# Biomind Labs Inc.

## Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2024 and 2023

(Unaudited – Prepared by Management)

(Expressed in US Dollars)

# Biomind Labs Inc.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**
**As at and for the three and nine months ended September 30, 2024**

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

The management of the Company is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim consolidated financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

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

**Biomind Labs Inc.**
Condensed Interim Consolidated Statements of Financial Position
(Expressed in US dollars)
(Unaudited – Prepared by Management)
As at

| | | September 30, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash | $ | **10,117** | $ | 24,265 |
| Advances | | **20,950** | | 20,950 |
| **Total current assets** | $ | **31,067** | $ | 45,215 |
| Fixed assets (Note 8) | | **22,294** | | 28,984 |
| **Total Assets** | $ | **53,361** | $ | 74,199 |
| **Liabilities and Shareholders' Deficiency** | | | | |
| Current Liabilities | | | | |
| Accounts payable and accrued liabilities | $ | **494,834** | $ | 561,241 |
| Convertible debt (Note 6) | | **883,233** | | 739,325 |
| Derivative liability (Note 6) | | **197,555** | | 205,753 |
| **Total Liabilities** | | **1,575,622** | | 1,506,319 |
| **Shareholders' Deficiency** | | | | |
| Share capital (Note 9) | $ | **11,424,966** | | 11,102,447 |
| Reserves (Notes 9) | | **2,063,666** | | 2,063,666 |
| Accumulated other comprehensive (income) loss | | **46,012** | | 25,928 |
| Deficit | | **(15,056,905)** | | (14,624,161) |
| | | **(1,522,261)** | | (1,432,120) |
| **Total Liabilities and Shareholders' Deficiency** | $ | **53,361** | $ | 74,199 |

Formation of the Company, General information, and Going Concern (Note 1)

Approved on November 14, 2024 on behalf of the Board:

*(s) Ravi Sood* *(s) Alejandro Antalich*

**Ravi Sood, Director** **Alejandro Antalich, CEO/Director**

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

**Biomind Labs Inc.**
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in US dollars)
(Unaudited – Prepared by Management)

| | For the three months ended September 30, 2024 | For the three months ended September 30, 2023 | For the nine months ended September 30, 2024 | For the nine months ended September 30, 2023 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Change in fair value of derivative liability (Note 6) | **$ 4,808** | $ - | **$ 18,054** | $ - |
| Depreciation (Note 8) | **2,230** | 2,230 | **6,690** | 15,148 |
| Foreign exchange loss (gain) | **18,689** | (3,021) | **21,413** | 21,269 |
| General and administrative | **12,342** | 15,552 | **83,161** | 175,462 |
| Interest expense (Note 6, 7) | **59,635** | - | **222,665** | 87 |
| Management fees (Note 7) | **47,130** | 72,604 | **158,735** | 221,681 |
| Professional fees | **41,452** | 1,017 | **73,783** | 221,115 |
| Research and development | **(12,300)** | 37,233 | **(12,300)** | 258,131 |
| Recovery of trade payables | **(139,457)** | - | **(139,457)** | - |
| Share-based payments (Note 7, 9) | **-** | - | **-** | 7,503 |
| | **$ 34,529** | $ 125,615 | **$ 432,744** | $ 920,396 |
| **Loss** | **(34,529)** | (125,615) | **(432,744)** | (920,396) |
| **Other comprehensive loss** | | | | |
| Currency translation adjustment | **37,360** | (19,660) | **20,084** | 9,093 |
| Income (loss) and comprehensive income (loss) for the period | **2,831** | (145,275) | **(412,660)** | (911,303) |
| Weighted average number of shares outstanding – Basic and Diluted | **77,471,217** | 74,761,853 | **75,671,566** | 74,761,853 |
| Basic and diluted income (loss) per share | **$ 0.00** | $ (0.002) | **$ (0.005)** | $ (0.012) |

