

*See accompanying notes to the consolidated financial statements*

**VOYAGEUR PHARMACEUTICALS LTD.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	For the three months ended		For the nine months ended	
	August 31		August 31	
	2023	2022	2023	2022
<b>EXPENSES</b>				
Wages, director and CFO fees (note 6)	73,536	108,168	249,874	359,902
Market and product development (note 6)	37,069	141,189	290,312	431,409
Professional fees	24,656	7,526	88,645	35,146
Investor relations, transfer agent, filing fees	20,944	24,787	116,639	45,325
Share-based compensation (note 8)	(27,163)	60,815	221,813	110,404
General and administrative	1,102	4,425	88,220	94,880
Consulting fees	-	79,187	59,997	99,869
Depreciation	546	727	1,639	2,181
Net and comprehensive loss	(130,690)	(426,824)	(1,117,139)	(1,179,116)
Basic and diluted loss per share	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.01)
Weighted average number of common shares outstanding	132,702,406	114,538,357	129,773,570	106,551,522

*See accompanying notes to the consolidated financial statements*

**VOYAGEUR PHARMACEUTICALS LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital \$	Contributed Surplus \$	Deficit \$	Total Equity \$
Balance, November 30, 2021	101,820,174	6,330,974	1,549,639	(5,974,432)	1,906,181
Shares Issued on private placements (note 8b)	11,570,000	1,157,000			1,157,000
Exercise of warrants (note 8b)	300,000	32,810	(1,810)	-	31,000
Exercise of options (note 8b)	100,000	17,500	(7,500)	-	10,000
Share issue costs (note 8b)		(59,004)			(59,004)
Shares for debt (note 8b)	848,183	93,300			93,300
Net and comprehensive loss	-	-	-	(1,179,115)	(1,179,115)
Balance, August 31, 2022	114,638,357	7,572,580	1,540,329	(7,153,547)	1,959,361
Balance, November 30, 2022	115,434,951	7,551,509	1,641,398	(7,728,326)	1,464,581
Shares Issued on private placements (note 8b)	17,142,133	1,199,949			1,199,949
Share issue costs (note 8b)		(63,452)			(63,452)
Value assigned to unit warrants (note 8b)		(16,351)	16,351		-
Shares for debt (note 8b)	125,322	12,500			12,500
Share Based Compensation Reserve (note 8d)			210,034		210,034
Net and comprehensive loss	-	-	-	(1,117,139)	(1,117,139)
Balance, August 31, 2023	132,702,406	8,684,155	1,867,783	(8,845,465)	1,706,473

*See accompanying notes to the consolidated financial statements*

**VOYAGEUR PHARMACEUTICALS LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

<b>For the nine months ended August 31</b>	<b>2023</b>	<b>2022</b>
Cash provided by (used in):	\$	\$
<b>Operating activities</b>		
Net and comprehensive loss for the period	(1,117,139)	(1,179,116)
Add items not involving cash:		
Depreciation (note 4)	1,639	2,181
Share based compensation (note 8d)	221,813	110,404
Value assigned to unit warrants(note 8b)	16,351	-
Change in non-cash operating working capital		
Amounts receivable and other assets	(2,763)	16,733
Prepaid expenses	34,227	(110,807)
Accounts payable and accrued liabilities	(174,938)	(375,764)
<b>Net cash (used in) operating activities</b>	<b>(1,020,811)</b>	<b>(1,536,369)</b>
<b>Financing activities</b>		
Finance lease payments	-	(7,793)
Issuance of share capital (note 8b)	1,183,598	1,157,000
Exercise of warrants (note 8b)		31,000
Exercise of options (note 8b)		10,000
Shares exchanged for debt (note 8b)	12,500	93,300
Share issue costs (note 8b)	(63,452)	(59,004)
<b>Net cash provided by financing activities</b>	<b>1,132,646</b>	<b>1,224,503</b>
<b>Investing activities</b>		
Exploration and evaluation expenditures (note 5)	(141,515)	(234,088)
Equipment expenditures (note 4)	-	(2,475)
<b>Net cash (used in) investing activities</b>	<b>(141,515)</b>	<b>(236,563)</b>
<b>Change in cash and cash equivalents during the period</b>	<b>(29,680)</b>	<b>(548,430)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>31,561</b>	<b>812,967</b>
<b>Cash and cash equivalents, end of the period</b>	<b>1,882</b>	<b>264,537</b>

