

ADVANCED PROTEOME THERAPEUTICS CORPORATION

Management's Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended April 30, 2022

General

The following Management's discussion and analysis (MD&A) is dated June 24, 2022 and should be read in conjunction with the unaudited interim financial statements for the nine months ended April 30, 2022 and 2021 and the audited consolidated financial statements and notes for fiscal years ended July 31, 2021 and 2020. Additional information relating to Advanced Proteome Therapeutics Corporation ("the Company") can be found on the SEDAR website at www.sedar.com

The preparation of financial statements require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

The interim condensed consolidated financial statements are unaudited and have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Reporting Interpretations Committee (IFRIC). They do not include all of the information required for full annual financial statements

All dollar amounts are in United States dollars unless otherwise stated.

The MD&A and unaudited interim condensed consolidated financial statements were reviewed by the Company's Audit Committee and approved for issue on March 18, 2022 by the Company's Board of Directors

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "progressing", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, particularly as they relate to product research and development, regulatory approval and compliance, and commercialization of new products and the timing or magnitude of such events as they are inherently risky and uncertain. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

These forward-looking statements include but are not limited to, statements concerning:

- Our strategies and objectives;
- Our reliance on the accuracy of results from collaborators;
- Our ability to maintain and enforce our intellectual property rights and otherwise protect our proprietary technologies;
- Our ability to secure new financing to fund our operations;
- Our ability to meet our financial obligations as they become due;
- Our outstanding indebtedness, and our intentions with respect to the repayment;
- Market acceptance of the Company's technology and products;
- The Company's ability to manufacture its products cost effectively and produce favorable research results;
- The competitive environment and impact of technological change;

Inherent in forward-looking statements are risks and uncertainties beyond our ability to predict or control, including risks that may affect our operations or plans; risks associated with

- general business and economic conditions;
- fluctuations in exchange rates and interest rate;

- timing and receipt of regulatory approvals and government approvals;
- changes in credit market conditions and conditions in financial market generally;
- changes in tax laws or their interpretation;

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in or implied by these forward-looking statements. Readers should also carefully consider the matters discussed under “Risk Factors”.

Overview

Advanced Proteome Therapeutics Corporation through the operations of its subsidiary, Advanced Proteome Therapeutics Inc. (APTI), is a biotechnology company founded to develop and commercialize a new technology platform that is intended for the chemical modification of protein therapeutics. The Company’s technology is applicable to the rapid growth areas of therapeutics and diagnostics, Protein Drugs, and Personalized Medicine, respectively, and is being applied to cancer therapeutics in the field of antibody-drug conjugates.

The Company’s platform is broadly dedicated to applications in the field of protein therapeutics, particularly antibody-drug conjugates and is focused on protein conjugates (therapeutic proteins whose properties are modified and further enhanced by chemically attached entities) and immunomodulation. APTI’s technology involves a way of using proprietary techniques to modify therapeutic proteins to improve critical properties, i.e., duration of action, creation of targeted therapeutics. Such “chemoselective” methodologies have heretofore been lacking in the fields of chemistry and biochemistry. (The same APTI technology can be applied to target diagnostic imaging agents by linking imaging entities to the protein target site-specifically.)

APTI uses advanced protein modification technologies intended to produce proprietary human protein drugs and other protein products which are to be tested for enhanced therapeutic, diagnostic and analytical properties. Most protein pharmaceuticals are rapidly eliminated by the body, which limit their effectiveness and require that they be administered by frequent, often daily, injection. By developing and applying technology that can selectively attach lifetime enhancing entities to therapeutic proteins, APTI products will be designed to last longer in the body. This feature will allow them to be administered less frequently and maximize their therapeutic benefits to patients. Historically, losses of biological activity and product heterogeneity have been the two most common problems encountered in the development of long-acting protein pharmaceuticals. Many drugs fail in development or in the clinic because of toxic side effects associated with their broad dissemination *in vivo*. The targeted protein modification technologies used by APTI are intended to overcome these problems and are being applied to the development of cancer therapeutics.

APTI is applying a platform technology designed to modify proteins at a single site and attach entities to their surfaces to produce homogeneous protein drugs. The platform is designed to exploit proteins that specifically bind to cells that are “stressed”, or certain cancer cells that express specific “patches” on their surfaces. On the one hand, such proteins can be used to transport the attached entities to cancer cells with the intention of destroying them. On the other hand, the high affinity of the protein delivery system for stressed cells undergoing elevated apoptosis (programmed cell death), provides a basis for delivering, and concentrating the attached drugs at sites of injury or derangement, with the intention of repairing tissue.

