THIOGENESIS THERAPEUTICS, CORP.

(Formerly: Rozdil Capital Corporation)

Consolidated Financial Statements

For the Years Ended
December 31, 2022 and December 31, 2021

(Expressed in Canadian Dollars)

MNP

Independent Auditor's Report

To the Shareholders of Thiogenesis Therapeutics, Corp. (formerly Rozdil Capital Corporation):

Opinion

We have audited the consolidated financial statements of Thiogenesis Therapeutics, Corp. (formerly Rozdil Capital Corporation) and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and other comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022, and the results of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Matter

We draw attention to notes 15 and 16 to the consolidated financial statements, which explain that certain comparative information has been restated.

Notes 15 and 16 explain the reasons for the restatement and also explain the adjustments that were applied to restate certain comparative information.

As part of our audit of the consolidated financial statements for the year ended December 31, 2022, we audited the adjustments that were applied to restate certain comparative information as at December 31, 2021 and January 1, 2021, and for the year ended December 31, 2021. In our opinion, such adjustments are appropriate and have been appropriately applied.

The consolidated financial statements for the years ended December 31, 2021 and December 31, 2020 (not presented herein but from which the comparative information as at January 1, 2021 has been derived), excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on May 2, 2022 and March 17, 2022, respectively.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pierrette Dosanjh.

MNP LLP

Toronto, Ontario
April 28, 2023

Chartered Professional Accountants
Licensed Public Accountants

Thiogenesis Therapeutics, Corp.

(Formerly: Rozdil Capital Corporation)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2022	As at December 31, 2021 (Restated Note 16)	As at January 1, 2021 (Restated Note 16)
Assets			
Current assets			
Cash and cash equivalents	$ 6,195,961	$ 62,549	$ 19,188
Accounts receivable	21,245	13,215	1,343
Grant receivable (Note 5)	34,742	155,213	-
Prepaid expenses	38,624	-	31,830
Total current assets	6,290,572	230,977	52,361
Total Assets	**$ 6,290,572**	**$ 230,977**	**$ 52,361**
Liabilities and Shareholders' Equity (Deficit)			
Current liabilities			
Accounts payable and accrued liabilities	$ 307,151	$ 680,930	$ 38,937
Promissory notes (Note 7)	-	49,698	49,909
Loans payable (Note 8)	-	143,702	-
Derivative liabilities (Note 9)	-	150,413	-
Convertible promissory notes (Note 6)	-	268,455	269,599
Total current liabilities	307,151	1,293,198	358,445
Shareholders' equity (deficit)			
Share capital (Note 10)	11,128,175	1,052,631	592,038
Reserves (Note 10)	1,055,011	37,174	29,975
Accumulated other comprehensive loss	(22,313)	(8,528)	(2,861)
Accumulated deficit	(6,177,452)	(2,143,498)	(925,236)
Total shareholders' equity (deficit)	5,983,421	(1,062,221)	(306,084)
Total Liabilities and Shareholders' Equity (Deficit)	**$ 6,290,572**	**$ 230,977**	**$ 52,361**

Change in Presentation Currency (Note 16)

Approved by the Board of Directors

(signed) *"Patrice Rioux"*
Patrice Rioux, Director

(signed) *"Brook Riggins"*
Brook Riggins, Director

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

Thiogenesis Therapeutics, Corp.

(Formerly: Rozdil Capital Corporation)
Consolidated Statements of Operations and Other Comprehensive Loss

For theYears Ended December 31, (Expressed in Canadian Dollars)		2022		2021 (Restated Note 16)
Operating expenses				
Research and development (Note 14)	$	1,075,892	$	1,365,836
General and administrative (Note 14)		933,087		306,659
Total operating expenses		2,008,979		1,672,495
Other (income) expenses				
Listing expense (Note 4)		2,007,653		-
Gain on derivative liabilities (Note 9)		(61,465)		(63,807)
Grant income (Note 5)		(34,132)		(393,429)
Interest income		(6,181)		-
Borrowing costs		4,123		3,003
Loss on settlement of convertible debt (Note 6)		5,274		-
Total other (income) expenses		1,915,272		(454,233)
Net loss		**3,924,251**		**1,218,262**
Other comprehensive loss				
Foreign currency translation		13,785		5,667
Total other comprehensive loss		13,785		5,667
Net loss from operations and other comprehensive loss	**$**	**3,938,036**	**$**	**1,223,929**
Net loss per share, basic and diluted	**$**	**(0.16)**	**$**	**(0.11)**
Weighted average shares outstanding, basic and diluted		**25,291,554**		**11,556,164**

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

Thiogenesis Therapeutics, Corp.

(Formerly: Rozdil Capital Corporation)
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
For the Years Ended December 31, 2022 and December 31, 2021
(Expressed in Canadian Dollars)

	Number of Shares	SHARE CAPITAL $	RESERVES $	ACCUMULATED OTHER COMPREHENSIVE LOSS $	ACCUMULATED DEFICIT $	SHAREHOLDERS' EQUITY (DEFICIT) $
Balance, January 1, 2021 (Restated Note 15)	10,000,000	592,038	29,975	(2,861)	(925,236)	(306,084)
Stock based compensation (Note 10)	-	-	7,199	-	-	7,199
Private placement of units (Note 10)	2,000,000	460,593	-	-	-	460,593
Net loss for the year	-	-	-	-	(1,218,262)	(1,218,262)
Foreign currency translation	-	-	-	(5,667)	-	(5,667)
Balance, December 31, 2021 (Restated Note 15)	12,000,000	1,052,631	37,174	(8,528)	(2,143,498)	(1,062,221)
Common shares issued for reverse takeover transaction (Note 4)	5,139,100	1,798,685	-	-	-	1,798,685
Fair value of finder's options issued (Note 10)	-	-	41,341	-	-	41,341
Common shares issued on conversion of special warrants, net (Note 10)	10,000,000	3,264,117	-	-	-	3,264,117
Common shares issue to settle convertible debt (Note 10)	771,075	269,876	-	-	-	269,876
Stock based compensation (Note 10)	-	-	524,366	-	-	524,366
Reclassification of warrants (Note 9)	-	-	198,651	-	(109,703)	88,948
Exercise of finder's options (Note 10)	332,500	146,585	(30,210)	-	-	116,375
Common shares issued for private placement, net (Note 10)	10,619,400	4,596,281	-	-	-	4,596,281
Fair value of finder's options issued (Note 10)	-	-	283,689	-	-	283,689
Foreign currency translation	-	-	-	(13,785)	-	(13,785)
Net loss for the year	-	-	-	-	(3,924,251)	(3,924,251)
Balance, December 31, 2022	**38,862,075**	**11,128,175**	**1,055,011**	**(22,313)**	**(6,177,452)**	**5,983,421**

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

Thiogenesis Therapeutics, Corp.