See accompanying notes to the consolidated financial statements

# **VOYAGEUR PHARMACEUTICALS LTD.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022*

*(Expressed in Canadian Dollars)*

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### **1. Nature of operations and going concern**

Voyageur Pharmaceuticals Ltd., formerly Voyageur Minerals Ltd., (“Voyageur” or the “Corporation”) was incorporated under the Business Corporations Act (Alberta) on July 23, 2008 and is listed on the TSX Venture Exchange (“the Exchange”), trading under the symbol VM. Voyageur, through its wholly owned subsidiaries, Voyageur Industrial Minerals Ltd. and Voyageur Minerals Inc., is in the business of acquiring, exploring and developing raw materials for pharmaceutical products, primarily in the province of British Columbia, Canada and the state of Utah, USA.

On November 12, 2019, the Corporation passed a special resolution to change its name to Voyageur Pharmaceuticals Ltd.

The address of the Corporation’s registered and records office is 800 Dome Tower 333 – 7 Avenue S.W., Calgary, Alberta, T2P 2Z1. The head office of the Corporation is located at 4103B Center Street NW, Calgary, Alberta, T2E 2Y6.

These consolidated financial statements have been prepared on the assumption that the Corporation will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business.

The Corporation is in the process of exploring for and developing its mineral properties for pharmaceutical products and has not yet determined whether these properties contain mineral reserves that are economically recoverable. Recovery of the capitalized costs shown for mineral properties will likely require the establishment of economically recoverable reserves, the securing of development financing and profitable production.

As at August 31, 2023, the Corporation had not yet achieved profitable operations, has accumulated losses of \$8,845,465 (Nov 30, 2022- \$7,728,326) since inception and has a working capital deficit of \$332,110 (Nov 30, 2022 – deficit working capital of \$434,125) and for the nine months ended August 31, 2023, has incurred a net loss of \$1,117,139 (2022 net loss of \$1,179,116) and negative cashflows from operating activities of \$1,020,811 ( 2022 – negative cashflows from operations of \$1,536,368) and expects to incur further losses in the development of its business. The Corporation has relied on support from various creditors and related party lenders to finance its operations. These material uncertainties may cast significant doubt on the Corporation’s ability to continue as a going concern.

The future operations of the Corporation are dependent on the continued support from creditors and lenders and the Corporation’s ability to raise additional capital through equity financings or by selling or optioning its mineral properties. While the Corporation has been successful in securing financings in the past there is no assurance that it will be able to continue to do so in the future. Management anticipates that further financing will continue to be available. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Corporation be unable to continue as a going concern. If the going concern assumption was not appropriate, then the adjustments required to report the Corporation’s assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

### **2. Basis of presentation**

#### **Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) in effect as of December 1, 2022.

## **VOYAGEUR PHARMACEUTICALS LTD.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022*

*(Expressed in Canadian Dollars)*

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## **2. Basis of presentation (continued)**

Certain disclosures that are normally required to be included in the notes to the annual audited financial statements have been condensed or omitted. These financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended November 30, 2022.

### **Approval of consolidated financial statements**

These consolidated financial statements were authorized for issue on October 26, 2023 by the directors of the Corporation.

### **Basis of consolidation**

These consolidated financial statements include the accounts of the Corporation, its wholly owned Canadian subsidiary, Voyageur Industrial Minerals Ltd. and its wholly owned United States subsidiary, Voyageur Minerals Inc. All significant inter-company transactions and balances have been eliminated upon consolidation.

### **Basis of measurement**

The consolidated financial statements of the Corporation have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at fair value. These consolidated financial statements are presented in Canadian Dollars, which is the functional currency of the Corporation. The functional currency of the Corporation's Canadian subsidiary and United States subsidiary is the Canadian and United States dollar, respectively.

## **3. Summary of significant accounting policies**

### **(a) Significant accounting judgement and estimates**

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements may include estimates which, by their nature, are uncertain. The impacts of such estimates could be 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.

Significant assumptions management has made could result in a material adjustment to the carrying amounts of assets and liabilities including the determination of fair value of share-based payments using the expected volatility, in the event that actual results differ from assumptions.

The Corporation's accounting policy for exploration costs results in certain items being capitalized according to the expected recoverability of the projects. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the costs, a judgment is made that recovery of the costs is unlikely, the relevant capitalized amount will be written off to earnings.

