



THIOGENESIS THERAPEUTICS, CORP.

(Formerly: Rozdil Capital Corporation)

Management's Discussion and Analysis

For the Three and Nine Months Ended

September 30, 2022

(Expressed in Canadian Dollars)

OVERVIEW

Thiogenesis Therapeutics, Corp., (“TTI” or the “Company”) (formerly: Rozdil Capital Corporation) is a clinical stage biotechnology company that was incorporated under the *Ontario Business Corporations Act* on May 3, 2018. On March 22, 2022, the Company filed articles of amendment and changed its name from Rozdil Capital Corporation to Thiogenesis Therapeutics, Corp.

Rozdil Capital Corporation (“Rozdil”) was a capital pool company listed on the TSX Venture Exchange (the “TSXV”) that received approval from the TSXV for its acquisition of all the outstanding shares of Thiogenesis Therapeutics, Inc., (“TTI US”) as its proposed “Qualifying Transaction” as defined under TSXV policies. The transaction constituted a reverse take-over (“RTO”) by Rozdil which acquired all of the issued and outstanding shares of TTI US by way of a securities exchange agreement in exchange for common shares of Rozdil.

On March 31, 2022, the Company closed its Qualifying Transaction (the “QT”) as defined by Policy 2.4 of the TSXV with TTI US. The Company received final TSXV acceptance and the common shares of the Company resumed trading on the TSXV on April 13, 2022 (the “Listing Date”) under the new name “Thiogenesis Therapeutics, Corp.”, with the trading symbol “TTI”.

The registered head office of the Company is located at 4 King Street West, Suite 401, Toronto, Ontario, M5H 1B6. The Company’s public filings can be accessed and viewed via the System for Electronic Data Analysis and Retrieval (“SEDAR”) at www.sedar.com.

The Company’s Unaudited Condensed Interim Consolidated Financial Statements have been prepared after giving effect to the RTO of Thiogenesis Therapeutics, Corp., (formerly: Rozdil Capital Company) by TTI US. As a result of the RTO, the former shareholders of TTI US acquired control of the Company and the Transaction is accounted for as a share based payment, in accordance with International Financial Reporting Standards (“IFRS”) 2, by which TTI US acquired the net assets of the Company. The Unaudited Condensed Interim Consolidated Financial Statements are prepared as a continuation of the financial statements of TTI US, reflecting the equity instruments of TTI. As a result, comparative information included herein is solely that of TTI US (see Note 2 Functional Currency and Presentation in the Company’s Unaudited Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2022 and Reverse Takeover Transaction Note below).

The Company develops novel thiol-active compounds that have the potential to address obstacles that have historically limited the development of previous thiol-based drugs; their short half-lives, strong side effects, dosing limitations and lack of compliance. In chemistry, thiols are organosulfur compounds that have a functional R-SH group, where the S is sulfur and the H is hydrogen; the functional group is responsible for chemical reactions independent of the overall compound, several of these reactions have therapeutic potential. Important activities of thiols include that they: are precursors to glutathione (antioxidant) and taurine (cyto-protective), promote Brain Derived Neurotropic Factor (“BDNF”), act as an anti-inflammatory and have anti-viral properties; these are all mechanisms of action that have shown promise over several decades of ongoing research. Thiols have been used to treat cystinosis, cystic fibrosis, rheumatoid arthritis, and acetaminophen poisoning, among other indications.

TTI-0102 is the lead compound and it acts as a precursor to cysteamine, one of the most promising thiols for drug development. Cysteamine is a small amino thiol compound that is endogenously derived at low levels, however, it must be given in synthetic form and at higher doses to be effective as a drug. Cysteamine has been approved for several decades for the treatment of cystinosis (Cystagon®, PROCYSBI®) a childhood, lysosomal storage disease. Cysteamine’s side effects include: nausea, stomach pain, body odor and halitosis.

TTI-0102 consists of two different thiols that are synthesized. Once orally administered, TTI-0102 metabolizes into two separate therapeutic cysteamine molecules over a period of several hours. The key properties of TTI-0102 is that its metabolic conversion limits the spike in peak concentration of cysteamine that is associated with its side effects, this allows for increased dosing and it may last for up to 24 hours at minimum therapeutic levels, giving TTI-0102 the potential to be administered once-a-day. Initial indications that the Company is pursuing with TTI-0102 are treatments for: mitochondrial disease, Rett syndrome, pediatric non-alcoholic steatohepatitis (“NASH”), as well as COVID-19 and its variants.

The following Management’s Discussion and Analysis of TTI should be read in conjunction with the Company’s Unaudited Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2022 and notes thereto. This Management’s Discussion and Analysis is dated November 17, 2022, and has been approved by the Board of Directors of the Company.

The Company’s Unaudited Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2022, were prepared using the same accounting policies and methods of computation as those described in TTI US’s annual consolidated financial statements as at and for the year ended December 31, 2021. Any subsequent changes to the IFRS that are given effect in the Company’s annual financial statements for the year ending December 31, 2022, could result in restatement of the Unaudited Condensed Interim Consolidated Financial Statements. The Unaudited Condensed Interim Consolidated Financial Statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021. All amounts herein are presented in Canadian dollars, unless otherwise noted.

The Unaudited Condensed Interim Financial Consolidated Statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). The Unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations issued by IFRIC.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain statements and information in this Management’s Discussion and Analysis (“MD&A”) contain forward-looking statements or forward-looking information under that may not be based on historical fact, including, without limitation, statements containing the words “believe”, “may”, “plan”, “will”, “estimate”, “continue”, “anticipate”, “intend”, “expect”, “predict”, “project”, “potential”, “continue”, “ongoing”, “could”, “would”, “seek”, “target” or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words and similar expressions.

Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as factors that we believe are appropriate. Forward-looking statements in this MD&A include, but are not limited to, statements relating to:

- *the initiation, timing, cost, progress and success of our research and development programs;*
- *our ability to advance product candidates into, and successfully complete, preclinical studies and clinical trials;*
- *the implementation of our business model and strategic plans;*
- *estimates of our expenses, future revenue, capital requirements and our need for additional financing;*
- *our commercialization, marketing, manufacturing, quality assurance, finance and management capabilities and strategy;*
- *our ability to engage and retain the employees, consultants or third party research and development contractors required to grow our business;*
- *our ability to achieve profitability;*

- *our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others; and*
- *our expectations regarding market risk, including overall market conditions, interest rate changes and foreign currency fluctuations.*

Such forward-looking statements reflect our current views with respect to future events, are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance, achievements, prospects or opportunities to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) obtaining regulatory approvals for future clinical trials; (ii) obtaining positive results from the Company's clinical trials; (iii) assumptions regarding general business and economic conditions; (iv) the Company's ability to successfully develop experimental compounds; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) assumptions regarding market competition; (viii) the products offered by the Company's competitors; and (ix) the Company's ability to protect patents and proprietary rights.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined in this MD&A under the heading "Risks and Uncertainties". Should one or more of these risks or uncertainties, or a risk that is not currently known to us, materialize, or should assumptions underlying the forward-looking statements contained herein prove incorrect, actual results may vary materially from those described herein. All forward-looking statements herein are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

OVERALL PERFORMANCE

On March 31, 2022, the Company closed its Qualifying Transaction (the "QT") as defined by Policy 2.4 of the TSXV with TTI US and the common shares of the Company resumed trading on the TSXV on April 13, 2022 under the new name "Thiogenesis Therapeutics, Corp.", with the trading symbol "TTI".