(Formerly: Rozdil Capital Corporation)

Consolidated Statements of Cash Flows

For the Years Ended (Expressed in Canadian Dollars)	**December 31, 2022**	**December 31, 2021 (Restated Note 16)**
Operating activities		
Net loss for the year	$ (3,924,251)	$ (1,218,262)
Items not involving cash:		
Loss on settlement of convertible debt (Note 6)	5,274	-
Stock based compensation	524,366	7,199
Listing expense	1,935,190	-
Gain on derivative liabilities (Note 9)	(61,465)	(63,807)
Net changes in non-cash working capital		
Accounts receivable	(7,991)	(11,872)
Grant receivable	120,471	(155,213)
Accounts payable and accrued liabilities	(642,663)	641,995
Prepaid expenses	(38,624)	31,830
Net cash used in operating activities	(2,089,693)	(768,130)
Investing activities		
Cash assumed on reverse takeover (Note 4)	107,457	-
Net cash provided by investing activities	107,457	
Financing activities		
Private placement of common shares, net (Note 10)	4,879,970	-
Proceeds from special warrant financing (Note 10)	3,305,458	-
Exercise of finder's options (Note 10)	116,375	-
Repayment of promissory notes (Note 7)	(50,172)	-
Loans payable (Note 8)	(125,000)	143,702
Private placement of units (Note 10)	-	674,813
Net cash provided by financing activities	8,126,631	818,515
Effect of exchange rate changes on cash	(10,983)	(7,024)
Increase in cash and cash equivalents for the year	6,133,412	43,361
Cash and cash equivalents, beginning of year	62,549	19,188
Cash and cash equivalents, end of year	$ 6,195,961	$ 62,549

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

1. NATURE OF OPERATIONS

Organization

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. The Company is developing thiol-active therapeutic compounds, that are prodrugs, used to treat unmet pediatric medical needs. TTI-0102, the Company’s lead compound, was developed to address the obstacles facing previous thiol-based drugs, their short half-live and side effects. TTI-0102’s initial applications are for mitochondrial disease, Rett syndrome and pediatric NASH. The registered head office of the Company is located at 4 King Street West, Suite 401, Toronto, Ontario, M5H 1B6.

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 of the outstanding shares of Thiogenesis Therapeutics, Inc., (“TTI US”) as its proposed “Qualifying Transaction” as defined under TSXV policies. The transaction constitutes 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 (Note 4).

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" (Note 4).

The accompanying 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 QT 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. These consolidated financial statements are prepared as a continuation of the financial statements of TTI US (the accounting acquirer) and its wholly-owned subsidiaries. As a result, comparative information included herein is solely that of TTI US and its wholly-owned subsidiaries (Note 2, Note 4 and Note 16).

COVID-19

Given the ongoing and dynamic nature of the circumstances surrounding the COVID-19 pandemic, it is difficult to predict how significant the impact of COVID-19 and variants, including any responses to it, will be on the global economy and the business of the Company or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including new information that may emerge about COVID-19 or variants and additional actions that may be necessary or taken to contain it. Such developments could have a material adverse effect on the Company’s business, including, current or future clinical trials, research and development collaborations and corporate activities; financial condition; results of operations and cash flow and the ability to finance operations. The Company is constantly evaluating the situation and monitoring any impacts or potential impacts to its business. To date, COVID-19 has not impacted the Company’s business or its results of operations.

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 issued by the International Financial Reporting Interpretation Committee ("IFRIC"). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 31, 2022.

As discussed in Note 1, prior to closing of the RTO, the consolidated assets, liabilities and results of operations comprised those of TTI US and its wholly-owned subsidiaries.

The Board of Directors approved the consolidated financial statements on April 28, 2023.

Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value.

Functional and Presentation Currency

The functional and presentation currency of the Company is the Canadian Dollar. The functional currency of the Company's wholly-owned United States subsidiary, TTI US, is the United States Dollar. The functional currency of TTI US's wholly-owned Australian subsidiary, Thiogenesis Australia Pty Ltd. is the Australian Dollar and the functional currency of TTI US's wholly-owned France subsidiary, Thiogenesis Therapeutics, SARL is the Euro.

Effective January 1, 2022, the Company changed its presentation currency to Canadian dollars ("CAD") from US dollars ("US"), to better reflect the Company's business activities, the consolidated financial statements for all periods presented in the consolidated financial statements are presented in CAD. The comparative period amounts have been translated into CAD in accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates", as follows:

- assets and liabilities presented and previously reported in US have been translated into CAD using period-end exchange rates of 1.2732 (January 1, 2021) and 1.2678 (December 31, 2021);
- consolidated statements of operations and other comprehensive loss have been translated using the average foreign exchange rates prevailing during the reporting period of 1.2535 (January 1, 2021 to December 31, 2021);
- shareholder's equity balances have been translated using historical foreign exchange rates in effect on the date that transactions occurred; and
- resulting exchange differences have been recorded within accumulated other comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

These consolidated financial statements include the financial results of the Company and the entities controlled by the Company. Control occurs when the Company is exposed to, or has right to, variable return from its involvements with an investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases. All intercompany transactions and balances have been eliminated.