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

**Biomind Labs Inc.**

Condensed Interim Consolidated Statements of Changes in Shareholders’ Deficiency
(Expressed in US dollars)
(Unaudited – Prepared by Management)

| | Number of Common Shares | Share capital | Reserves | Accumulated Other Comprehensive Income (Loss) | Deficit | Shareholders’ Deficiency |
|---|---|---|---|---|---|---|
| **Balance, December 31, 2022** | **74,761,853** | **$ 11,102,447** | **$ 2,056,163** | **$ 25,442** | **$ (13,431,710)** | **$ (247,658)** |
| Share-based compensation (Note 7) | - | - | 7,503 | - | - | 7,503 |
| Other comprehensive income (loss) | - | - | - | 32,390 | - | 32,390 |
| Loss for the period | - | - | - | - | (911,303) | (911,303) |
| **Balance, September 30, 2023** | **74,761,853** | **$ 11,102,447** | **$ 2,063,666** | **$ 57,832** | **$ (14,343,013)** | **$ (1,119,068)** |
| | | | | | | |
| **Balance, December 31, 2023** | **74,761,853** | **$ 11,102,447** | **$ 2,063,666** | **$ 25,928** | **$ (14,624,161)** | **$ (1,432,120)** |
| Common shares issued for debt settlement (Note 6) | 2,769,572 | 322,519 | - | - | - | 322,519 |
| Other comprehensive income (loss) | - | - | - | 20,084 | - | 20,084 |
| Loss for the period | - | - | - | - | (432,744) | (432,744) |
| **Balance, September 30, 2024** | **77,531,425** | **$ 11,424,966** | **$ 2,063,666** | **$ 46,012** | **$ (15,056,905)** | **$ (1,522,261)** |

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

**Biomind Labs Inc.**
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in US dollars)
(Unaudited – Prepared by Management)

| | | For the nine months ended, | | |
|---|---|---|---|---|
| | | **September 30, 2024** | | September 30, 2023 |
| **Cash flows from operating activities** | | | | |
| Loss for the period | **$** | **(432,744)** | $ | (920,396) |
| Items not involving cash: | | | | |
| Accrued interest on financial liabilities | | **222,665** | | - |
| Change in fair value of derivative (Note 6) | | **18,054** | | - |
| Depreciation | | **6,690** | | 15,148 |
| Foreign exchange loss | | **21,413** | | 21,269 |
| Accrued interest on lease liabilities | | **-** | | 87 |
| Recovery of trade payables | | **(139,547)** | | - |
| Share-based compensation | | **-** | | 7,503 |
| Change in non-cash operating working capital: | | | | |
| Prepaid expenses | | **-** | | 18,777 |
| Accounts payable and accrued liabilities | | **51,727** | | 301,752 |
| **Net cash used in operating activities** | **$** | **(251,742)** | $ | (555,860) |
| **Cash flows from financing activities:** | | | | |
| Proceeds from convertible debt (Note 6) | | **222,620** | | 664,927 |
| Share issuance cost (Note 6) | | **(5,110)** | | - |
| Lease payments (Note 8) | | **-** | | (9,263) |
| **Net cash used in financing activities** | **$** | **217,510** | $ | 655,664 |
| **Effect of foreign exchange on cash** | | **20,084** | | 3,054 |
| **Change in cash for the period** | | **(14,148)** | | 99,804 |
| **Cash, beginning of the period** | | **24,265** | | 26,156 |
| **Cash, end of the period** | **$** | **10,117** | $ | 129,014 |

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

## 1. FORMATION OF THE COMPANY, GENERAL INFORMATION AND GOING CONCERN

Biomind Labs Inc. ("Biomind" or the "Company") was incorporated under the Business Corporations Act (Alberta) on March 29, 2005, and on July 19, 2021, the Company continued into the Province of Ontario under the Business Corporations Act (Ontario). The Company is primarily engaged as a biotech platform with a special focus on scientific research, clinical trials and innovation. The Company's head office is at Camino Saravia s/n, CP 91.000 Pando, Canelones, Uruguay. The registered office of the Company is located at 181 Bay Street, Suite 1800, Brookfield Place, Toronto, Ontario M5J 2T9. The common shares of the Company are traded on the Cboe Exchange Inc. ("Cboe") under the trading symbol "BMND".