The Company recently completed its Phase 1 clinical trial of oral TTI-0102 in healthy volunteers in Australia. The Phase 1, "Open-Label, Dose-Escalation Study - to Evaluate Safety, Tolerability and Pharmacokinetics of Oral TTI-0102 Compared to Cystagon® (cysteamine bitartrate) in Healthy Volunteers," demonstrated that TTI-0102, which acts as a precursor to the thiol-active compound cysteamine, was safe and well tolerated at dose levels ranging from 600 mg cysteamine-base equivalent to 2400 mg cysteamine-base equivalent with no serious adverse events. The pharmacokinetic ("PK") profile suggests the potential for once-a-day dosing at target therapeutic levels compared to four times a day dosing with Cystagon®.

The results from this study will be used to support the Company's Investigational Medicinal Product Dossier ("IMPD") submission in Europe and its Investigational New Drug ("IND") submissions in the US for human efficacy trials in multiple disease indications.

During the nine months ended September 30, 2022, the Company received \$152,972 in grant income from the Australian government to partially fund the Phase 1 clinical trial of oral TTI-0102.

For the three months ended September 30, 2022, the Company recorded a net loss of \$705,782 and a net loss per share, basic and diluted of \$0.02 compared to net loss of \$378,600 and a net loss per share, basic and diluted of \$0.03 for the three months ended September 30, 2021. For the three months ended September 30, 2022, research and development costs were \$529,805 up by \$286,965 from \$242,840 for the comparable three months ended September 30, 2021 and general and administrative costs for the three months ended September 30, 2022 remained relatively consistent at \$176,132 compared to \$176,356 for the three months ended September 30, 2021. For the three months ended September 30, 2022, the Company recorded Nil in gain on derivative liabilities versus a gain of \$43,411 in the comparable three month period ended September 30, 2021. For the three months ended September 30, 2022, the Company recorded a recovery of \$155 in interest and borrowing costs compared to \$2,815 for the comparable three months ended September 30, 2021.

For the nine months ended September 30, 2022, the Company recorded a net loss of \$3,478,907 and a net loss per share, basic and diluted of \$0.15 compared to a net loss of \$880,760 and a net loss per share basic and diluted of \$0.08 for the comparable nine months ended September 30, 2021. During the nine month period ended September 30, 2022, research and development costs were \$961,996 up by \$62,201 from \$899,795 for the nine months ended September 30, 2021 and general and administrative costs increased by \$237,800 to \$470,539 versus \$232,559 in the nine month period ended September 30, 2021. During the nine months ended September 30, 2022, transaction costs of \$1,973,753 were recorded upon the completion of the RTO on March 31, 2022. During the nine months ended September 30, 2022, the Company recorded \$69,481 in loss on derivative liabilities versus a gain of \$27,093 in the nine months ended September 30, 2021. During the nine months ended September 30, 2022, the Company recorded Nil in grant income compared to \$231,367 recorded during the nine months ended September 30, 2021. For the nine months ended September 30, 2022, the Company recorded \$3,318 in interest and borrowing costs compared to \$6,866 for the nine months ended September 30, 2021.

REVERSE TAKEOVER TRANSACTION (“RTO”)

Pursuant to a securities exchange agreement dated February 8, 2021, as amended, among the Company, TTI US and the security-holders of TTI US (the "Securities Exchange Agreement"), the Company agreed to acquire all of the outstanding securities of TTI US resulting in TTI US becoming a wholly-owned subsidiary of the Company (the “Transaction”).

The Transaction completed on March 31, 2022, was a “Qualifying Transaction” for the Company as defined by Policy 2.4 of the TSXV. The Company received final TSXV acceptance and the common shares of the Company resumed trading on the TSXV on April 13, 2022 (the “Listing Date”) under the new name "Thiogenesis Therapeutics, Corp.", with the trading symbol “TTI”.

As a result of the RTO, the former shareholders of TTI US acquired control of the Company and the Transaction is accounted for as a share based payment, in accordance with IFRS 2, by which TTI US acquired the net assets and listing status of the Company.

As the Company does not meet the definition of a business under IFRS, the Unaudited Condensed Interim Consolidated Financial Statements of the combined entity represent the continuation of TTI US.

As a share based transaction, the Company measures the fair value of the transaction either by the measure of fair value of the goods and services received, or the fair value of the equity instruments granted, which ever method is a more reliable measure. Management has determined that the fair value of the equity instruments granted was the more reliable measure which resulted in the total consideration \$1,876,240.

On the acquisition of the Company by TTI US, the Company’s share capital, reserves and deficit were eliminated.

The allocation of the cost of the acquisition is summarized as follows:

Net Assets Acquired	
Cash and cash held in trust	\$ 107,457
Cash held in escrow	3,340,458
Loan receivable	25,332
Accounts receivable	39
Accounts payable and accrued liabilities	(245,383)
Special warrants liability, net	(3,246,718)
Fair Value of Net Assets Acquired	\$ (18,815)
Transaction Expenses	
Listing expense, (fair value of the common shares issued to former TTI shareholders)	\$ 1,798,685
Fair value of replacement options	58,740
Legal and other costs related to transaction	97,513
	1,954,938
Less fair value of net assets acquired	18,815
Total Transaction Expense	\$ 1,973,753

RESULTS OF OPERATIONS

The following table reflects the summary of results for the periods set out.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Assets	\$1,635,371	\$325,159	1,635,371	\$325,159
Revenue	-	-	-	-
Net loss	(705,872)	(378,600)	(3,478,907)	(880,760)
Net loss per share, basic and diluted	(0.02)	(0.03)	(0.15)	(0.08)

Research and Development Expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Research and development				
Subcontract labor	\$375,972	\$207,524	\$517,565	\$780,799
Professional fees	56,426	24,288	158,125	95,067
Share based compensation	35,326	1,658	158,865	4,939
Director fees	1,755	9,370	9,071	18,990
Salaries	54,819	-	108,090	-
Travel	230	-	5,002	-
Total research and development	\$524,528	\$242,840	\$956,718	\$899,795

Subcontract Labor

For the three months ended September 30, 2022, subcontract labor was up by \$168,448 to \$375,972 versus \$207,524 recorded in the comparable three month period in 2021.

For the nine month period ended September 30, 2022, subcontract labor was \$517,565 compared to \$780,799 for the nine month period ended September 30, 2021.

The higher subcontract labor costs incurred during the nine month comparable period in 2022 was attributed to the Company's continued development of its proprietary lead compound TTI-0102.