The Company's wholly owned subsidiaries are TTI US, Thiogenesis Australia Pty Ltd., and Thiogenesis Therapeutics, SARL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency translation

The consolidated financial statements are presented in CAD. The functional currency of the parent Company is the Canadian dollar ("CAD"). The functional currency of the Company's U.S. subsidiary is the U.S. dollar ("USD" or ("US$"). The functional currency of the Company's Australian subsidiary is the Australian Dollar ("AUD") and the functional currency of the Company's France subsidiary is the Euro.

The financial statements of entities for which the functional currency is not CAD are translated into CAD using the exchange rate in effect at the end of the reporting period for assets and liabilities and the average exchange rates for the period for income, expenses, and cash flows. Foreign exchange differences arising on translation are recognized in other comprehensive loss and in accumulated other comprehensive loss in shareholders' equity (deficit).

Significant Accounting Estimates and Judgments

The preparation of these 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 consolidated financial statements and the reported amounts of income 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 consolidated financial statements are:

Recognition of internally generated intangible assets

The Company is in the process of undergoing clinical trials for its thiol-active therapeutic compound, TTI-0102. Accordingly, management applies judgment in its assessment of the activities being undertaken and whether certain costs meet the definition of internally generated intangible assets in the research or development phase.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of judgment regarding the future financial performance of the Company or the timing of the reversal of deferred tax liabilities where deferred tax assets have been recognized.

Fair Value of Stock Based Compensation and Warrants

In determining the fair value of stock 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 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.

Cash and Cash Equivalents

Cash and cash equivalents is comprised of cash, short term guaranteed investment certificates and cash held in trust with the Company's legal counsel.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Financial instruments that are held for trading are classified as FVTPL unless the Company makes an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	**Classification**
Cash and cash equivalents	Fair value through profit or loss
Accounts receivable	Amortized cost
Grant receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Promissory notes	Amortized cost
Convertible promissory notes	Amortized cost
Loans payable	Amortized cost
Derivative liabilities	Fair value through profit or loss

(ii) Measurement

<u>Financial assets and liabilities at amortized cost</u>
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of operations and other comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of operations and other comprehensive loss in the period in which they arise.

<u>Financial assets at FVTOCI</u>
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income (loss) ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets and liabilities at FVTPL
Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of operations and other comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Grants and Assistance
Government grants are recognized in the profit or loss on a systematic basis over the periods in which the consolidated entity recognizes, as expenses, the related costs for which the grants are intended to compensate. The consolidated entity uses the income approach and presents research and development grant income separately as part of the profit or loss as "grant income". There are no unfulfilled conditions or other contingencies attached to these grants.

The research and development expenditures are permitted as established by AusIndustry, the Australian government body that reviews and approves research and development claims. In considering this, management considered the methodology used in assessing such expenditures as qualifying expenditures to be consistent with the methodology applied to like-for-like claims in previous years. During the years ended December 31, 2022, and December 31, 2021, the Company recorded $34,132 and $393,429 in grant income, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, and common share purchase warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new common shares, common share warrants, or stock options are shown in equity as a deduction, net of tax, from the proceeds.

Stock Based Compensation

Equity-settled share based payments for directors, officers, employees, and consultants are measured at fair value at the date of grant and recorded as stock based compensation expense in the consolidated financial statements. Common share purchase options are measured at the fair value of each tranche on the grant date and are recognized in their respective vesting period using the Company's expected forfeiture rate. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share based instruments.

Warrants

When the Company issues units comprising common shares and warrants, the Company follows the relative fair value method of accounting for warrants attached to and issued with common shares of the Company. Under this method, the fair value of the common shares is estimated, and the fair value of the warrants issued is estimated using an option pricing model. The fair value is then prorated to the total of the net proceeds received on issuance of the common shares and the warrants.

Loss per Common Share

Basic loss per share has been calculated using the weighted average number of common shares outstanding during the reporting periods.

Diluted loss per share has been calculated using the weighted average number of common shares that would have been outstanding during the respective period had all the stock options and warrants outstanding (if any) at period end having a dilutive effect been converted into shares at the beginning of the period and the proceeds used to repurchase the Company's common shares at the average market price for the period. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the reporting period, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Taxes (cont'd)

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Research and Development ("R&D")

All research costs are expensed in the period incurred. Development costs are expensed in the period incurred, unless they meet the criteria for capitalization, in which case they are capitalized and amortized over the useful life. Development costs are written off when there is no longer an expectation of future benefits. No development costs have been capitalized to date.

Clinical trial expenses result from obligations under contracts with vendors, consultants and clinical trial site agreements in connection with conducting clinical trials. The financial terms of these contracts are subject to negotiations, which vary from contract to contract and may result in payment flows that do not match the periods which materials and services are provided by the Company. The appropriate level of clinical trial expenses is reflected in the Company's consolidated financial statements by matching period expenses with period services and efforts expended. These expenses are recorded according to the progress of the clinical trial as measured by subject's progression and the timing of various aspects of the clinical trial. Clinical trial accrual estimates are determined through discussions with internal clinical personnel and outside service providers as to the progress or state of completion of clinical trials, or the services completed. Service provider status is then compared to the contractually obligated fees to be paid for such services. During the course of a clinical trial, the Company may adjust the rate of the clinical expense recognized if actual results differ from management's estimates.

Patents

The Company expenses costs relating to issued patents and patent applications, including costs relating to legal, renewal and application fees, as a component of research and development in its consolidated statements of operations and other comprehensive loss. For the year ended December 31, 2022, the Company recorded patent related costs of $121,256 (December 31, 2021: $107,739).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounting standards issued but not yet adopted

IAS 1 – Presentation of Financial Statements

On January 23, 2020, the IASB issued an amendment to IAS 1 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The standard is effective for periods beginning on or after January 1, 2024, and the Company has assessed that there will be no impact of applying the new standard on the consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company intends to adopt this amendment in its consolidated financial statements for the annual period beginning January 1, 2023. The adoption of this amendment is not expected to have a material impact on the consolidated financial statements.

4. 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").

In exchange for all of the outstanding securities of TTI US, the former shareholders of TTI US received a total of 12,000,000 common shares of the Company, representing 70% of the total issued and outstanding shares of the Company, prior to giving effect to the Special Warrant financing (Note 10) and the settlement of the convertible promissory notes (Note 6).