As at September 30, 2024 the Company has an accumulated deficit of $15,056,905 (December 31, 2023 - $14,624,161), cash of $10,117 (December 31, 2023 – $24,265), and a working capital deficit of $1,544,555 (December 31, 2023 – working capital deficit of $1,461,105). Additionally, the Company incurred a loss and comprehensive loss of $412,660 during the nine month period ended September 30, 2024 (2023 - $911,303). The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

These material uncertainties may cast significant doubt as to the Company's ability to continue as a going concern. These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these condensed interim consolidated financial statements. Such adjustments could be material.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY DISCLOSURE INFORMATION

### Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), specifically International Accounting Standard ("IAS") 34 Interim Financial Reporting. The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation of the Company's audited annual consolidated financial statements for the year ended December 31, 2023.

*(Expressed in US dollars ($))*

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY DISCLOSURE INFORMATION (continued)

**Statement of compliance (continued)**

These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Accordingly, these condensed interim consolidated financial statements for the nine months ended September 30, 2024 should be read together with the annual audited consolidated financial statements as at and for the year ended December 31, 2023, which are available on www.sedarplus.com.

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are consistent with those disclosed in the notes to the annual consolidated financial statements as at and for the year ended December 31, 2023. These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 14, 2024.

**Basis of measurement**

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Principles of consolidation**

These condensed interim consolidated financial statements include accounts of the Company and the following subsidiaries:

| Name of Subsidiary | Country of Incorporation | Percentage Ownership |
|---|---|---|
| Liverdome Development Inc. ("Liverdome") | British Virgin Islands | 100% |
| Mindcore Labs Limited ("Mindcore") | British Virgin Islands | 100% |
| Biomind Labs Pesquisas Cientifcas Ltda. | Brazil | 100% |
| Biomind Research Corp. | British Virgin Islands | 100% |

Biomind Labs UK Limited (formerly a wholly owned subsidiary of the Company) was dissolved on July 23, 2024 on the basis that it was inactive and not required for the Company's operations going forward.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY DISCLOSURE INFORMATION (continued)

**Principals of consolidation (continued)**

The condensed interim consolidated financial statements include the financial statements of the Company, and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

**New and amended IFRS standards that are effective in the current year**

The Company adopted as at 1st January 2023 the new accounting pronouncement: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), the Definition of Accounting Estimates (Amendments to IAS 8), the Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) and the IFRS 17 Insurance Contracts. Its adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

**Future accounting standards**

**Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)**

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date, they should be classified as current (due or potentially due to be settled within one year) or non-current.

This amendment is effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted. The extent of the impact of adoption of these amendments has not yet been determined by management.

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

## 3. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

In preparing these condensed interim consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

## 3. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

The preparation of the condensed interim consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Share-based compensation

In calculating share-based compensation, key estimates are used such as, the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price, the vesting period of the option and the risk-free interest rate. The fair value of each option grant is estimated using the Black-Scholes option-pricing model. While assumptions used to calculate and account for share-based compensation awards represent management's best estimates, these estimates involve inherent uncertainties and the application of management's judgment. As a result, if revisions are made to the underlying assumptions and estimates, share-based compensation expense could vary significantly from period to period.

Going concern

The assessment of the Company's ability to continue as a going concern as discussed in Note 1 involves judgment regarding future funding availability for its operations and working capital requirements.

Deferred income tax

Provisions for income 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 income tax provisions at the end of each reporting period. However, it is possible that at some future date additional liability could result from audits by tax 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. Deferred tax assets are recognized when it is determined that the Company is likely to recognize their recovery from the generation of taxable income.