Highlights of Developments

During the fiscal year ended July 31, 2021, the Company issued 7,317,073 units pursuant to a non-brokered private placement at a price of \$0.205 Cdn per unit for gross proceeds of \$1,193,424 (\$1,500,000 Cdn). Each unit consists of one common share and one transferable common share purchase warrant of the Company, with each warrant exercisable for a period of 12 months from the date of closing at a price of \$0.27 Cdn per share. The Company paid cash commissions in the amount of \$38,821 Cdn and issued 232,000 finders’ warrants in connection to the first tranche. The Company paid cash commissions in the amount of \$21,599 Cdn and issued 161,700 finders’ warrants in connection to the second tranche. The Company paid cash commissions in the amount of \$4,920 Cdn in connection to the final tranche. Additionally, the Company issued 319,884 Finders’ Warrants to purchase units (consisting of one share and one share purchase warrant exercisable at \$0.27 Cdn until April 13, 2022) at \$0.205 Cdn until April 13, 2022. The finders’ warrants have the same terms as the warrants.

During the fiscal year ended July 31, 2021, the Company issued 2,235,000 common shares pursuant to the exercise of warrants at a price of \$0.10 Cdn for gross proceeds in the amount of \$171,279 (\$223,500 Cdn).

During the fiscal year ended July 31, 2021, the Company issued 950,000 common shares pursuant to the exercise of incentive stock options at \$0.06 Cdn per share, 150,000 incentive stock options at \$0.09 Cdn per share and 10,000 at \$0.11 Cdn per share for aggregate gross proceeds in the amount of \$54,126 (\$71,600 Cdn).

During the nine months ended April 30, 2022, the Company issued 1,826,443 common shares pursuant to the exercise of warrants for proceeds of \$145,688 (\$182,644 Cdn) and 100,000 common shares pursuant to the exercise of incentive stock options for proceeds of \$4,747 (\$6,000 Cdn).

During the nine months ended April 30, 2022, the Company incurred a net loss and comprehensive gain of \$714,685 compared to a net comprehensive loss in the nine months ended April 30, 2021, of \$(2,055,502). The portion of the gain attributable to operating expenses in the period ended April 30, 2022, was \$702,031 (2021 - \$542,575) of which \$181,662 (2021 - \$255,640) was attributable to general and administrative expenditures (including share-based payments of \$Nil (2021 - \$132,425), and \$520,369 (2021 - \$286,935) attributable toward research and development activities. Other income and expenses incurred (for interest income, foreign exchange losses, loan forgiven, interest income and expense, and the change in fair value of share purchase warrants) increased the gain by \$1,416,716 in the nine months ended April 30, 2022 (2021 - \$1,512,927 increase to the loss).

Research and development expenditures increased by \$233,434 in the nine months ended April 30, 2022 compared to expenditures incurred during the nine months ended April 30, 2021. See "Research and Development Costs".

The Company emphasises that attention should be drawn to matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to develop profitable operations in the future. The Company has incurred losses since its inception. The application of the going concern concept is dependent on the Company's ability to obtain a viable operation and receive continued financial support from its shareholders and from external financing to meet its liabilities and commitments. The Company is pursuing efforts to raise funds in order to continue operations and, although it has been successful in the past, there is no assurance that it will be able to raise funds in the future.

The Company is actively seeking additional funds to advance its core technologies for partnering and other potential revenue streams. There can be no assurances that the Company will be successful in raising additional cash to finance operations or that the continued support of creditors and shareholders will be available. These factors cast significant doubt that the Company will carry on operations. The financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

To the extent possible, management endeavors to implement strategies aimed at reducing or mitigating the risks and uncertainties associated with the Company's business. Operating risks include (i) market acceptance of the Company's technology and products, (ii) the Company's ability to obtain and enforce timely patent protection of its technology and products, (iii) the Company's ability to manufacture its products cost effectively and produce favorable research results, (iv) the competitive environment and impact of technological change, and (v) the continued availability of capital to finance the Company's activities. The reader is referred to the applicable general risk and uncertainties described in the Company's July 31, 2021, information circular and the risk factors enumerated below in this MD&A.

Selected Annual Information

	2021	2020	2019
	\$	\$	\$
Net loss and comprehensive loss	1,920,285	541,494	461,369
Net loss and comprehensive loss attributable to Non-Controlling Interest	85,729	90,858	127,903
Net loss and comprehensive loss attributable to Owners of Parent	1,834,556	450,636	333,466
Total assets	897,708	20,076	166,988
Loss per share attributed to Owners of Parent	0.06	0.02	0.02
Total non-current financial liability	1,957,631	409,641	243,306

Non-controlling interest

Pursuant to an Exchange and Recapitalization Agreement APTI issued shares as of July 19, 2019, resulting in the Company controlling 80% of the issued and outstanding shares of APTI. As of April 30, 2022, and April 30, 2021, the non-controlling interest is recorded at 20% of the outstanding APTI shares. See “Subsequent Events”.