For accounting purposes, the Transaction was accounted for as a RTO, with TTI US identified as the accounting acquirer, and the Company identified as the accounting acquiree. As the Company did not meet the definition of a business under IFRS 3, the Transaction was accounted for as a Share-based payment in accordance with IFRS 2.

The fair value of share consideration comprises the 5,139,100 common shares maintained by the original shareholders of the Company, fair valued by reference to the special warrant financing completed concurrent with the RTO transaction (note 10). The Company incurred an additional $72,463 comprising legal, accounting, and filing fees which have been included in the listing expense in the consolidated statements of operations and other comprehensive loss.

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

(Expressed in Canadian Dollars)

4. REVERSE TAKEOVER TRANSACTION ("RTO") (cont'd)

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

Net Assets (Liabilities) Acquired		
Cash and cash equivalents	$	107,457
Cash held in escrow		3,340,458
Loan receivable		25,332
Accounts receivable		39
Accounts payable and accrued liabilities		(304,333)
Special warrants liability, net		(3,305,458)
Fair Value of Net Assets (Liabilities) Acquired	$	(136,505)
Fair value of share consideraton	$	1,798,685
Legal and other costs related to transaction		72,463
		1,871,148
Less fair value of net assets (liabilities) aquired		136,505
Total Listing Expense	$	2,007,653

5. GRANT RECEIVABLE

As at December 31, 2022, and December 31, 2021, the grant receivable from Australian government was $34,742 and $155,213, respectively.

6. 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 $272,118 (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 lessor 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 would stop accruing after December 31, 2020. As a result of the Securities Exchange Agreement, the Company stopped accruing interest on the Notes.

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.

As of December 31, 2021, the principal and interest owing on the Notes amounted to $268,455 (USD$211,749). On March 31, 2022, following the closing of the RTO, the Company issued 771,075 common shares as settlement of the convertible notes and interest due in the amount of $264,602 (US$211,749), resulting in a loss on settlement of debt totalling $5,274 (Note 10).

7. PROMISSORY NOTES

On December 31, 2020, the Company 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 the promissory notes was $49,698 (US$39,200). On April 8, 2022, the promissory notes in the amount of $50,172 (US $39,200) were repaid in full.

8. 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. For the year ended December 31, 2022, The Company recorded $715 of interest. (December 31, 2021: $217). During the year ended December 31, 2022, the Company repaid the note of $65,000 and paid interest of $932.

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. For the year ended December 31, 2022, the Company recorded $690 of interest. (December 31, 2021: $200). During the year ended December 31, 2022, the Company repaid the note of $60,000 and paid interest of $890.

In connection with the RTO, on December 1, 2021, TTI US received proceeds of $25,000 and issued a demand promissory note to the Company, bearing interest at 4% per annum. For the year ended December 31, 2022, the Company recorded interest of $332. Upon closing of the RTO, the intercompany note and interest was eliminated upon consolidation.

9. DERIVATIVE LIABILITIES

On March 23, 2021, TTI US closed a non-brokered private placement and issued 2,000,000 units for gross cash proceeds of $674,813 (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 $0.50 per warrant for a period of two years following the closing date. As the warrants are held with an exercise price in CAD which was different from the functional currency of TTI US (USD) the warrants were treated as a financial liability and the fair value movement during the period was recognized in the consolidated statements of operations and other comprehensive loss.The amount allocated to derivative liabilities based on fair value using the Black-Scholes pricing model was $214,220 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 $150,413 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 $63,807.

Upon closing of the RTO on March 31, 2022, TTI US revalued the 1,000,000 outstanding warrants using the Black-Scholes pricing model with the fair value determined to be $88,948 assuming a fair market share price of $0.35 an estimated life of 1 year, a risk-free interest rate of 2.27% an expected dividend rate of 0.00%, and an expected annual volatility of 93%.

Upon closing of the RTO, TTI US cancelled the 1,000,000 warrants and re-issued them, modifying the legal life of the warrants from March 21, 2023, to March 31, 2024. In connection with the change in legal life, the incremental change in fair value of the warrants was determined to be $109,703 using the Black-Scholes pricing model, assuming a fair market share price of $0.35, an estimated life of 2 years, a risk-free rate of 2.27%, an expected dividend rate of 0%, and an expected annual volatility of 127%. The incremental change in the fair value of the warrants was recognized directly within accumulated deficit.

(Expressed in Canadian Dollars)

9. DERIVATIVE LIABILITIES (cont'd)

On re-issuance, the warrants resided in the Company with a functional currency (CAD) that was consistent with the currency that the exercise price of the warrants are denominated in. As a result, the warrants were deemed to meet the definition of an equity instrument and the fair value of the warrants totaling $198,651 was reallocated to contributed surplus (Note 10).

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

	Number of Derivative Warrants	Value Assigned	Average Exercise Price
Balance, December 31, 2020	-		-
Warrants issued	1,000,000	214,220	0.50
Fair value re-measurement	-	(63,807)	-
Balance, December 31, 2021	1,000,000	150,413	0.50
Fair value re-measurement		(61,465)	-
Modification of warrants	-	109,703	-
Fair value transferred to reserves	(1,000,000)	(198,651)	0.50
Balance, December 31, 2022	**-**	**-**	**-**

10. SHARE CAPITAL AND RESERVES

Share Capital
Authorized:
Unlimited common shares

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

	Note	#	$
Balance, December 31, 2020		10,000,000	592,038
Private placement of units	(i)	2,000,000	460,593
Balance, December 31, 2021		12,000,000	1,052,631
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	3,264,117
Common shares issued for convertible promissory notes	(iv)	771,075	269,876
Exercise of finder's options	(v)	332,500	146,585
Private placement	(vi)	10,619,400	4,596,281
Balance, December 31, 2022		**38,862,075**	**11,128,175**

(i) On March 15, 2021, the Company closed a non-brokered private placement and issued 2,000,000 units for gross proceeds of $674,813 (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 $0.50 until March 31, 2023. The amount allocated to derivative liabilities based on fair value using the Black-Scholes model was $214,220 (Note 9).