## **VOYAGEUR PHARMACEUTICALS LTD.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022*

*(Expressed in Canadian Dollars)*

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### **3. Summary of significant accounting policies (continued)**

#### **(b) Future accounting standards and pronouncements**

The Corporation plans to adopt the following amendments to accounting standards, issued by the IASB, that are effective for annual periods beginning on or after January 1, 2023. The pronouncements will be adopted on their respective effective dates; however, each is not expected to have a material impact on the financial statements.

##### **Amendments to IAS 12 Income Taxes**

In May 2021, the IASB issued amendments to IAS 12 Income Taxes, which require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This will be effective on January 1, 2023.

##### **Amendments to IAS 1 Presentation of Financial Statements**

In January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements ("IAS 1"), to clarify its requirements for the presentation of liabilities as current or non-current in the statement of financial position. This will be effective on January 1, 2024.

In October 2022, the IASB issued amendments to IAS 1, which specify the classification and disclosure of a liability with covenants. This will be effective on January 1, 2024.

#### **(c) Deferred Share Unit Plan**

The Corporation has adopted a Deferred Share ("DSU") Unit plan that is focused on compensating the Directors of the Corporation for their annual retainers. DSUs are notional common shares in the capital of the Corporation ("Common Shares") that do not settle until the recipient leaves the Corporation. The Corporation's DSU plan allows for the participants to receive cash-settled DSUs or Common Shares at the discretion of the Corporation. When DSUs become payable, the Participant issued such DSUs, shall be entitled to receive payment from the Corporation in settlement of such DSUs: (i) in a number of Shares (issued from treasury or purchased in the market by the Corporation) equal to the number of DSUs being settled, (ii) an amount in cash equivalent to the number of the outstanding DSUs held by such Participant multiplied by the FMV as at the applicable settlement date or Termination Date, (iii) in some combination thereof, or (iv) in any other form, all as determined by the Compensation Committee of the Board at its sole discretion, subject to the policies of the Exchange.

The fair value of the DSUs is recognized as Share Based Compensation expense, with a corresponding increase in accrued liabilities over the vesting period. The amount recognized as an expense is based on the compensation earned during each period and the number of DSU units is calculated based on the weighted average share price during the entire period in which it is earned.

**VOYAGEUR PHARMACEUTICALS LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022

*(Expressed in Canadian Dollars)*

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**4. Equipment**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Cost</b>		
Balance, November 30, 2022 and 2021	18,302	84,344
Additions	-	2,475
<b>Balance, August 31, 2023 and 2022</b>	<b>18,302</b>	<b>86,819</b>
<b>Accumulated depreciation and impairments</b>		
Balance, November 30, 2022 and 2021	10,290	54,624
Depreciation (1)	1,639	6,906
<b>Balance, August 31, 2023 and 2022</b>	<b>11,928</b>	<b>61,530</b>
<b>Carrying Amount</b>		
Balance, November 30, 2022 and 2021	<b>8,013</b>	<b>29,720</b>
<b>Balance, August 31, 2023 and 2022</b>	<b>6,374</b>	<b>25,289</b>

(1) 2022 includes \$4,726 capitalized to Frances Creek

**VOYAGEUR PHARMACEUTICALS LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022

*(Expressed in Canadian Dollars)***5. Exploration and evaluation assets**

As at August 31, 2023 and 2022, the Corporation has interests in five mineral properties; four located in British Columbia, Canada and one in Utah, USA. These are Frances Creek, Jubilee Mountain, Pedley Mountain, Falcon and Paradox Basin.

A summary of the capitalized acquisition and exploration expenditures on the Corporation's exploration and evaluation assets for the periods ending August 31, 2023 and November 30, 2022 are as follows

	Canada				USA	Total
	Frances Creek	Jubilee Mountain	Pedley Mountain	Falcon	Paradox Basin	
	\$	\$	\$	\$	\$	\$
<b>Balance, November 30, 2021</b>	1,257,412	120,231	45,804		212,329	1,635,776
Claims fees	-	-	2,672	2,404	18,901	23,977
Geological and consulting	50,222	60,057	-		-	110,280
Site expenses	732	143	-		-	875
Insurance	6,714	-	-		-	6,714
Salaries and wages	132,290	-	-		-	132,290
Depreciation of exploration equipment	6,302	-	-		-	6,302
<b>Balance, November 30, 2022</b>	1,453,672	180,431	48,476	2,404	231,230	1,916,214
Claims fees	-	4,712	-	1,435	19,877	26,024
Geological and consulting	5,021	-	-	-	-	5,021
Site expenses	-	-	-	-	-	-
Insurance	10,811	-	-	-	-	10,811
Salaries and wages	99,658	-	-	-	-	99,658
Depreciation of exploration equipment	-	-	-	-	-	-
<b>Balance, August 31, 2023</b>	1,569,163	185,143	48,476	3,840	251,107	2,057,729