Professional Fees

For the three months ended September 30, 2022, the Company recorded professional fees of \$56,426 compared to \$24,288 for the three months ended September 30, 2021.

For the nine months ended September 30, 2022, the Company recorded professional fees of \$158,125 compared to \$95,067 for the nine months ended September 30, 2021.

Higher professional fees recorded in the in the three and nine months ended September 30, 2022, primarily relate to costs associated with the Company's ongoing research and development of its proprietary lead compound TTI-0102.

Share Based Compensation

For the three months ended September 30, 2022, the Company recorded \$35,326 in share based compensation expense compared to share based compensation expense of \$1,658 for the three months ended September 30, 2021.

For the nine months ended September 30, 2022, the Company recorded \$158,865 in share based compensation expense compared to share based compensation expense of \$4,939 for the nine months ended September 30, 2021.

The increase in share based compensation expense for the three and nine months ended September 30, 2022 was primarily related to the March 31, 2022 grant of 750,000 common share purchase options exercisable at \$0.35 per share until March 31, 2032 to the CEO of the Company. In addition, the Company granted 300,000 immediately vesting common share purchase options to consultants (former TTI US optionees). The 300,000 stock options are exercisable at \$0.20 until March 31, 2025 and on August 30, 2022, the Company granted 150,000 advisory board stock options exercisable at \$0.50 until August 31, 2032. The options were estimated on the date of grant using the Black-Scholes option pricing model.

Director fees

For the three months ended September 30, 2022, the Company recorded director fees of \$1,755 versus \$9,370 for the three months ended September 30, 2021.

For the nine months ended September 30, 2022, the Company recorded director fees of \$9,071 versus \$18,990 for the nine months ended September 30, 2021.

The decrease in director fees in 2022 versus 2021 is related to the decreased operations of the Company's Australian subsidiary as a result of the initiation of its IND/IMPd-enabling PK and safety study in 2021 not repeated in 2022.

Salaries

For the three months ended September 30, 2022, the Company recorded \$54,819 in salaries compared to Nil in the comparable three month period ended September 30, 2021 and \$108,090 in salaries for the nine months ended September 30, 2022 compared to Nil for the nine month period in 2021.

Effective March 1, 2022, the Company commenced remunerating its CEO US\$10,000 per month.

Travel

For the three months ended September 30, 2022, the Company recorded \$230 in travel costs versus Nil in the comparable period in 2021 and during the nine months ended September 30, 2022, the Company recorded travel costs of \$5,002 versus Nil in the comparable nine month period in 2021. Higher travel costs experienced in 2022, relate to attendance of various meetings associated with a proposed clinical trial.

Total Research and Development

For the three months ended September 30, 2022, total research and development costs were \$524,528 up by \$281,688 from \$242,840 for the comparable three month period ending September 30, 2021. The increase in total research and developments costs for the three months ended September 30, 2022 is discussed in detail above.

During the nine month period ended September 30, 2022, total research and development costs were \$956,718 up by \$56,923 from \$899,795 for the comparable nine month period ending September 30, 2021. The increase in total research and developments costs for the nine months ended September 30, 2022 is discussed in detail above.

During the first quarter of 2021, the Company's wholly-owned subsidiary, Thiogenesis Australia Pty Ltd., initiated an IND/IMPd-enabling PK and safety study for its lead compound TTI-0102. The Company is continuing to develop its proprietary thiol-active therapeutic compounds.

General and Administrative Expenses

	For the Three Months Ended		For the Nine Months Ended	
	September 30 2022	2021	September 30 2022	2021
General and administrative				
Share based compensation	\$65,043	\$-	\$129,379	\$-
Professional fees	19,973	171,073	90,944	215,171
Insurance	39	12	323	3,450
Bank charges	653	166	1,522	1,063
General and office	3,816	5,105	17,013	12,875
Transfer agent fees and expenses	1,092	-	8,851	-
Shareholders information	6,204	-	18,348	-
Stock exchange fees	500	-	38,753	-
Head office accommodation	900	-	1,800	-
Director fees	24,899	-	48,108	-
Filing fees	150	-	1,046	-
Annual meeting costs	4,438	-	4,438	-
Accounting and corporate secretarial	20,000	-	42,500	-
Travel	5,278	-	5,278	-
Management fees	28,424	-	67,334	-
Total general and administrative	\$181,409	\$176,356	\$475,637	\$232,559

Share Based compensation

For the three months ended September 30 2022, the Company recorded \$65,043 in share based compensation expense compared to share based compensation expense of Nil for the three months ended September 30, 2021.

For the nine months ended September 30 2022, the Company recorded \$129,379 in share based compensation expense compared to share based compensation expense of Nil for the nine months ended September 30, 2021.

The increase in share based compensation expense in three and nine months ended September 30, 2022, is primarily related to the March 31, 2022 issuance of 1,200,000 common share purchase options exercisable at \$0.35 per share until March 31, 2032 to Directors of the Company. The options vest 25% on each of September 30, 2022, March 31, 2023, September 30, 2023 and March 31, 2024. In addition, on March 31, 2022 and April 11, 2022, the Company granted 150,000 and 50,000 common share purchase options exercisable at \$0.35 per share until March 31, 2025 to consultants of the Company. The options vest 50% on each of September 30, 2022 and March 31, 2023. The options were estimated on the date of issue using the Black-Scholes option pricing model.

Professional Fees

For the three months ended September 30, 2022, the Company recorded professional fees of \$19,973 compared to \$171,073 for the three months ended September 30, 2021.

For the nine months ended September 30, 2022, the Company recorded professional fees of \$90,944 compared to \$215,171 for the nine months ended September 30, 2021.

Higher professional fees recorded in the three and nine months ended September 30, 2021, primarily relate to legal and audit costs associated with the cost of going public through the RTO on March 31, 2022.

Insurance

Insurance expense for the three months ended September 30, 2022, was \$39 compared to insurance expense of \$12 for the three months ended September 30, 2021.

Insurance expense for the nine months ended September 30, 2022, were \$323 compared to insurance expense of \$3,450 recorded during the nine months ended September 30, 2021. During 2021, the Company maintained private company directors and officers insurance.

Bank Charges

Bank charges for the three months ended September 30, 2022 were \$653 versus \$166 for the three months ended September 30, 2021.

Bank charges for the nine months ended September 30, 2021 were \$1,522 compared to \$1,063 for the nine months ended September 30, 2021.

The increase in bank charges experienced during the September 30, 2022 periods were related to increased banking transactions.

General and Office

For the three months ended September 30, 2022, the Company recorded \$3,816 in general and office costs compared to \$5,105 for the three months ended September 30, 2021.

For the nine months ended September 30, 2022, the Company recorded \$17,013 in general and office costs versus \$12,875 for the nine months ended September 30, 2021.

General and office costs include shipping, reprint, computer and internet related expenses and telephone expenses. The higher general and office costs experienced in the current nine month period in 2022, primarily relate to costs associated with the RTO transaction and public company costs

Transfer Agent Fees

Transfer agent fees for the three and nine months ended September 30, 2022, were \$1,092 and \$8,851, respectively compared to Nil in the comparable three and nine month periods ended September 30, 2021.