As of April 30, 2022, the Company held a 91.67% (April 30, 2021 - 91.67%) interest in Privco and the non-controlling interest reflects 8.33% (April 30, 2021 – 8.33%) of the transactions of the PrivCo.

The following is summarized financial information for the two subsidiaries, APTI and PrivCo prepared in accordance with IFRS 10, modified for fair value adjustments on acquisitions. The information is before inter-company eliminations within the group companies.

	APTI		PrivCo	
	April 30 2022	April 30 2021	April 30 2022	April 30 2021
	\$	\$	\$	\$
Revenue	-	-	-	-
Operating Expense	596,159	298,829	-	-
Net loss	614,241	355,792	-	-
Loss attributable to NCI	121,087	70,139	-	-
Current assets	158,156	79,517	18,481	18,481
Non-current assets	15,853	5,864	-	-
Current liabilities	9,513,926	8,747,029	571	571
Net (liabilities)/assets	(9,738,669)	(9,045,342)	170,650	170,650

Research and development costs

Research costs are expensed as incurred. Development costs which meet generally accepted criteria, including reasonable assurance regarding recoverability, are capitalized and amortized when they are ready for their internal use. Annually, the Company reviews commercially viable prospects of a project. Through an evaluation of the expected future cash flows from commercialization of the associated products, the Company determines whether impairment in the recoverable amount exists. To date, no development costs have met the criteria to be capitalized.

Research and development expenditures increased by \$233,434 in the nine months ended April 30, 2022 compared to expenditures incurred during the same fiscal period ended April 30, 2021. The increase was primarily attributable to a \$128,950 increase in wages and benefits (due to an increase in employment of research staff), a \$45,155 increase in legal fees incurred in connection to the Company’s intellectual property, and a \$39,476 increase in supplies (related to an increase in research activities). Additionally, the rent for laboratory facilities increased by \$19,700.

Research and development costs recognized in profit or loss are as follows:

	Nine months ended April 30 2022	Nine months ended April 30 2021
Research and development		
Depreciation of equipment	\$ 3,478	\$ 1,703
Insurance	2,450	4,072
Legal – intellectual property	65,740	20,585
Rent	81,029	61,329
Supplies	43,373	3,897
Wages and benefits	324,299	195,349
	<u>\$ 520,369</u>	<u>\$ 286,935</u>

New Standards, Amendments, and Interpretations

Adoption of new accounting standards

The Company adopted the following new accounting standard:

Amendments to IFRS 3 Business Combinations

Amendments to IFRS 3, Business Combinations assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The adoption of the standards and amendments effective August 1, 2020 had no material impact on the financial statements.

New standards issued but not yet effective

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023 and are expected to have no significant impact on the Company.

Financial Instruments

The Company is exposed to certain financial risks as listed below. There has been no change in the exposure to risk, nor its objectives, policies and process for managing the risk from the prior year.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's cash in the amount of \$761,599 (July 31, 2021 - \$822,360), held at financial institutions, subjects the Company to a significant concentration of credit risk which represents the maximum exposure to the risk. The financial institutions are major United States and Canadian banks which the Company believes lessens the degree of credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2022 the Company had a cash balance of \$761,599 (July 31, 2021 - \$822,360) to settle current liabilities of \$1,531,888 (July 31, 2021 - \$999,227). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company intends to raise money to address the liquidity risk and meet its capital requirements.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has interest-bearing debt of \$179,280 (July 31, 2021 - \$173,975) payable to the estate of a former officer of the Company (See "Related Party Transactions"). The Company believes it does not have significant interest rate risk because all interest rates are fixed and therefore does not vary with changes in market interest rates.

(b) Foreign currency risk

As of April 30, 2022, the majority of the Company's expenditures are in U.S. dollars. Any future equity raised is expected to be predominantly in Canadian dollars.

While the Company's functional currency is the U.S. dollar, it does have transactions in Canadian dollars. Accordingly, the related financial assets and liabilities are subject to fluctuations in exchange rates and can have an effect on the Company's reported results. The Company manages its exposure to foreign currency fluctuations by maintaining foreign

currency bank accounts to offset foreign currency payables where possible. Management relies on the natural hedge created by this matching process and thus has chosen not to otherwise hedge its foreign exchange risk.

The significant balances in foreign currencies, as expressed in terms of U.S. dollars, are as follows:

Canadian assets and liabilities	April 30, 2022	July 31, 2021
Cash	\$ 604,677	\$ 634,252
Loans receivable	49,286	48,790
Trade payables and accrued liabilities	(186,046)	(88,701)
Net Canadian dollar denominated financial assets	\$ 467,350	\$ 594,341

The translation impact to the Company of a 1 percent increase in the Canadian dollar versus the U.S. dollar would have decreased the net loss by \$4,674 (July 31, 2021 - \$5,934). Conversely, a 1 percent decrease in the Canadian dollar versus the U.S. dollar would have increased the net loss by \$4,674 (July 31, 2021 - \$5,934).