**Frances Creek, Jubilee Mountain, Pedley Mountain and Falcon – Canada**

In fiscal 2013, the Corporation was granted the exclusive option to purchase a 100% undivided interest in certain mineral properties located in the province of British Columbia referred to as "Pedley Mountain", "Jubilee Mountain" and "Frances Creek" (together, the "claims") from Tiger Ridge Resources Ltd. (the "Vendor"), a related party.

The Vendor has reserved a 3.5% gross milled sales return royalty on the production of barite and other industrial minerals and a 3.5% net smelter return royalty on the production of base and precious metals on all the claims. In addition, the claims are burdened by a previously existing royalty of \$2.00/tonne on finished barite and \$2.00/tonne on metals concentrate production.

The Corporation and the Vendor are related by virtue of the directors, officers and shareholders of the Vendor also being directors, officers and shareholders of the Corporation.

**Paradox Basin – USA**

In July 2016, the Corporation entered into an agreement to acquire, from the owner, a 100% interest in 89 mineral claims covering approximately 720 hectares in a lithium brine property located in the Paradox Basin of Utah, USA (the "ULI Project"). The claims have been staked by the owner and have been transferred to Voyageur's wholly owned United States subsidiary.

## VOYAGEUR PHARMACEUTICALS LTD.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

#### 5. Exploration and evaluation assets (continued)

On September 14, 2016, the Corporation entered into a Standstill Agreement with Anson Resources Ltd. ("Anson"). Under the terms of the agreement, Anson paid Voyageur a non-refundable deposit of US\$75,000 (CDN\$98,753) in exchange for the exclusive right to conduct due diligence on Voyageur's ULI Project for a period of 45 days and, based on its due diligence findings, earn into the project.

On March 27, 2017 the Corporation signed a formal joint venture agreement with Anson whereby Anson may earn up to 70% of the ULI Project by undertaking exploration activities on the project. Anson earned a 10% interest in the ULI Project upon signing of the formal joint venture agreement and can earn further interests upon completing the following:

- 40% by defining the location(s) for one or more drill holes, issuing a NI 43-101 technical report, and incurring US\$666,000 in qualifying expenditures; and
- a further 20% by drilling and logging one or more holes, issuing an updated NI 43-101 technical report, and incurring US \$2,330,000 in qualifying expenditures.

In fiscal 2018, Anson provided the Corporation with notice advising that Anson had completed the 40% earn-in. The Corporation and Anson are currently in dispute as to whether or not the 40% earn-in has occurred on this agreement.

#### 6. Related party transactions and balances

(a) Transactions with related parties are incurred in the normal course of business and are initially measured at fair value. Related party transactions are disclosed below, unless they have been disclosed elsewhere in the consolidated financial statements.

	2023	2022
For the nine months ended August 31		
	\$	\$
Management compensation <sup>1</sup>	283,416	315,663
Director fees	68,455	108,034
Share based compensation <sup>2</sup>	221,813	110,404
Market and product development <sup>3</sup>	186,605	322,863
<b>TOTAL</b>	<b>760,289</b>	<b>856,963</b>

<sup>1</sup> Includes salaries capitalized to Frances Creek and consulting fees of the Interim CFO

<sup>2</sup> DSU units awarded to Directors and Black Scholes value of Stock Option Grants

<sup>3</sup> Market and development relates to fees paid to a company owned by a Director

(b) Amounts due to related parties

Amounts Due to Related Parties

As at August 31	2023	2022
	\$	\$
Accounts payable and accrued liabilities <sup>1</sup>	189,174	8,503
Due to shareholders	-	-
<b>Total</b>	<b>189,174</b>	<b>8,503</b>

<sup>1</sup> Includes current and former Directors fees, DSU units and trade payables.

## VOYAGEUR PHARMACEUTICALS LTD.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022

(Expressed in Canadian Dollars)

#### 7. Reclamation deposits

Prior to commencement of exploration of a pharmaceutical development property in British Columbia, Canada, a company is required to post a reclamation bond against any potential land restoration costs that may be incurred in the future, which is refunded upon completion of reclamation to the satisfaction of the Inspector of Mines. The Corporation has posted reclamation bonds of \$14,000 (2020 - \$14,000) with the Province of British Columbia, Canada.