(ii) In connection with the closing of the RTO on March 31, 2022, the Company issued 5,139,100 common shares at a fair value of $0.35 per common share to effect the RTO amounting to total consideration of $1,798,685.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd)

(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 gross proceeds of $3,500,000. 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") with an estimated fair value of $41,341. In addition, the Company recorded approximately $35,000 in direct legal costs related to the Special Warrant financing.

(iv) In connection with the closing of the RTO on March 31, 2022, the Company issued 771,075 common shares at a fair value of $0.35 per common share amounting to total consideration of $269,876 to settle convertible promissory notes and interest (Note 6).

(v) During the year ended December 31, 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 of $30,210 was transferred to share capital upon exercise.

(vi) On November 18, 2022, the Company closed a private placement and issued 10,619,400 common shares at $0.50 per common share for gross proceeds of $5,309,700. In connection with the private placement, the Company recorded $76,980 in direct costs and paid cash finder's fees of $352,750 and issued 675,500 compensation options (the "Finder's Options) with an estimated fair value of $283,689.

Escrow Securities

CPC Escrow

An aggregate of 2,775,000 common shares were held in escrow in accordance with the CPC Policy of the TSXV and were 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. At December 31, 2022, 1,762,500 common shares were held in escrow.

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 were released as to 10% on the date of the Bulletin and as to 15% every six months thereafter. At December 31, 2022, 8,053,402 common shares were held in escrow.

Weighted Average Shares Outstanding

The following table summarizes the weighted average shares outstanding:

	For the Years Ended December 31	
	2022	**2021**
Weighted Average Shares Outstanding, basic and diluted	25,291,554	11,556,164

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.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd)

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 up to a fixed 20% of the outstanding common shares as of August 15, 2022 or 5,648,535. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

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, within 30 days of termination of consultants 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 year ended December 31, 2022, the Company recorded stock based compensation expense of $524,366 (December 31, 2021: $7,199) (Note 14).

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

	Number of Options	Weighted Average Exercise Price $
Balance December 31, 2021 and 2020	300,000	0.20
Common share purchase options granted	2,750,000	0.40
Balance, December 31, 2022	**3,050,000**	**0.38**

In connection with the closing of the RTO on March 31, 2022, the Company modified the terms of 300,000 stock options previously granted by TTI US on June 26, 2020, to be exercisable at a price of $0.20 per common share (previously exercisable at US$0.125) up until March 31, 2025 (previously expiring exercisable up until June 26, 2030), to now vest immediately. As the modification of the terms of the options resulted in a decrease in the incremental fair value, the modification resulted in $nil impact to the stock-based compensation recognized during the year ended December 31, 2022.

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 was estimated on the date of issue using the Black-Scholes option pricing model with the following assumptions: share price of $0.35, dividend yield 0%, risk-free interest rate of 2.40%, expected volatility of 125% and an expected life of ten years. The fair value attributed to these options was $653,242.

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 was estimated on the date of issue using the Black-Scholes option pricing model with the following assumptions: share price of $0.35, dividend yield 0%, risk-free interest rate of 2.28%, expected volatility of 132% and an expected life of three years. The fair value attributed to these options was $39,664.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd)

On April 12, 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 was estimated on the date of issue using the Black-Scholes option pricing model with the following assumptions: share price of $0.35, dividend yield 0%, risk-free interest rate of 2.39%, expected volatility of 132% 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 was estimated on the date of issue using the Black-Scholes option pricing model with the following assumptions: share price of $0.55, dividend yield 0%, risk-free interest rate of 3.06%, expected volatility of 124% and an expected life of ten years. The fair value attributed to these options was $79,172.

On December 8, 2022, the Company granted to directors and a consultant, respectively 350,000 and 100,000 common share purchase options exercisable at $0.60 per share until December 8, 2032. The options vest 25% on each of June 30, 2023, December 31, 2023, June 30, 2024, and December 31, 2024. The fair value of the options was estimated on the date of issue using the Black-Scholes option pricing model with the following assumptions: share price of $0.60, dividend yield 0%, risk-free interest rate of 2.80%, expected volatility of 123% and an expected life of ten years. The fair value attributed to these options was $258,004.

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

	Number of Finder's Options	**Weighted Average Exercise Price $**
Balance December 31, 2021, and 2020	-	-
Finder's options granted (i) (ii)	1,130,500	0.44
Finder's options exercised	(332,500)	0.35
Finder's options expired	(122,500)	0.35
Balance, December 31, 2022	**675,500**	**0.50**

(i) In connection with the Special Warrants financing, 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 issue using the Black-Scholes option pricing model with the following assumptions: share price of $0.35, dividend yield 0%, discount rate 2.27%, expected volatility 114%, forfeiture rate 0% and expected life of 0.3 year. The fair value attributed to the Finder's Options was $41,341.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd)

(ii) In connection with the November 18, 2022, private placement, the Company issued 675,500 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 November 18, 2024. The fair value of the Finder's Options was estimated on the date of the issue using the Black-Scholes option pricing model with the following assumptions: share price of $0.64, dividend yield 0%, discount rate 3.86 %, expected volatility 117%, forfeiture rate 0% and expected life of two years. The fair value attributed to the Finder's Options was $283,689.