The Company commenced incurring transfer agent fees and expenses upon going public under the RTO on March 31, 2022.

Shareholders Information

Shareholders information costs for the three and nine months ended September 30, 2022, were \$6,204 and \$18,348, respectively compared to Nil in the comparable three and nine month periods ended September 30, 2021.

The Company commenced incurring shareholder information costs upon going public under the RTO on March 31, 2022.

Stock Exchange Fees

Stock exchange fees for the three and nine months ended September 30, 2022, were \$500 and \$38,753, respectively compared to Nil recorded in the three and nine months ended September 30, 2021.

Higher stock exchange fees recorded during 2022 were a result of the TSXV listing fees associated with the completion of the Company's RTO on March 31, 2022.

Head Office Accommodation

Head office accommodation cost for the three and nine months ended September 30, 2022, were \$900 and \$1,800, respectively compared to Nil in the comparable three and nine month periods ended September 30, 2021.

Commencing in April 2022, the Company maintains its registered and head office in Toronto, Ontario at a cost of \$300 per month.

Director Fees

During the three and nine months ended September 30, 2022, the Company recorded \$24,899 and \$48,108, respectively in director fees compared to Nil in the comparable three and nine month periods in 2021.

The Company commenced compensating each independent directors at a rate of US\$6,000 per quarter.

Filing Fees

Filing fees for the three and nine months ended September 30, 2022, were \$150 and \$1,046, respectively compared to Nil in the comparable three and nine month periods ended September 30, 2021.

Upon closing the RTO on March 31, 2022, the Company has incurred filing fees related to the filing of its regulatory reporting requirements on SEDAR.

Annual Meeting Costs

For the three and nine months ended September 30, 2022, the Company recorded annual meeting costs and expenses of \$4,438 compared to Nil in the three and nine month periods ended September 30, 2021. The costs incurred are related to the Company's Annual and Special Meeting held on September 19, 2022.

Accounting and Corporate Secretarial

Accounting and corporate secretarial services for the three and nine months ended September 30, 2022, were \$20,000 and \$42,500, respectively compared to Nil in the three and nine months ended September 30, 2021.

The increased accounting and corporate secretarial costs incurred in the current periods are primarily attributed to the Company's financial reporting obligations as a result of going public through its RTO.

Travel

For the three months ended September 30, 2022, the Company recorded \$5,278 in travel costs versus Nil in the comparable period in 2021 and during the nine months ended September 30, 2022, the Company recorded travel costs of \$5,278 versus Nil in the comparable nine month period in 2021. Higher travel costs experienced in 2022, relate to attendance of the Company's annual and special meeting.

Management Fees

For the three and nine months ended September 30, 2022, the Company recorded management fees of \$28,424 and \$67,334, respectively compared to Nil in the three and nine months ended September 30, 2021.

Effective March 1, 2022, the Company commenced remunerating its CFO, EUR\$7,000 per month.

Total General and Administrative

For the three months ended September 30, 2022, general and administrative costs remained relatively consistent at \$176,132 compared to \$176,356 for the three months ended September 30, 2021.

During the nine months ended September 30, 2022, general and administrative costs increased by \$237,800 to \$470,359 versus \$232,559 in the nine months ended September 30, 2021.

The primary increases in general and administrative expenses experienced in the current periods in 2022, are discussed in detail above.

Transaction Costs

In connection with the closing of the RTO on March 31, 2022, the Company recorded \$1,973,753 in transactions costs for the nine months ended September 30, 2022, compared to Nil for the nine months ended September 30, 2021 (see Reverse Takeover Transaction Note above).

Loss on Derivative Liabilities

For the three months ended September 30, 2022, the Company recorded a gain on derivative liabilities of Nil compared to gain of \$43,411 for the three months ended September 30, 2021.

For the nine months ended September 30, 2022, the Company recorded a loss on derivative liabilities of \$69,481 compared to a gain of \$27,093 for the nine months ended September 30, 2021.

The change in fair value of derivative liabilities during the respective periods was recognized in the Unaudited Condensed Interim Consolidated Statements of Operations and Other Comprehensive Income (Loss). The share purchase warrants were issued with an exercise price in Canadian ("CDN") Dollars, rather than United States Dollars (the presentation and functional currency of TTI US) and the fair value was required to be re-measured at each reporting date and adjustments recorded to the Unaudited Condensed Interim Consolidated Statement of Operations and Other Comprehensive Income (Loss).

Upon closing of the RTO on March 31, 2022, the Company re-issued and revalued the 1,000,000 warrants using the Black Scholes pricing model and the amount allocated to common share purchase warrants in reserves was \$217,735 assuming an estimated life of 2 years, a risk-free rate of 2.21%, an expected dividend rate of 0.00%, and an expected annual volatility of 139%. Upon closing the RTO, the Company's functional and reporting currency is the CDN, which is the exercise price of the warrants and accordingly the fair value of the warrants was reallocated to shareholders' equity (see Common Share Purchase Warrants).

Interest and Borrowing Costs

For the three months ended September 30, 2022, the Company recorded a recovery of \$155 in interest and borrowing costs versus \$2,815 expensed in the three months ended September 30, 2021. Lower interest and borrowing costs recorded in the current period in 2022 was a result of the promissory notes and convertible promissory notes being extinguished.

For the nine months ended September 30, 2022, the Company recorded \$3,318 in interest and borrowing costs compared to \$6,866 recorded in the nine month period ended September 30, 2021. Interest costs incurred in the nine month period in 2022 was a result of interest recorded on the \$150,000 loans received in December 2021. Interest costs recorded in the comparable nine month period in 2021, were primarily related to interest recorded on the convertible promissory notes.

Net Loss

For the three months ended September 30, 2022, the Company recorded a net loss of \$705,782 and a net loss per share, basic and diluted of \$0.02 compared to net loss of \$378,600 and a net loss per share, basic and diluted of \$0.03 for the three months ended September 30, 2021. Components of the increase in net loss for the three months ended September 30, 2022, versus the three months ended September 30, 2021, are discussed in detail above.

For the nine months ended September 30, 2022, the Company recorded a net loss of \$3,478,907 and a net loss per share, basic and diluted of \$0.15 compared to a net loss of \$880,760 and a net loss per share basic and diluted of \$0.08 for the comparable nine months ended September 30, 2021. Components of the increase in net loss for the nine months ended September 30, 2022, compared to the nine months ended September 30, 2021, are discussed in detail above.

Other Comprehensive Income (Loss)***Foreign currency translation***

For the three months ended September 30, 2022, the Company incurred a loss on foreign currency translation of \$11,340 versus a loss of \$386 for the three months ended September 30, 2021.

For the nine months ended September 30, 2022, the Company recorded a gain on foreign currency translation of \$92,301 versus a gain of \$4,251 for the nine months ended September 30, 2021.