## 4. CAPITAL MANAGEMENT

The Company defines capital as consisting of shareholders' equity (deficiency) (comprised of issued share capital, share-based payment reserve, and deficit). The Company's objectives when managing capital are to support the Company's main activities of developing and commercializing its biotech platform, and thus the creation of shareholder value as well as to ensure that the Company is able to meet its financial obligations as they become due.

## 4. CAPITAL MANAGEMENT (continued)

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at September 30, 2024, the Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the period ended September 30, 2024.

## 5. FINANCIAL INSTRUMENTS

### Risk management principles and processes

The Company's activities are exposed to a variety of financial risks in the normal course of the Company's business. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the Company's capital costs by using suitable means of financing and to manage and control the Company's financial risks effectively. The Company may use financial instruments to hedge certain risk exposures when deemed appropriate based on its internal management risk policies.

The Company's approach to the identification, assessment and mitigation of risk is carried out by the Board of Directors, which focuses on timely and appropriate management of risk. The Board of Directors has overall accountability for the identification and management of risk across the Company. The Board of Directors maintains a formal set of delegated authorities (including policies for credit and treasury) that clearly define the responsibilities delegated to management and those retained by the Board of Directors. The Board of Directors approves these delegated authorities and reviews them annually.

The principal financial risks arising from financial instruments are currency risk, liquidity risk, credit risk, interest rate risk, and price rate risk.

### (a) Currency risk

The Company's condensed interim consolidated statements of cash flows, loss and comprehensive loss and financial position are presented in US Dollars and may be affected by fluctuations in exchange rates. Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. As at September 30, 2024, the Company holds assets and liabilities in US Dollars. At September 30, 2024, sensitivity to a plus or minus 5% change in the foreign exchange rate of the Canadian dollar compared to the US dollar would affect loss and comprehensive loss for the nine month period ended September 30, 2024 by $27,268 with all other variables held constant (2023 - $5,215).

## 5. FINANCIAL INSTRUMENTS (continued)

### (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due and describes the Company's ability to access cash. As at September 30, 2024, the Company has liabilities of $1,575,622 (December 31, 2023: $1,506,319) due within twelve months and has $10,117 (December 31, 2023: $24,265) in cash to meet its current obligations.

### (c) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Management's assessment of the Company's exposure to credit risk is low.

### (d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

### (e) Price rate risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

### Fair Value Measurements

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 that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 - Prices or valuation techniques that require inputs that are both significant to fair value measurement and unobservable (supported by little or no market activity).

As at September 30, 2024, the Company's financial instruments consist of cash, accounts payable and accrued liabilities, convertible debt, and derivative liability. Cash is classified as amortized cost. Accounts payable and accrued liabilities, and convertible debt are also classified as amortized cost.

*(Expressed in US dollars ($))*

## 5. FINANCIAL INSTRUMENTS (continued)

### Fair Value Measurements (continued)

The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments. Derivative liability is recorded at fair value using Level 3.

## 6. CONVERTIBLE DEBT

On November 14, 2022, Biomind entered into a financing agreement (the "Financing Agreement") with Union Group Ventures Limited ("UGV"), a subsidiary of a significant shareholder of the Company, pursuant to which UGV agreed to provide the Company with a credit facility of up to $3,000,000 (the "Credit Facility"), expiring 12 months (subsequently amended to 24 months) from the date of execution of the Financing Agreement, subject to an annual interest rate of 12%. Disbursements under the Credit Facility are subject to certain conditions precedent at the time of draw. Disbursements can be repaid, at the option of UGV, by way of the issuance of shares at a price per share equal to the greater of: (i) a 20% discount to the 15 day volume weighted average trading price of the shares on the Cboe, prior to the applicable repayment date; and (ii) the maximum permitted discount under the policies of the Cboe.