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

Expiry Date	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
March 31, 2025	$0.20	2.25	300,000	300,000
March 31, 2032	$0.35	9.25	1,950,000	487,500
March 31, 2025	$0.35	2.25	200,000	100,000
August 31, 2023	$0.50	9.67	150,000	-
November 18, 2024	$0.50	1.88	675,500	675,500
December 8, 2032	$0.60	9.94	450,000	-
As at December 31, 2022	**$0.40**	**7.07**	**3,725,500**	**1,563,000**

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 and 2021	-	-
Warrants reclassified (Note 9)	1,000,000	0.50
Balance, December 31, 2022	**1,000,000**	**0.50**

The following table summarizes the outstanding common share purchase warrants as at December 31, 2022:

Number of Warrants	Exercise Price	Expiry Date	Weighted Average Remaining Life (Years)
1,000,000	$0.50	March 31, 2024	1.25

(Expressed in Canadian Dollars)

11. 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 years were as follows:

	For the Years Ended	
	December 31, 2022	**December 31, 2021**
Salaries and management fees (1)	$236,362	$ -
Share based compensation (2)	440,421	4,382
Director fees (3)	81,568	30,099
Total	**$758,351**	**$34,481**

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, convertible promissory notes together with accrued interest in the amount of $264,602 (December 31, 2021: $268,455) payable to a former director of the Company and the CEO of the Company were settled in full (Note 6). As of December 31, 2022, included in accounts payable and accrued liabilities was $nil (December 31, 2021: $4,998).

At December 31, 2021, the Company had a non-interest bearing promissory note payable to the CEO in the amount of $49,698 (US $39,200). On April 8, 2022, the Company paid the promissory note in full in the amount of $50,172 (Note 7).

During the year ended December 31, 2022, the Company incurred interest expense totaling $1,342 (December 31, 2021: $417) in connection with loans provided to the Company by directors of the Company on December 1, 2021, for principal amounts totaling $125,000. On May 31, 2022, the principal and accrued interest were repaid in full (Note 8).

12. CAPITAL MANAGEMENT

The capital managed by the Company includes the components of shareholders' equity as described in the consolidated statements of changes in shareholders' equity (deficit). The Company is not subject to externally imposed capital requirements. There were no changes in the Company's capital management for the year ended December 31, 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.

13. 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 equivalents and the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. At December 31, 2022, accounts receivable was $21,245 of which $13,927 was Goods and Services Tax (December 31, 2021: $13,215 of which of $12,130 was Goods and Services Tax). At December 31, 2022, the grant receivable from the Australian Government was $34,742 (December 31, 2021: $155,213).

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

	December 31, 2022	**December 31, 2021**
Cash and cash equivalents	$6,195,961	$62,549
Account receivable	6,270	1,085
Grant receivable	34,742	155,213
	$6,236,973	**$218,847**

Currency Risk
The Company holds financial instruments denominated in CAD, US, AUD and Euros that may differ from the functional currency of the entity in which the financial instrument resides in. A significant change in the currency exchange rates between the currency of the financial instrument and the functional currency of the Company could have a material effect on the Company's financial instruments.

As at December 31, 2022, a 5% fluctuation in the foreign exchange rate would have an impact of approximately $254 (December 31, 2021 - $7,500) in the Company's consolidated statement of operations and other comprehensive loss.

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 December 31, 2022 and December 31, 2021, respectively:

December 31, 2022	Payments Due by Year $				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts payable and accrued liabilities	307,151	307,151	-	-	-
Total	307,151	307,151	-	-	-

(Expressed in Canadian Dollars)

13. FINANCIAL RISK MANAGEMENT (cont'd)

December 31, 2021	Payments Due by Year $				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts payable and accrued liabilities	680,930	680,930	-	-	-
Convertible promissory notes payable	268,455	268,455	-	-	-
Promissory notes payable	49,698	49,698	-	-	-
Loans payable	143,702	143,702	-		
Total	1,142,785	1,142,785	-	-	-

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 December 31, 2022, cash and cash equivalents are recorded at fair value under level 1 within the fair value hierarchy. During the year ended December 31, 2022, derivative liabilities previously recorded at fair value under level 2 were reclassified to shareholders' equity (deficit).

Management believes that the recorded values of accounts receivable, grant receivable, accounts payable and accrued liabilities, convertible promissory notes, promissory notes, and loans payable approximate their current fair values because of their nature and anticipated short term settlement dates.

14. EXPENSES BY NATURE

The Company presents operating expenses by function. The following tables present a breakdown of research and development costs and general and administrative costs for the years set out:

	For the Years Ended December 31,	
Research and development expenses	**2022**	**2021**
Subcontract labor	$418,982	$1,349,217
Professional fees	308,457	-
Stock based compensation	202,434	7,199
Director fees	9,035	14,130
Salaries	113,010	-
Travel	23,974	-
Lab supplies	-	(4,710)
Total research and development	**$1,075,892**	**$1,365,836**

(Expressed in Canadian Dollars)

14. EXPENSES BY NATURE (cont'd)

	For the Years Ended December 31,	
General and administrative expenses	**2022**	**2021**
Professional fees	$314,856	$282,040
General and office	47,590	24,619
Stock based compensation	321,932	-
Management fees	97,348	-
Director fees	72,533	-
Public company expenses	62,460	-
Travel	16,368	-
Total general and administrative	**$933,087**	**$306,659**

15. CHANGE IN CLASSIFICATION OF SHAREHOLDERS' EQUITY (DEFICIT)

Effective for the year ended December 31, 2022, the Company elected to change the presentation of its shareholders' equity (deficit) on the consolidated statements of financial position and the consolidated statements of changes in shareholders' equity (deficit) to now include all contributions in excess of the par value of the Company's common shares issued within share capital. The balance of the Company's reserves now comprises the historical fair value allocated to all other equity instruments of the Company. The Company believes that the revised presentation of financial information is more relevant and no less reliable for the users of the consolidated financial statements. Management has applied this change retrospectively.

15. CHANGE IN CLASSIFICATION OF SHAREHOLDERS' EQUITY (DEFICIT) (Cont'd)

The following tables outlines a summary of the reclassifications and impacts as at December 31, 2021 and January 1, 2021:

	As at December 31, 2021		
Denominated in US $	**As previously reported**	**Presentation reclassification**	**As reclassified**
Share capital	$ 1,200	$ 830,456	$ 831,656
Reserves	857,638	(830,456)	27,182
Accumulated other comprehensive loss	(3,157)	-	(3,157)
Accumulated deficit	(1,693,521)	-	(1,693,521)
Shareholders' equity (deficit)	$ (837,840)	$ -	$ (837,840)

	As at January 1, 2021		
Denominated in US $	**As previously reported**	**Presentation reclassification**	**As reclassified**
Share capital	$ 1,000	$ 464,000	$ 465,000
Reserves	485,918	(464,000)	21,918
Accumulated other comprehensive loss	(622)	-	(622)
Accumulated deficit	(726,701)	-	(726,701)
Shareholders' equity (deficit)	$ (240,405)	$ -	$ (240,405)

These amounts were further adjusted due to the change in the Company's presentation currency (Note 16).