The foreign currency translation gains and losses result from translating TTI US's balance sheets from United States Dollars, Thiogenesis Australia Pty Ltd.'s balance sheets from Australian Dollars and Thiogenesis Therapeutics, EURL's balance sheets from EURO into the Company's functional currency, the Canadian Dollar at the period end exchange rate, and their respective results of operations converted at average exchange rates for the period.

CAPITAL EXPENDITURES

The Company had no capital expenditures during the nine months ended September 30, 2022 or during the year ended December 31, 2021.

FINANCING ACTIVITIES

During the nine months ended September 30, 2022, the Company assumed net cash of \$3,350,402 upon closing the RTO, and received \$116,375 upon the exercise of 332,500 finder's options. During the year ended December 31, 2021, the Company closed a non-brokered private placement and issued 2,000,000 units for net cash proceeds of \$671,267 and received loan proceeds of \$150,000.

LIQUIDITY AND CAPITAL RESOURCES**Liquidity**

Management has determined that cash flows for operations, clinical trial expenses, and general and administrative expenses will be funded by the Company's current cash and future private placements and other funding mechanisms.

Cash Flow Summary

The following table sets out the cash flow summary for the respective periods:

	For the Nine Months Ended September 30,	
	2022	2021
Cash and cash held in trust beginning of period	\$61,641	\$18,833
Cash flow used in operating activities	(1,807,031)	(627,046)
Cash flow provided by investing activities	3,350,402	-
Cash flow provided by (used in) financing activities	(83,797)	671,267
Exchange rate effect	92,592	4,251
Cash and cash held in trust, end of period	\$1,613,807	\$67,305

Cash flow used in operating activities for the nine months ended September 30, 2022 was \$1,807,031 which increased by \$1,179,985 from cash used in operations of \$627,046 for the nine months ended September 30, 2021. The increase in cash flow used in operating activities was primarily due to an increase in net loss, decreases in accounts payable and accrued liabilities which were partially offset by a decrease in grant receivable during the nine months ended September 30, 2022.

Cash flow provided by investing activities was \$3,350,402 during the nine months ended September 30, 2022 versus Nil in the comparable period in 2021. On March 31, 2022, the Company assumed cash of \$3,350,402 net of transaction costs upon completion of the RTO.

Cash flow used in financing activities was \$83,797 during the nine months ended September 30, 2022 versus cash flow provided by financing activities of \$671,267 in the comparable nine month period in 2021. During the nine months ended September 30, 2022, the Company received \$116,375 upon the exercise of finder's options, repaid promissory notes in the amount of \$50,172 and repaid loans in the amount of \$150,000. During the nine months ended September 30, 2021, the Company completed a private placement of units for net proceeds of \$671,267.

Working Capital

At September 30, 2022, the Company had working capital of \$1,554,440 compared to a working capital deficit of \$1,055,327 as of December 31, 2021, representing an increase in working capital of \$3,222,845.

The increase in working capital was primarily related to cash assumed of \$3,350,402, net of transaction costs, upon completion of the RTO on March 31, 2022.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies and critical accounting estimates are summarized in Note 3 to the Unaudited Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2022.

Significant Accounting Estimates and Judgments

The preparation of these Unaudited Condensed Interim Consolidated Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Unaudited Condensed Interim Consolidated Financial Statements and the reported amounts of revenues and expenses during each reporting period. Actual results could differ from those estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Unaudited Condensed Interim Consolidated Financial Statements are:

Fair Value of Financial Instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Fair Value of Derivative Liabilities

The Company's derivative instruments consisted of derivative liabilities in relation to share purchase warrants. These share purchase warrants were issued with an exercise price in Canadian ("CDN") dollars, rather than United States dollars (the presentation and functional currency of TTI US) and the fair value was required to be re-measured at each reporting date and adjustments recorded to the Unaudited Condensed Interim Consolidated Statement of Operations and Other Comprehensive Income (Loss). Assumptions used in the re-measurement of the fair value could materially affect the recorded amounts.

Going Concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There is an uncertainty regarding the Company's ability to continue as a going concern.

Income Tax

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Fair Value of Share Based Compensation and Warrants

In determining the fair value of share based payments, the calculated amounts are not based on historical cost, but is derived based on assumptions (such as the expected volatility of the price of the underlying security, expected hold period before exercise, dividend yield and the risk-free rate of return) input into a pricing model. The model requires that management make forecasts as to future events, including estimates of: the average future hold period of issued stock options and compensation warrants before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period; dividend yield; and the appropriate risk-free rate of interest. The resulting value calculated is not necessarily the value that the holder of the option or warrant could receive in an arm's length transaction, given that there is no market for the options or compensation warrants and they are not transferable. Similar calculations are made in estimating the fair value of the warrant component of an equity unit. The assumptions used in these calculations are inherently uncertain. Changes in these assumptions could materially affect the related fair value estimates.

GRANT RECEIVABLE

As at September 30, 2022, and December 31, 2021, the grant receivable from Australian government was \$Nil and \$152,972, respectively.

CONVERTIBLE PROMISSORY NOTES

On August 21, 2020, as amended on August 31, 2021, the Company issued to two directors of the Company convertible promissory notes for proceeds of US \$209,000 with interest rate of 4% per annum and due on December 31, 2021. The notes automatically convert into the equity instruments that the Company issues in the event an equity security raise with total proceeds of not less than US\$2,000,000 is completed while the notes are outstanding. The conversion price is the lesser of (i) the price paid per share for equity securities in the financing multiplied by 0.80 and (ii) the quotient resulting from dividing US\$5,000,000 by the number of outstanding shares of common stock immediately prior to the financing. The Company accounted for the notes as a liability as the conversion feature is contingent on a qualified financing outside the control of the Company (the "Notes").

On October 31, 2021, the Notes were amended to reflect if a change of control or qualified financing is consummated, all interest on the Notes was deemed to have stopped accruing after December 31, 2020. As a result of the Securities Exchange Agreement, the Company recorded interest on the Notes at December 31, 2020 in the amount of US \$2,749 and thereafter no interest was recorded.

On December 31, 2021, the Notes were amended to extend the principal and interest due date to January 31, 2022 and on January 31, 2022 the Notes were further amended to extend the principal and interest due date to, March 31, 2022.

On March 31, 2022, following the closing of the RTO, the Company issued 771,075 common shares at \$0.35 per share as settlement of the convertible notes and interest due.

PROMISSORY NOTES

At December 31, 2020, the Company had issued non-interest-bearing promissory notes to the Chief Executive Officer of the Company for proceeds of US\$39,200. As of December 31, 2021, the balance of promissory notes was \$48,984 (US\$39,200). On April 8, 2022, the promissory notes in the amount of \$50,172 (US \$39,200) were repaid in full.

LOANS PAYABLE

On December 1, 2021, the Company received proceeds of \$65,000 and issued a promissory note, due on demand and bearing interest at 4% per annum to a director of the Company. During the three and nine months ended September 30, 2022, the Company recorded \$715 of interest. (December 31, 2021: \$197). On April 8, 2022, the Company repaid the note of \$65,000 and paid interest of \$912 on May 31, 2022.