Based on the Corporation being in the early stages of exploration and the nature and extent of exploration activities to date, minimal reclamation obligations exist. Management has recorded a provision of \$14,000 (2020 - \$14,000), which is the best estimate of the Corporation's future reclamation obligations resulting from the exploration activities conducted.

#### 8. Share capital

##### (a) Authorized

Unlimited number of Class A shares

Unlimited number of Class B and Class C preferred shares

##### (b) Issued and Outstanding Common Shares

	August 31, 2023		November 30, 2022	
	Number	Amount \$	Number	Amount \$
<b>Balance, beginning of year</b>	115,434,951	7,551,509	101,820,174	6,330,974
Issued on private placement	17,142,133	1,199,949	11,570,000	1,157,000
Exercise of warrants	-	-	300,000	32,810
Exercise of stock options	-	-	100,000	17,500
Share issue costs	-	(63,452)	-	(59,004)
Shares for Debt	125,322	12,500	848,183	89,059
Settlement of DSU Units	-	-	796,594	55,762
Value assigned to unit warrants	-	(16,351)	-	(72,592)
<b>Balance, end of period</b>	<b>132,702,406</b>	<b>8,684,155</b>	<b>115,434,951</b>	<b>7,551,509</b>

##### ***Nine months ended August 31, 2023***

On December 2, 2022 the Corporation agreed to pay existing debts in the aggregate amount of \$12,500 through the issuance of 125,322 Common Shares at a deemed price of \$0.09974 per Common Share to two directors who did not stand for re-election at the September 28, 2022 Annual General Meeting. The debts arose because the Directors were no longer eligible to receive DSUs that would otherwise have been issued under the Plan.

On December 2, 2022 the Corporation formerly announced the issuance of 796,594 Common Shares to former directors of the Company pursuant to the terms of their DSU unit agreements. This transaction was recorded in the November 30, 2022 year end statements due to the approvals and all formalities of the issuance having been completed just prior to November 30, 2022.

## **VOYAGEUR PHARMACEUTICALS LTD.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022*

*(Expressed in Canadian Dollars)*

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#### **8. Share Capital (continued)**

##### **(b) Issued and Outstanding Common Shares (continued)**

On December 23, 2022, the Corporation closed the first tranche of a private placement raising total gross proceeds of \$179,996 through the sale of 2,571,369 Common Share units. Each Unit was comprised of one (1) Common Share at \$0.07 per share and one (1) Common Share purchase warrant of Voyageur. Each Warrant entitles the holder thereof to purchase one Common Share for \$0.12 expiring twenty-four (24) months from the date of issuance.

Pursuant to the first closing of the Offering, Voyageur paid a cash commission to a qualified non-related party in the amount of \$2,800 and issued 40,000 broker warrants entitling the holder to acquire one Common Share at a price of \$0.07 per share for a period of one (1) year from the date of issuance. The value of the broker warrants was \$2,177 as determined by the Black Scholes Option Pricing Model.

On January 20, 2023, the Corporation closed the second and final tranche of a private placement raising total gross proceeds of \$1,019,954 through the sale of 14,570,764 Common Share units.

Pursuant to the second closing of the Offering, Voyageur paid a cash commission to qualified non-related parties in the amount of \$13,849 and issued 237,840 broker warrants entitling the holder to acquire one Common Share at a price of \$0.07 per share for a period of one (1) year from the date of issuance. The value of the broker warrants was \$ 14,174 as determined by the Black Scholes Option Pricing Model.

##### **12 months ended November 30, 2022**

During the first Quarter of 2022, the Corporation received a total of \$31,000 through the exercise of 300,000 share purchase warrants into Common Shares. In addition, the Corporation received a total of \$10,000 through the exercise of 100,000 stock options into Common Shares. These transactions were recorded as additions to shareholders equity of \$32,810 and \$17,500 respectively, reflecting the added value as determined by the Black Scholes Pricing Model.