The Company determined that the Credit Facility contained an embedded derivative liability, and that the conversion feature does not qualify as equity as it does not satisfy the "fixed for fixed" requirement as the potential number of common shares to be issued is contingent on the exchange rate, and the discounted market price of the Company's common shares. Consequently, the conversion feature is classified as a derivative liability and measured at fair value.

<u>Liability Component</u>

| | | |
|---|---|---|
| **Balance, December 31, 2022** | **$** | **-** |
| Advances | | 578,025 |
| Accretion and interest | | 161,299 |
| **Balance, December 31, 2023** | **$** | **739,325** |
| Advances (net) | | (78,757) |
| Accretion and interest | | 222,665 |
| **Balance, June 30, 2024** | **$** | **883,233** |

*(Expressed in US dollars ($))*

## 6. CONVERTIBLE DEBT (continued)

Derivative Component

| | | |
|---|---|---|
| **Balance, December 31, 2022** | **$** | **-** |
| Additions – principle | | 192,675 |
| Change in fair value | | 13,078 |
| Foreign exchange | | (4,335) |
| Translation adjustment | | 4,335 |
| **Balance, December 31, 2023** | **$** | **205,753** |
| Additions – principle (net) | | (26,252) |
| Change in fair value | | 18,054 |
| **Balance, September 30, 2024** | **$** | **197,555** |

During the nine months ended September 30, 2024, the Company withdrew a total of $222,620 from the Credit Facility. The conversion feature of the principal withdrawn during the period was determined, based on a market approach, to have a fair value of $26,252 on initial recognition which was recorded as a derivative liability with the remaining balance allocated to the debt and amortized over the term.

On July 2, 2024, the Company issued 2,769,572 common shares of the Company to UGV, upon the conversion of $327,630 (CAD$448,671) in principal and accrued interest, at a price of $0.118 (CAD$0.162) per share. The Company incurred $5,110 in share issuance costs associated with the share issuance.

During the nine months ended September 30, 2024, the Company recognized interest expense on the debt of $222,665 and a change in fair value of the derivative of $18,054.

## 7. RELATED PARTY TRANSACTIONS AND BALANCES

**Transaction with key management personnel and directors**

During the nine months ended September 30, 2024, key management personnel are defined as individuals having authority and responsibility for planning, directing and controlling the activities of the Company. Such key management personnel comprise of the Chief Executive Officer and Chief Financial Officer of the Company, in addition to its board of directors.

**Transaction with controlling shareholder**

During the nine months ended September 30, 2024, the Company borrowed $222,620 from UGV pursuant to the Credit Facility, and issued 2,769,572 common shares of the Company to UGV upon the conversion of $327,630 (CAD$448,671) of the Credit Facility (Note 6).

*(Expressed in US dollars ($))*

## 7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of key management is included in the condensed interim consolidated statements of loss and comprehensive loss as follows:

| | | **Nine months ended September 30, 2024** | | Nine months ended September 30, 2023 |
|---|---|---|---|---|
| Management fees and director fees | **$** | **158,735** | $ | 221,681 |
| Share-based compensation | | **-** | | 7,503 |
| | **$** | **158,735** | $ | 229,184 |

The aggregate amount owing to directors and officers of the Company, which is included in accounts payable and accrued liabilities at September 30, 2024 is $167,815 (December 31, 2023: $82,934). The amounts due to these related parties are non-interest bearing and have no fixed terms of repayment.

**Service and financial agreement**

On November 20, 2020, the Company entered into a "Service and Financial Agreement" with Union Company International Holding (100% shareholder of Union Company Ventures Ltd.) in which Union Company International would provide consulting services to the Company. For the nine months ended September 30, 2024, no expenses were incurred (September 30, 2023 - $nil).

There were no other related party transactions during the period.