On December 1, 2021, the Company received proceeds of \$60,000 and issued a promissory note, due on demand and bearing interest at 4% per annum to a director of the Company. During the three and nine months ended September 30, 2022, the Company recorded \$690 of interest (December 31, 2021: \$152). On April 8, 2022, the Company repaid the note of \$60,000 and paid interest of \$842 on May 31, 2022.

In connection with the RTO, on December 1, 2021, the Company received proceeds of \$25,000 and issued a demand promissory note to Rozdil, bearing interest at 4% per annum. For the three months ended March 31, 2022, the Company recorded interest of \$256. Upon closing of the RTO, the intercompany note and interest was eliminated upon consolidation.

DERIVATIVE LIABILITIES

At December 31, 2021, TTI US had warrants issued with an exercise price in Canadian Dollars which was different from the functional currency of TTI US (United States Dollars) and accordingly the warrants were treated as a financial liability and the fair value movement during the period was recognized in the Unaudited Condensed Interim Consolidated Statement of Operations and Other Comprehensive Income (Loss).

The following table set out the changes in derivative warrant liabilities during the respective periods.

	Number of Derivative Warrants	Value Assigned \$US	Value Assigned \$CDN	Average Exercise Price \$CDN
Balance, December 31, 2020	-	-	-	-
Warrants issued	1,000,000	170,530	213,094	0.50
Fair value re-measurement	-	(51,889)	(64,840)	
Balance, December 31, 2021	1,000,000	118,641	148,254	0.50
Fair value re-measurement	1,000,000	55,603	69,481	
Beginning Balance, March 31, 2022		174,244	217,735	0.50
Fair value transferred to reserves		(174,244)	(217,735)	0.50
Balance, September 30, 2022	-	-	-	-

On March 23, 2021, TTI US closed a non-brokered private placement and issued 2,000,000 units for gross cash proceeds of US \$537,186. Each unit was comprised of one (1) common share and one-half (1/2) of a common share purchase warrant (each whole warrant, a “Warrant”) (the “Units”). Each whole warrant will entitle the holder to acquire one common share of the Company at a price of CDN\$0.50 per warrant for a period of two years following the closing date. The amount allocated to derivative liabilities based on fair value using the Black-Scholes pricing model was \$170,530 assuming an estimated life of 2 years, a risk-free rate of 0.23% an expected dividend rate of 0.00%, and an expected annual volatility of 137%. At December 31, 2021, the Company revalued the warrants using the Black-Scholes pricing model and the amount allocated to derivative liabilities was \$118,641 assuming an estimated life of 1.2 years, a risk-free rate of 0.95% an expected dividend rate of 0.00%, and an expected annual volatility of 127%. At December 31, 2021, the Company recorded a gain on the revaluation of \$51,889.

Upon closing of the RTO on March 31, 2022, the Company reissued and revalued the 1,000,000 outstanding warrants using the Black-Scholes pricing model and the amount allocated to common share purchase warrants reserve was \$217,735 assuming an estimated life of 2 years, a risk-free interest rate of 2.21% an expected dividend rate of 0.00%, and an expected annual volatility of 139%. Upon closing the RTO, the Company’s functional and reporting currency is the Canadian Dollar which is the exercise price of the warrants and accordingly the fair value of the warrants were reallocated to shareholders’ equity (see Note 10 Common Share Purchase Warrants).

The following tables set out the number of derivative liabilities outstanding at December 31, 2021:

Number of Warrants	Exercise Price CDN (\$)	Expiry Date	Weighted Average Remaining Life (Years)	Fair Value US (\$)
1,000,000	\$0.50	March 21, 2023	1.22	118,641

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CAPITAL MANAGEMENT

The capital managed by the Company includes the components of shareholders’ equity as described in the Unaudited Condensed Interim Consolidated Statements of Shareholders’ Equity. The Company is not subject to externally imposed capital requirements. There were no changes in the Company’s capital management for the period ended September 30, 2022.

The Company's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize its resources to fund the growth and development of its business, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets by seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. In order to maintain or adjust its capital structure, the Company considers all sources of financing reasonably available to it, including but not limited to the issuance of new capital, the issuance of new debt, the receipt of government grants and the sale of assets in whole or in part.

FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is primarily related to the Company's receivables and cash and cash held in trust and the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. At September 30, 2022, accounts receivable was \$21,564 of which of \$20,691 was Goods and Services Tax (December 31, 2021: \$13,023 of which of \$9,567 was Goods and Services Tax). At September 30, 2022, the grant receivable from the Australian Government was Nil (December 31, 2021: \$152,972).

Concentration risk exists in cash because cash and cash held in trust balances are maintained with financial institutions. The risk is mitigated because the financial institutions are international banks and all amounts are due on demand.

The Company's maximum exposure to credit risk is as follows:

	September 30, 2022	December 31, 2021
Cash and cash held in trust	\$1,613,807	\$61,641
Account receivable	21,564	13,023
Grant receivable	-	152,972
	\$1,635,371	\$227,636

Currency Risk

The Company's functional and presentation currency is the Canadian Dollar. The Company's wholly owned Delaware subsidiary TTI US's functional currency is the United States Dollar. A significant change in the currency exchange rates between the Canadian Dollar relative to United States Dollar could have an effect on the Company's financial instruments. The Company does not hedge its foreign currency exposure.

The following assets and liabilities are denominated in United States Dollars as at the periods set out below:

	September 30, 2022 (\$)	December 31, 2021(\$)
	(1)	(1)
Cash	119,608	45,448
Accounts payable and accrued liabilities	(3,739)	(175,962)
Promissory note and loans	-	(152,547)
Convertible promissory notes	-	(211,749)
Derivative liabilities	-	(141,984)
Net assets (liabilities) denominated in US\$	115,869	(636,794)
Net assets (liabilities) CDN dollar equivalent at period end ⁽¹⁾	158,822	(795,738)

(1) Translated at the exchange rate in effect at September 30, 2022: \$1.3707 (December 31, 2021: \$1.2496)

The following table shows the estimated sensitivity of the Company's total loss for the period set out from a change in the US dollar exchange rate in which the Company has exposure with all other variables held constant.

Percentage change in CDN Dollar	September 30, 2022		December 31, 2021	
	Increase	Decrease	Increase	Decrease
	In total loss from a change in % in the US Exchange Rate (\$)		In total loss from a change in % in the US Exchange Rate (\$)	
5%	(10,855)	10,885	(49,718)	49,718
10%	(21,770)	21,770	((99,435)	99,435
15%	(32,665)	32,655	(149,153)	149,153

Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash accounts is relatively unaffected by changes in short term interest rates. The income earned on certain bank accounts is subject to the movements in interest rates. Currently, this risk will have an immaterial effect on operations.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's main source of cash resources has been through equity financings, grants and loans. The Company's financial obligations are limited to its current liabilities which have contractual maturities of less than one year. The Company manages liquidity risk as part of its overall "Management of Capital".