16. CHANGE IN PRESENTATION CURRENCY

Effective January 1, 2022, the Company changed its presentation currency from USD to CAD. This change will provide shareholders with a better reflection of the Company's business activities and provide more relevant reporting of the Company's financial position, given that a significant portion of the Company's expenses, cash flows, assets and financings are denominated in CAD. The change in presentation currency represents a voluntary change in accounting policy. The Company has applied the presentation currency change retrospectively. All periods presented in the consolidated financial statements have been translated into the new presentation currency, in accordance with the guidance in IAS 21, The Effects of Changes in Foreign Exchange Rates.

The consolidated statements of operations and other comprehensive loss and the consolidated statements of cash flows have been translated into the presentation currency using the average exchange rates prevailing during each reporting period. In the consolidated statements of financial position, all assets and liabilities have been translated using the period-end exchange rates, and all resulting exchange differences have been recognized in accumulated other comprehensive income (loss). Asset and liability amounts previously reported in USD have been translated into CAD as at January 1, 2021, and December 31, 2021, using the period-end exchange rates below and shareholders' equity balances have been translated using historical rates in effect on the date of the transactions.

16. CHANGE IN PRESENTATION CURRENCY (cont'd)

USD/CAD Exchange Rate	December 31, 2021	January 1, 2021
Closing rate at the reporting date	1.2678	1.2732
Average rate for the period	1.2535	-

The change in presentation currency resulted in the following impact on January 1, 2021, opening consolidated statement of financial position:

As at January 1, 2021	Previously reported and reclassified in US (Note 15)	Presentation currency change	Reported in CAD (Restated)
Assets			
Current assets			
Cash and cash equivalents	$ 15,071	$ 4,117	$ 19,188
Accounts receivable	1,055	288	1,343
Prepaid expenses	25,000	6,830	31,830
Total current assets	41,126	11,235	52,361
Total Assets	$ 41,126	$ 11,235	$ 52,361
Liabilities and Shareholders' Equity (Deficit)			
Current liabilities			
Accounts payable and accrued liabilities	$ 30,582	$ 8,355	$ 38,937
Convertible promissory notes	211,749	57,850	269,599
Promissory note	39,200	10,709	49,909
Total current liabilities	281,531	76,914	358,445
Liabilities and Shareholders' Equity (Deficit)			
Share capital (Note 15)	465,000	127,038	592,038
Reserves (Note 15)	21,918	8,057	29,975
Accumulated other comprehensive loss	(622)	(2,239)	(2,861)
Accumulated deficit	(726,701)	(198,535)	(925,236)
Total shareholders' equity (deficit)	(240,405)	(65,679)	(306,084)
Total Liabilities and Shareholders' Equity (Deficit)	$ 41,126	$ 11,235	$ 52,361

16. CHANGE IN PRESENTATION CURRENCY (cont'd)

The change in presentation currency resulted in the following impact on December 31, 2021, opening consolidated statement of financial position:

As at December 31, 2021	Previously reported and reclassified in US (Note 15)	Presentation currency change	Reported in CAD (Restated)
Assets			
Current assets			
Cash and cash equivalents	$ 49,329	$ 13,220	$ 62,549
Accounts receivable	10,422	2,793	13,215
Grant receivable	122,417	32,796	155,213
Prepaid expenses	-		-
Total current assets	182,168	48,809	230,977
Total Assets	$ 182,168	$ 48,809	$ 230,977
Liabilities and Shareholders' Equity (Deficit)			
Current liabilities			
Accounts payable and accrued liabilities	$ 537,071	$ 143,859	$ 680,930
Convertible promissory notes	211,749	56,706	268,455
Promissory note	39,200	10,498	49,698
Loans payable	113,347	30,355	143,702
Derivative liabilities	118,641	31,772	150,413
Total current liabilities	1,020,008	273,190	1,293,198
Liabilities and Shareholders' Equity (Deficit)			
Share capital (Note 15)	831,656	220,975	1,052,631
Reserves (Note 15)	27,182	9,992	37,174
Accumulated other comprehensive loss	(3,157)	(5,371)	(8,528)
Accumulated deficit	(1,693,521)	(449,977)	(2,143,498)
Total shareholders' equity (deficit)	(837,840)	(224,381)	(1,062,221)
Total Liabilities and Shareholders' Equity (Deficit)	$ 182,168	48,809	$ 230,977

16. CHANGE IN PRESENTATION CURRENCY (cont'd)

The change in presentation currency resulted in the following impact on the year ended December 31, 2021 consolidated statement of operations and other comprehensive loss:

For the Year Ended December 31, 2021	Previously reported in US	Presentation currency change	Reported in CAD (Restated)
Operating expenses			
Research and development	$ 1,069,075	$ 289,562	$ 1,358,637
Selling, general and administrative	255,835	50,824	306,659
Stock based compensation	5,264	1,935	7,199
Total operating expenses	1,330,174	342,321	1,672,495
Other (income) expenses			
Grant income	(313,860)	(79,569)	(393,429)
Interest and Borrowing costs	2,395	608	3,003
Gain on derivative liabilities	(51,889)	(11,918)	(63,807)
Total other (income) expenses	(363,354)	(90,879)	(454,233)
Net loss	966,820	251,442	1,218,262
Other comprehensive loss			
Foreign currency translation	2,535	3,132	5,667
Total other comprehensive loss	2,535	3,132	5,667
Net loss from operations and other comprehensive loss	$ 969,355	$ 254,574	$ 1,223,929
Net loss per share, basic and diluted	$ (0.08)	$ (0.03)	$ (0.11)
Weighted average shares outstanding, basic and diluted	11,556,164	11,556,164	11,556,164