*(Expressed in US dollars ($))*

## 8. FIXED ASSETS

### a) Fixed Assets

| | | Equipment |
|---|---|---|
| **Cost** | | |
| **December 31, 2021, 2022 and 2023, and September 30, 2024** | **$** | **44,591** |
| | | |
| **Accumulated depreciation** | | |
| **December 31, 2022** | **$** | **8,919** |
| Depreciation | | 6,688 |
| **December 31, 2023** | **$** | **15,607** |
| Depreciation | | 6,690 |
| **September 30, 2024** | **$** | **22,297** |
| | | |
| **Carrying amounts** | | |
| December 31, 2022 | $ | 35,672 |
| December 31, 2023 | $ | 28,984 |
| **September 30, 2024** | **$** | **22,294** |

### b) Right of use Assets

The Company entered lease arrangements for a building for office space and laboratory purposes.

| | | Building |
|---|---|---|
| **Cost** | | |
| **December 31, 2021, 2022 and 2023, and September 30, 2024** | **$** | **72,104** |
| | | |
| **Accumulated depreciation** | | |
| **December 31, 2022** | **$** | **63,645** |
| Depreciation | | 8,459 |
| **December 31, 2023 and September 30, 2024** | **$** | **72,104** |
| | | |
| **Carrying amounts** | | |
| December 31, 2022 | $ | 8,459 |
| **December 31, 2023 and September 30, 2024** | **$** | **-** |

*(Expressed in US dollars ($))*

## 8. FIXED ASSETS (continued)

### c) Lease Liabilities

The lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 7.9%.

Lease liabilities consist of the following:

| | $ |
|---|---|
| **As at December 31, 2022** | **8,162** |
| Payments | (8,249) |
| Interest expense | 87 |
| **As at December 31, 2023 and September 30, 2024** | **-** |

## 9. SHAREHOLDERS' EQUITY

### a) Authorized

The Company is authorized to issue an unlimited number of common shares.

### b) Issued and Outstanding

During the nine months ended September 30, 2024, the Company issued 2,769,572 common shares pursuant to the conversion of $327,630 (CAD$448,670.67) of the Credit Facility, at a deemed price of $0.118 (CAD$0.162) per share.

There were no common shares issued during the years ended December 31, 2023 and 2022. As at September 30, 2024, there were 77,531,425 common shares issued and outstanding (December 31, 2023: 74,761,853 common shares issued and outstanding).

### c) Stock Options

The Company has a 10% rolling stock option plan (the "Plan"), which was approved by shareholders of the Company on May 14, 2021. The Plan authorizes the board of directors, or a committee thereof, from time to time and at their discretion, to grant officers, directors, employees and consultants' options exercisable for common shares of the Company. The purpose of the Plan is to recognize the contributions made by the Plan's participants and to create an incentive for their continuing assistance. The aggregate number of common shares that may be issued pursuant to options and awards of incentive share options under the Plan may not exceed 10% of the number of common shares then issued and outstanding. Options granted can be exercised for a maximum of 10 years and vest as determined by the board of directors. The exercise price of each option is determined by the board of directors on the basis of the closing price of the common shares on the trading day prior to the grant, or the five-day volume weighted average trading price.

*(Expressed in US dollars ($))*

## 9. SHAREHOLDERS' EQUITY (continued)

### c) Stock Options (continued)

Share-based compensation was $nil for the nine months ended September 30, 2024 (2023: $7,503).

As at September 30, 2024, nil options were outstanding:

| | Number of Options | | Weighted Average Exercise Price (CAD) |
|---|---|---|---|
| **Balance, as at December 31, 2021, 2022 and 2023** | **4,370,000** | **$** | **1.14** |
| Expired unexercised | (2,870,000) | | 1.00 |
| Expired unexercised (July 15, 2024) | (1,500,000) | | 1.40 |
| **Balance, as at September 30, 2024** | **-** | **$** | **-** |

### d) Warrants

As at December 31, 2021 and 2022, the Company had 180,343 compensation warrants outstanding with an exercise price of CAD$1.40. The warrants expired unexercised during the year ended December 31, 2023. As at September 30, 2024 no warrants were outstanding.