On June 16, 2022, the Corporation completed a non-brokered private placement of units of the Corporation ("Units") at a price of \$0.10 per Unit, issuing 11,570,000 Unites for aggregate gross proceeds of \$1,157,000 (the "Offering"). Each Unit is comprised of one (1) Common Share and one (1) Common Share purchase warrant ("Warrant") of Voyageur. Each whole warrant entitles the holder thereof to purchase one Common Share for \$0.20 expiring two (2) years from the date of closing the Offering. The Warrants include an acceleration provision whereby if the Common Shares trade at a price equal to or greater than \$0.30 per Common Share for a period of 10 consecutive trading days, Voyageur may accelerate the expiry of the Warrants. The unit warrants have been valued at \$ 57,850 using the residual value method.

The net proceeds of the Offering will be used for general working capital and preparing for the launch of the Corporation's Barium products. Pursuant to the closing of the Offering, Voyageur paid cash commissions to qualified non-related parties in the aggregate amount of \$37,825 and issued an aggregate of 378,250 broker warrants entitling the holder to acquire one Common Share at a price of \$0.10 per share for a period of one (1) year from the date of issuance. The value of the broker warrants was \$ 14,742 as determined by the Black Scholes Option Pricing Model.

On June 16, 2022, the Corporation issued 848,183 Common Shares in exchange for \$93,300 of debt obligations. The value of the Common Shares issued of \$89,059 was determined based on the trading price of the Corporation's shares on the issue date.

**VOYAGEUR PHARMACEUTICALS LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022

*(Expressed in Canadian Dollars)***8. Share Capital (continued)****(c) Warrants**

Details of Common Share purchase warrants outstanding at August 31, 2023 and November 30, 2022 are as follows:

	August 31 2023		November 30 2022	
	Number of Warrants	Weighted average exercise price \$	Number of Warrants	Weighted average exercise price \$
Outstanding - beginning of year	32,011,418	0.21	23,973,656	0.21
Issued on private placements	17,142,133	0.12	11,570,000	0.20
Issued to brokers on private placements	277,840	0.07	378,250	0.10
Exercised			(300,000)	0.10
Expired	(20,441,418)	0.21	(3,610,488)	0.20
Outstanding - end of period	28,989,973	0.15	32,011,418	0.21

As at August 31, 2023, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price \$	Expiry Date	Weighted Avg. Price \$
40,000	0.07	December 23, 2023	0.000
237,840	0.07	January 20, 2024	0.001
11,570,000	0.20	June 16, 2024	0.080
2,571,369	0.12	December 23, 2024	0.011
14,570,764	0.12	January 20, 2025	0.060
28,989,973	<b>0.15</b>		0.15

The weighted average remaining contractual life of the issued and outstanding warrants at August 31, 2023 was years 1.12 years (2022 – 1.58 years).

**(d) Stock options**

The Corporation has adopted an incentive stock option plan which provides that the number of Common Share reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. Such options will be exercisable up to ten years from the date of grant. The fair value of each option grant will be estimated on the date of grant using the Black-Scholes option pricing model. Stock options issued and outstanding as at August 31 2023 and 2022 are as follows:

	August 31 2023		November 30 2022	
	Number of Options	Weighted average exercise price \$	Number of Options	Weighted average exercise price \$
Outstanding - beginning of the year	8,365,000	0.144	8,165,000	0.139
Issued	2,900,000	0.074	300,000	0.10
Exercised	-		(100,000)	0.10
Expired/Forfeited	(5,415,000)	0.100	-	
Outstanding - end of period	5,850,000	<b>0.102</b>	8,365,000	<b>0.137</b>

**VOYAGEUR PHARMACEUTICALS LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022

*(Expressed in Canadian Dollars)***8. Share Capital (continued)****(d) Stock options (continued)**

Details of the share options outstanding and exercisable as at August 31, 2023 are as follows:

Expiry Date	Number of Options Outstanding	Number of Options Vested	Number of Options Unvested	Exercise Price \$	Weighted Average Remaining Life Years
January 20, 2030	1,400,000	1,400,000	-	0.100	6.39
April 1, 2031	1,150,000	1,150,000	-	0.175	7.59
July 28, 2031	100,000	100,000	-	0.090	7.91
September 19, 2032	300,000	300,000	-	0.100	9.06
April 3, 2033	2,600,000	2,600,000	-	0.075	9.60
July 28, 2033	300,000	300,000	-	0.065	9.92
.	<b>5,850,000</b>	<b>5,850,000</b>		<b>0.102</b>	<b>8.40</b>

***Nine months ended August 31, 2023***

During the nine months ended August 31, 2023 a total of 840,000 options expired and a further 4,575,000 options were forfeited.