16. CHANGE IN PRESENTATION CURRENCY (cont'd)

The change in presentation currency resulted in the following impact on the year ended December 31, 2021 consolidated statement of changes in shareholders' equity:

Previously reported in US	SHARE CAPITAL $	RESERVES $	ACCUMULATED OTHER COMPREHENSIVE LOSS $	ACCUMULATED DEFICIT $	SHAREHOLDERS' EQUITY (DEFICIT) $
Balance, January 1, 2021	465,000	21,918	(622)	(726,701)	(240,405)
Stock based compensation	-	5,264	-	-	5,264
Private placement of units	366,656	-	-	-	366,656
Net loss for the year	-	-	-	(966,820)	(966,820)
Foreign currency translation	-	-	(2,535)	-	(2,535)
Balance,December 31, 2021	831,656	27,182	(3,157)	(1,693,521)	(837,840)

Presentation currency change	SHARE CAPITAL $	RESERVES $	ACCUMULATED OTHER COMPREHENSIVE LOSS $	ACCUMULATED DEFICIT $	SHAREHOLDERS' EQUITY (DEFICIT) $
Balance, January 1, 2021	127,038	8,057	(2,239)	(198,535)	(65,679)
Stock based compensation	-	1,935	-	-	1,935
Private placement of units	93,937	-	-	-	93,937
Net loss for the year	-	-	-	(251,442)	(251,442)
Foreign currency translation	-	-	(3,132)	-	(3,132)
Balance,December 31, 2021	220,975	9,992	(5,371)	(449,977)	(224,381)

Reported in CAD (Restated)	SHARE CAPITAL $	RESERVES $	ACCUMULATED OTHER COMPREHENSIVE LOSS $	ACCUMULATED DEFICIT $	SHAREHOLDERS' EQUITY (DEFICIT) $
Balance, January 1, 2021	592,038	29,975	(2,861)	(925,236)	(306,084)
Stock based compensation	-	7,199	-	-	7,199
Private placement of units	460,593	-	-	-	460,593
Net loss for the year	-	-	-	(1,218,262)	(1,218,262)
Foreign currency translation	-	-	(5,667)	-	(5,667)
Balance,December 31, 2021	1,052,631	37,174	(8,528)	(2,143,498)	(1,062,221)

16. CHANGE IN PRESENTATION CURRENCY (cont'd)

The change in presentation currency resulted in the following impact on the year ended December 31, 2021 consolidated statements of changes in cash flows:

For the year ended December 31, 2021	**Previously reported in US**	**Presentation currency change**	**Reported in CAD (Restated)**
Cash provided by (used in)			
Operating activities			
Net loss for the period	$ (966,820)	$ (251,442)	$ (1,218,262)
Items not involving cash:			
Stock based compensation	5,264	1,935	7,199
(Gain) loss on derivative liabilities	(51,889)	(11,918)	(63,807)
Net changes in non-cash working capital			
Accounts receivable	(9,367)	(2,505)	(11,872)
Grant receivable	(122,417)	(32,796)	(155,213)
Prepaid expenses	25,000	6,830	31,830
Accounts payable and accrued liabilities	506,489	135,506	641,995
Net cash used in operating activities	(613,740)	(154,390)	(768,130)
Financing activities			
Loans payable	113,347	30,355	143,702
Private placement of units	537,186	137,627	674,813
Net cash provided by (used in) financing activities	650,533	167,982	818,515
Effect of exchange rate changes on cash	(2,535)	(4,489)	(7,024)
Increase in cash and cash equivalents for the year	34,258	9,103	43,361
Cash and cash equivalents, beginning of year	15,071	4,117	19,188
Cash and cash equivalents, end of year	$ 49,329	$ 13,220	$ 62,549

(Expressed in Canadian Dollars)

17. INCOME TAX

The Company is treated as a United States corporation for United States federal income tax purposes under section 7874 of the U.S. Tax Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Company is expected, regardless of any application of section 7874 of the U.S. Tax Code, to be treated as a Canadian resident company (as defined in the Income Tax Act (Canada) (the "ITA") for Canadian income tax purposes. As a result, the Company will be subject to taxation both in Canada and the United States.

The reconciliation of combined federal and provincial corporate income taxes of statutory rate of 21% (2021 – 28.96%) to the effective tax rate is as follows:

	December 31, 2022	December 31, 2021
Earnings before income taxes	$ (3,924,251)	$ (1,218,262)
Statutory tax rate	21.00%	28.96%
Expected tax benefit resulting from loss	(824,093)	(352,820)
Adjustments for the following items:		
Other permanent differences	(9,161)	31,502
Income included on S-corporation return	51,637	-
RTO expense	532,028	-
Share based compensation	138,385	-
Share issuance costs recognized in equity	(113,879)	-
Changes in foreign tax rates	(223,931)	-
Change in deferred tax assets not recognized	449,014	321,318
	$ -	$ -

Unrecognized Deferred Tax Asset

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2022	December 31, 2021
US Capitalized R&D Expenditure	$ 697,976	$ -
Canadian Capitalized Legal Fees	215,625	-
Reserves	58,600	-
Share issuance costs	686,398	-
Canadian operating tax losses carried forward	880,528	-
US operating tax losses carried forward	559,486	-
Australian operating tax losses carried forward	2,777	-
France operating tax losses carried forward	13,210	1,826,900
	$ 3,114,600	**$ 1,826,900**

(Expressed in Canadian Dollars)

17. INCOME TAX (cont'd)

The Canadian and US operating tax loss carry forwards expire as noted in the table below. Share issuance costs will be fully amortized in 2026. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's operating tax losses for which no deferred tax asset has been recognized expire as follows:

	Canada	US	Other
2036	$ 10,608	$ -	$ -
2037	50,557	-	-
2038	42,412	-	-
2039	60,526	-	-
2040	119,478	-	-
2041	249	-	-
2042	596,698	-	-
Indefinite	-	559,486	15,987
	$ 880,528	**$ 559,486**	**$ 15,987**

French and Australian losses may be carried forward indefinitely.