The following tables illustrate the contractual maturities of financial liabilities as at September 30, 2022 and December 31, 2021, respectively:

September 30, 2022

	Payments Due by Period \$				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts payable and accrued liabilities	80,931	80,931	-	-	-
Total	80,931	80,931	-	-	-

December 31, 2021

	Payments Due by Period \$				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts payable and accrued liabilities	671,124	671,124	-	-	-
Convertible promissory notes payable	264,601	264,601	-	-	-
Promissory notes payable	48,984	48,984	-	-	-
Loans payable	150,000	150,000	-	-	-
Total	1,134,709	1,134,709	-	-	-

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As of September 30, 2022 and December 30, 2021, cash and cash held in trust is recorded at fair value under level 1 within the fair value hierarchy, and derivative liabilities are classified as level 2.

Management believes that the recorded values of cash and cash held in trust, accounts receivable, tax credit receivable, accounts payable and accrued liabilities, convertible promissory notes, promissory notes, loans payable and derivative liabilities approximate their current fair values because of their nature and anticipated short-term settlement dates.

SHARE CAPITAL AND RESERVES

Share Capital

Authorized:

Unlimited common shares

Issued:

The following table sets out the changes in common shares during the period:

	Note	#	\$
Balance, December 31, 2020		10,000,000	581,064
Private placement of units	(i)	2,000,000	458,173
Balance, December 31, 2021		12,000,000	1,039,237
Common shares issued for RTO	(ii)	5,139,100	1,798,685
Common shares issued on conversion of special warrants, net	(iii)	10,000,000	3,246,718
Common shares issued for convertible promissory notes	(ix)	771,075	269,876
Exercise of finder's options	(v)	332,500	159,301
Balance September 30, 2022		28,242,675	6,513,817

(i) On March 15, 2021, the Company closed a non-brokered private placement and issued 2,000,000 units for gross proceeds of \$671,267 (US\$537,186). Each unit is comprised of one common share and one-half of a common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of CDN\$0.50 until March 31, 2024. The amount allocated to derivative liabilities based on fair value using the Black-Scholes model was \$213,094 (see Common Share Purchase Warrants below and Note 9 Derivative Liabilities).

(ii) In connection with the closing of the RTO on March 31, 2022, the Company issued 5,139,100 common shares at a deemed price of \$0.35 per common share to effect the RTO for consideration of \$1,798,865. The Company had 5,139,100 common shares outstanding prior to the RTO. On consolidation the Company eliminated the pre-RTO common shares and the corresponding pre-RTO share value (see Note 4 Reverse Takeover Transaction).

(iii) In connection with the RTO on July 30, 2021, the Company closed in escrow a non-brokered private placement of 10,000,000 Special Warrants of the Company at a purchase price of \$0.35 per Special Warrant for aggregate gross proceeds of \$3.5 million. Each Special Warrant was converted into one (1) common share of the Company without further consideration (the "Special Warrants"). The conversion of the Special Warrants took place on March 31, 2022.

In connection with the Special Warrants financing, the Company paid a cash finder's fees equal to an aggregate of \$159,250 and issued 455,000 compensation options (the "Finder's Options"). At March 31, 2022, the Company recorded a total of \$194,542 of costs directly related to the Special Warrants (see Common Share Purchase Options below).

(ix) In connection with the closing of the RTO on March 31, 2022, the Company issued 771,075 common shares at a deemed price of \$0.35 per common share to settle convertible promissory notes and interest of \$269,876.

(v) During the period ended September 30, 2022, 332,500 finder's options were exercised at \$0.35 per share for proceeds of \$116,375. The fair value attributed to these finder's options was \$49,926 (see Finder's Options below).

Escrow Securities

CPC Escrow

An aggregate of 2,775,000 common shares are held in escrow in accordance with the CPC Policy of the TSXV and shall be released as to 10% immediately following the issuance of the Final TSXV Bulletin dated April 11, 2022 (the "Bulletin") and as to 15% every six months thereafter.

Value Security Escrow

In addition to the CPC Escrowed common shares a further 10,737,869 common shares will be held in escrow after giving effect to the RTO and shall be released as to 10% on the date of the Bulletin and as to 15% every six months thereafter.

Weighted Average Shares Outstanding

The following table summarizes the weighted average shares outstanding:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Weighted Average Shares Outstanding, basic and diluted	28,239,822	12,000,000	22,585,485	11,465,201

The effects of any potential dilutive instruments on loss per share are anti-dilutive and therefore have been excluded from the calculation of diluted loss per share.

Common Share Purchase Options

The Company has established a stock option plan for its directors, officers and consultants under which the Company may grant options from time to time to acquire a maximum of 10% of the outstanding common shares on a rolling basis. The exercise price of each option granted under the plan shall be determined by the Board of Directors (see Note 15 Subsequent Events)

Options may be granted for a maximum term of ten years from the date of the grant. They are exercisable as determined by the Directors when the option is granted. Options expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

For the three and nine months ended September 30, 2022, the Company recorded share based compensation expense of \$100,369 and \$288,244, respectively (September 30, 2021: \$1,658 and \$4,939, respectively).

The following table is a summary of the status of the Company's common share purchase options and changes during the period:

	Number of Options	Weighted Average Exercise Price \$
Balance December 31, 2021	300,000	US 0.125
TTI US common share purchase options released	(300,000)	US 0.125
Balance	-	-
Consultant common share purchase options granted	300,000	CDN \$0.20
Directors common share purchase options granted	1,950,000	CDN \$0.35
Consultant common share purchase options granted	150,000	CDN \$0.35
Consultant common share purchase options granted	50,000	CDN \$0.35
Advisory board common share purchase options granted	150,000	CDN \$0.50
Balance, September 30, 2022	2,600,000	CDN \$0.31

In connection with the closing of the RTO on March 31, 2022, the 300,000 TTI US stock options previously granted were released and the fair value of \$35,941 was recorded in reserves.

In connection with the closing of the RTO on March 31, 2022, 300,000 immediately vesting common share purchase options were granted to consultants (former TTI US optionees). The 300,000 stock options are exercisable at \$0.20 until March 31, 2025. The fair value of the options were estimated on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.21%, expected volatility of 147% and an expected life of three years. The fair value attributed to these options was \$89,707.

On March 31, 2022, the Company granted 1,950,000 common share purchase options exercisable at \$0.35 per share until March 31, 2032 to directors and officers of Company. The options vest 25% on each of September 30, 2022, March 31, 2023, September 30, 2023 and March 31, 2024. The fair value of the options were estimated on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.21%, expected volatility of 142% and an expected life of ten years. The fair value attributed to these options was \$664,460.

On March 31, 2022, the Company granted 150,000 common share purchase options exercisable at \$0.35 per share until March 31, 2025 to consultants of the Company. The options vest 50% on each of September 30, 2022 and March 31, 2023. The fair value of the options were estimated on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.21%, expected volatility of 147% and an expected life of three years. The fair value attributed to these options was \$40,236.