On April 3, 2023 the Corporation issued 2,000,000 incentive stock options, being 1,000,000 options to each of its CEO and COO, that vest immediately and are exercisable at \$0.075 per share for a period of ten years. The fair value of the options was calculated using the Black-Scholes model based on the following assumptions; Risk-free interest rate of 3.43%, expected life of 10 years, no annual dividend, expected volatility of 140% and a forfeiture rate of 0%. The value of the incentive stock options vested is \$ 73,331 for each grant totaling \$146,622.

On April 3, 2023 the Corporation issued 600,000 incentive stock options, being 300,000 options to each of two consultants, that vest immediately and are exercisable at \$0.075 per share for a period of ten years. The fair value of the options was calculated using the Black-Scholes model based on the following assumptions; Risk-free interest rate of 3.43%, expected life of 10 years, no annual dividend, expected volatility of 140% and a forfeiture rate of 0%. The value of the incentive stock options vested is \$ 21,993 for each grant totaling \$43,986.

On July 28, 2023 the Corporation issued 300,000 incentive stock options, being 100,000 options to each of three Directors, Eric Pommer, Gene Fritzel and Kevin McBeth, that vest immediately and are exercisable at \$0.065 per share for a period of ten years. The fair value of the options was calculated using the Black-Scholes model based on the following assumptions; Risk-free interest rate of 4.74%, expected life of 10 years, no annual dividend, expected volatility of 139% and a forfeiture rate of 0%. The value of the incentive stock options vested is \$6,358 for each grant totaling \$19,074.

As at August 31, 2023, 5,850,000 stock options outstanding had a weighted average remaining life of 8.4 years (November 30, 2022 – 6.89 years). The weighted fair value of 2,900,000 stock options granted during the nine months ended August 31, 2023 was \$0.0723. The weighted fair value of 300,000 stock options granted during the year ended November 30, 2022 was \$0.095.

## **VOYAGEUR PHARMACEUTICALS LTD.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022*

*(Expressed in Canadian Dollars)*

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#### **8. Share Capital (continued)**

##### **(d) Stock options (continued)**

###### **12 months ended November 30, 2022**

On January 19, 2022, 100,000 stock options were exercised at a price of \$0.10 per share for total proceeds of \$10,000.

On September 19, 2022, the Corporation issued 300,000 incentive stock options to its interim CFO that vest immediately and are exercisable at \$0.10 per share for a period of ten years. The fair value of the options was calculated using the Black-Scholes model based on the following assumptions; Risk-free interest rate of 3.5%, expected life of 10 years, no annual dividend, expected volatility of 109% and a forfeiture rate of 0%. The value of the incentive stock options vested is \$ 28,477.

##### **(e) Deferred Share Units**

The Corporation has adopted a DSU plan following receipt of shareholder approval on June 28, 2021 (the "Plan") that is focused on compensating the Directors of the Corporation for their annual retainers. The DSUs are calculated each quarter based on the weighted average share price for the entire quarter. The DSUs only vest upon a director resigning, retiring or not being re-elected to the board.

On December 2, 2022 the Corporation issued 125,322 DSUs to directors pursuant to the Plan. Each DSU represents a right of the holder to receive one Common Share effective as of the date that the holder ceases service as a director of the Company. The DSUs are used to compensate directors of the Corporation for their annual retainers. The DSUs do not have an exercise price but have a starting value of \$12,206 equal to approximately \$0.09974 per DSU, based on the weighted average share price for the quarter ended September 30, 2022, the quarter in which they were earned.

Similarly, on January 16, 2023, the Corporation awarded 383,790 DSUs to directors of the Corporation pursuant to the Plan. The DSUs do not have an exercise price but have a starting value of \$31,250 equal to approximately \$0.081 per DSU, based on the weighted average share price for the quarter ended December 31, 2022.

On April 10, 2023 the Corporation awarded 328,675 DSUs to directors of the Corporation pursuant to the Plan. The DSUs do not have an exercise price but have a starting value of \$31,250 equal to approximately \$0.095 per DSU, based on the volume weighted average share price for the quarter ended March 31, 2023.

On July 10, 2023 the Corporation awarded 383,360 DSUs to directors of the Corporation pursuant to the Plan. The DSUs do not have an exercise price but have a starting value of \$31,250 equal to approximately \$0.082 per DSU, based on the volume weighted average share price for the quarter ended June 30, 2023.

As at August 31, 2023, the total outstanding number of awarded DSU units was 1,757,105 for a total value of \$79,070 adjusted to the closing price of the Common Shares on August 31, 2023 of \$0.045 cents per share.

## **VOYAGEUR PHARMACEUTICALS LTD.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022

*(Expressed in Canadian Dollars)*

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#### **9. Financial instruments**

As at August 31, 2023 and 2022, the Corporation's financial instruments consist of cash and cash equivalents, amounts receivable, reclamation deposits, accounts payable and accrued liabilities, due to shareholders, finance lease obligations, loans and interest payable and CEBA loan. The amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to the short-term nature and negligible credit losses.

The Corporation does not use derivative instruments or hedges to manage risks because the Corporation's exposure to credit risk, interest rate risk and currency risk is low.

##### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash and cash equivalents is exposed to credit risk; however, the risk is deemed small because the counterparty is a highly rated bank.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's cash and cash equivalents are exposed to interest rate risk as the Corporation invests cash and cash equivalents at floating rates of interest in

highly liquid instruments. Fluctuations in interest rates impact the value of cash and cash equivalents. All of the Corporation's other interest-bearing financial instruments are subject to fixed rates of interest.

##### *Currency risk*

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is exposed to foreign currency risk as certain monetary financial instruments are denominated in United States dollars. At August 31, 2023, total assets include cash of US\$237 (Nov 30, 2022- US\$9,891) and total liabilities include accounts payable and accrued liabilities of US\$21,397 (Nov 30, 2022- US\$127,693). The Corporation has not entered into any foreign currency contracts to mitigate this risk. The Corporation's sensitivity analysis suggests that a change in the absolute rate of exchange in the United States dollar by 10% would increase or decrease net loss by \$3,000 CAD (Nov 30, 2022- \$16,001 CAD) in these consolidated financial statements.

##### *Liquidity risk*

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation experienced significant liquidity challenges during the year as a result of the factors discussed in Notes 1 and 2. In order to address these issues, management

reduced expenditures to the extent possible and negotiated share-for-debt arrangements with various creditors and lenders. The majority of the Corporation's financial liabilities are short term in nature and given the working capital surplus at the reporting period date, the Corporation has the ability to meet its current obligations when they become due. The Corporation expects to incur further losses in the development of its business and therefore intends to pursue additional equity offerings. Management believes the efforts and actions taken will address the Corporation's liquidity challenges and allow the entity to meet its future short-term financial obligations.

## **VOYAGEUR PHARMACEUTICALS LTD.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2023 AND 2022*

*(Expressed in Canadian Dollars)*

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#### **10. Capital management**

The Corporation's objectives when managing capital are:

- To safeguard the Corporation's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to meet ongoing operating costs.
- To invest cash on hand in highly liquid and highly rated financial instruments.

In the management of capital, the Corporation includes shareholders' equity and cash and cash equivalents in the definition of capital. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

There have been no changes with respect to the overall capital management strategy or risk assessments during the three and nine months ended August 31, 2023 and 2022.

#### **11. Commitments and contingencies**

##### **Flow-through shares**

The Corporation was not able to complete the required exploration expenditures by December 31, 2022, pursuant to the flow-through share issues of December 31 2020 (\$488,500 share issue proceeds and \$432,167 actual expenditures) and May 5 2021 (\$291,468 share issue proceeds on which no expenditures were made).

Covid-19, followed by a BC Mines Road closure (still in effect) due to road subsidence were the contributing factors in the spending shortfall. The flow-through share agreements include an indemnification clause to shareholders who purchased these share issues equal to the amount of taxes due resulting from reassessment by the tax department.

In this regard, the Corporation has accrued, on November 30, 2022, a liability to the shareholders based on the assumption of the highest marginal tax rate in Alberta (48%) applied to the total spending shortfall of \$347,152 amounting to \$166,633. The Corporation is also liable for, and has accrued, on November 30, 2022, interest and penalties to the CRA which amount to \$56,154. The penalties and interest were paid in March of 2023.

#### **12. Ceiba LOAN**

The Corporation received the Canada Emergency Business Account ("CEBA") loan from the Government of Canada in the amount of \$40,000, which bears interest at 0% per annum until December 31, 2022. Interest will accrue at 5% per annum commencing on January 1, 2023. The loan matures on December 31, 2025. If the loan is repaid at or before the December 31, 2024 then \$10,000 of the loan balance will be forgiven. The portion of the loan that is expected to be forgiven was taken into profit and loss in the year the loan was received and was included in other income on the consolidated statement of comprehensive loss in that year.