On April 11, 2022, the Company granted 50,000 common share purchase options exercisable at \$0.35 per share until March 31, 2025 to a consultant of the Company. The options vest 50% on each of September 30, 2022 and March 31, 2023. The fair value of the options were estimated on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.21%, expected volatility of 147% and an expected life of three years. The fair value attributed to these options was \$13,365.

On August 30, 2022, the Company granted 150,000 common share purchase options exercisable at \$0.50 per share until August 31, 2032 to members of the advisory board of the Company. The options vest 25% on each of March 31, 2023, August 30, 2023, March 31, 2024 and August 30, 2024. The fair value of the options were estimated on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 3.14%, expected volatility of 142% and an expected life of ten years. The fair value attributed to these options was \$73,418.

The following table is a summary of the status of the Company's Finder's Options and changes during the period:

	Number of Finder's Options	Weighted Average Exercise Price \$
Balance December 31, 2021	-	-
Finder's options granted	455,000	0.35
Finder's options exercised	(332,500)	0.35
Finder's options expired	(122,500)	0.35
Balance, September 30, 2022	-	-

In connection with the Special Warrants Concurrent Financing, on July 30, 2021, the Company issued 455,000 compensation options (the "Finder's Options"). Each Finder's Option is exercisable into one (1) Common Share at a price of \$0.35 per Common Share until July 29, 2022, subject to an acceleration clause which provides that if the common shares of the Company trade at or above \$0.70 per share for a period of twenty (20) consecutive trading days, the Company may elect to reduce the expiry period of the Finder's Options to twenty (20) days from the date notice of the accelerated expiry is sent to holders of the Finder's Options. The fair value of the Finder's Options was estimated on the date of the issue using the Monte Carlo simulation option pricing model with the following assumptions: dividend yield 0%, discount rate 0.44%, expected volatility 100%, forfeiture rate 0% and expected life of one year. The fair value attributed to the Finder's Options was \$58,740.

On April 22, 2022, 231,000 Finder's Options were exercised at \$0.35 per shares for proceeds of \$80,850. The fair value attributed to these options was \$29,822.

On June 14, 2022, 91,000 Finder's Options were exercised at \$0.35 per shares for proceeds of \$31,850. The fair value attributed to these options was \$11,748.

Only July 26, 2022, 10,500 Finder's Options were exercised at \$0.35 per shares for proceeds of \$3,675. The fair value attributed to these options was \$1,356.

Only July 29, 2022, 122,500 Finder's Options exercisable at \$0.35 expired unexercised. The fair value attributed to these options was \$15,814.

The following table is a summary of the Company's stock options and Finder's Options outstanding and exercisable as at September 30, 2022 and December 31, 2021, respectively:

Expiry Date	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Stock Options Outstanding	Number of Stock Options Vested (Exercisable)
March 31, 2025	\$0.20	2.50	300,000	300,000
March 31, 2032	\$0.35	9.51	1,950,000	487,500
March 31, 2025	\$0.35	2.50	200,000	100,000
August 31, 2022	\$0.50	9.93	150,000	
As at September 30, 2022	\$0.31	7.61	2,600,000	887,500

Expiry Date	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Stock Options Outstanding	Number of Stock Options Vested (Exercisable)
June 26, 2030	US\$0.125	8.49	300,000	175,475
As at December 31, 2021	US\$0.125	8.49	300,000	175,475

Common Share Purchase Warrants

The following table summarizes the changes in common share purchase warrants for the periods set out:

	Number of Warrants	Weighted Average Price \$
Balance, December 31, 2020	-	-
Warrants issued	1,000,000	0.35
Balance, September 30, 2022 and December 31, 2021	1,000,000	0.35

Upon closing of the RTO on March 31, 2022, the Company reissued and revalued the 1,000,000 outstanding warrants using the Black-Scholes pricing model and the amount allocated to common share purchase warrants was \$217,735 assuming an estimated life of 2 years, a risk-free interest rate of 2.21% an expected dividend rate of 0.00%, and an expected annual volatility of 139%. Upon closing the RTO, the Company's functional and reporting currency is the Canadian Dollar which the exercise price of the warrants is denominated and accordingly the fair value of the warrants was reallocated to reserves in shareholders' equity.

The following tables summarize the outstanding common share purchase warrants as at September 30, 2022:

	Number of Warrants	Exercise Price	Expiry Date	Weighted Average Remaining Life (Years)	Warrant Value (\$)
September 30, 2022	1,000,000	\$0.35	March 31, 2024	1.50	\$217,735

RELATED PARTY TRANSACTIONS

The following transactions with individuals related to the Company arose in the normal course of business have been accounted for at the amount agreed to by the related parties.

Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel during the reporting periods were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Salaries and management fees (1)	\$83,242	\$-	\$162,708	\$-
Share based compensation (2)	83,740	1,658	166,570	4,939
Director fees (3)	16,623	-	57,179	-
Total	\$183,605	\$1,658	\$386,457	\$4,939

1) Salaries and management fees paid or accrued to the CEO and CFO.

2) Share based compensation recorded on stock options granted to directors and officers.

3) Director fees paid or accrued to directors of the Company.

In connection with the RTO closing on March 31, 2022, a convertible promissory note together with accrued interest in the amount of \$11,394 (US \$9,118) payable to a former director of the Company was settled by the issuance 33,206 common shares (December 31, 2021: \$11,394). As of September 30, 2022, included in accounts payable and accrued liabilities was Nil and (December 31, 2021: \$4,998) payable to the same former director of the Company.

In connection with the RTO closing on March 31, 2022, a convertible promissory note together with accrued interest in the amount of \$253,207 (US \$202,631) payable to the CEO of the Company was settled by the issuance 737,869 common shares (December 31, 2021: \$253,207).

At December 31, 2021, the Company had a non-interest bearing promissory note payable to the CEO in the amount of \$48,984 (US \$39,200). On April 8, 2022, paid the promissory note in full of \$50,172 (US \$39,200).

On December 1, 2021, the Company received proceeds of \$65,000 and issued a promissory note, due on demand and bearing interest at 4% per annum to a director of the Company. During the nine months ended September 30, 2022, the Company recorded \$715 of interest (December 31, 2021: \$197). On April 8, 2022, the Company repaid the note of \$65,000 and paid interest of \$912 on May 31, 2022.

On December 1, 2021, the Company received proceeds of \$60,000 and issued a promissory note, due on demand and bearing interest at 4% per annum to another director of the Company. During the nine months ended September 30, 2022, the Company recorded \$690 of interest (December 31, 2021: \$152). On April 8, 2022, the Company repaid the note of \$60,000 and paid interest of \$842 on May 31, 2022.

SUBSEQUENT EVENTS

Subsequent to September 30, 2022, the Exchange approved the Company's revised stock option plan from a 10% rolling plan to a fixed 20% of the issued and outstanding shares as of August 15, 2022 or 5,648,535 as approved by directors and the disinterested shareholders at the Company's Annual and Special Meeting held on September 19, 2022.