Fair value

The fair value of the Company's financial assets and liabilities approximates their carrying amount

The Company categorizes its financial assets and liabilities measured at the fair value into one of three different levels depending on the observation of the inputs used in the measurement. There were no transfers between levels during the year.

The Company categorizes its financial assets and liabilities measured at the fair value into one of three different levels depending on the observation of the inputs used in the measurement. For the 2022 and 2021 fiscal years, the Company has financial instruments in Level 1 and Level 3. As of April 30, 2022, the Company's financial instruments are cash for an amount of \$761,599 (July 31, 2021 - \$822,360) which are measured at Level 1 inputs of the fair value hierarchy as the market value is readily available. Share purchase warrants for an amount of \$303,754 (July 31, 2021 - \$1,785,692) are measured at Level 3 inputs of the fair value hierarchy as it uses a combination of observable and unobservable inputs in calculating fair value (Note 9). There were no transfers between levels during the year.

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

	Fair value hierarchy	April 30, 2022	July 31, 2021
Financial Assets			
Financial Assets at FVTPL			
Cash	Level 1	\$ 761,599	\$ 822,360
Financial Liabilities			
Financial liabilities at FVTPL			
Share purchase warrants	Level 3	\$303,754	\$1,785,692
Share purchase warrants			
		April 30, 2022	July 31, 2021
Balance – beginning of year		\$ 1,785,692	\$ 263,072
Issuances during the year		-	465,987
Exercised during the year		(35,557)	(169,440)
Change in fair value of share purchase warrants		(1,446,381)	1,226,073
Balance – end of period		\$ 303,754	\$ 1,785,692

Short-term loans

The Company entered into loan agreements with lenders for loans bearing interest at an annual rate of 12% per annum and repayable in full on or before April 7, 2018, that remain unpaid and outstanding. As of April 30, 2022, the outstanding principal loan balance is \$39,085 (\$50,000 Cdn) (July 31, 2021 - \$40,120 (\$50,000 Cdn), and a liability for outstanding cumulative interest accrued as of April 30, 2022, is \$32,209 (July 31, 2021 - \$21,345).

On April 27, 2020, the Company's subsidiary acquired a loan in the amount of \$41,600 under the Payroll Protection Plan as part of the CARES act. The terms of this loan are subject to regulations still being enacted by the US Federal Government but include the potential for a substantial part of this loan to be forgiven. During the fiscal year ended July 31, 2021, the full amount of the loan was forgiven, and a \$41,600 gain was reported in profit or loss.

As of April 30, 2022, the Company had non-interest-bearing advances owing to non-related parties in the amount of \$332,420 (July 31, 2021 - \$59,039) with no fixed term of repayment. Included therein is \$279,000 funds received in advance for the subscription to 11,160,000 common shares in the Company's subsidiary, APT. See subsequent event.

During the fiscal year ended July 31, 2021, the Company acquired a loan in the amount of \$48,144 (\$60,000 Cdn) under the Canada Emergency Business Account ("CEBA") as part Canada's COVID -19 Economic Response Plan. CEBA provides zero-interest, partially forgivable loans to small businesses that have experienced diminished revenues due to COVID-19 but face ongoing costs, such as rent utilities, insurance, taxes and employment costs. \$20,000 Cdn of the loan is eligible for loan forgiveness if \$40,000 Cdn is fully repaid by December 31, 2022. During the fiscal year ended July 31, 2021, \$16,000 (\$20,000 Cdn) of the loan was reported as loan forgiveness in profit or loss. As of April 30, 2022 the Company has a recorded liability of \$31,268 (\$40,000 Cdn).

Convertible promissory notes

Pursuant to a Secured Promissory Note and Warrant Purchase Agreement dated July 19, 2019, APTI issued Units comprised of non-transferable Convertible Secured Promissory Notes (the "Notes") in the original principal amounts which in aggregate totalled \$284,020 (\$380,723 Cdn) and non-transferable warrants for the purchase in aggregate of 7,614,467 shares of APTI's common stock. The Notes accrue interest at a simple annual rate of 10% of the principal amount, such interest to be paid upon the maturity date of July 19, 2024. Warrants shall be exercisable on or before the earlier to occur of the maturity or the time which is immediately prior to the consummation of a sale. The Company holds warrants for the purchase of 4,052,876 shares of APTI's common stock. An intercorporate investment by the Company in the Notes has been eliminated upon consolidation. As of April 30, 2022, the principal balance of the Notes payable to third parties is \$139,205 (July 31, 2021 - \$142,891) and cumulative interest accrued as of April 30, 2021 is \$38,710 (July 31, 2021- \$29,049).

Outstanding Share Data

The authorized share capital of Advanced Proteome Therapeutics Corporation is an unlimited number of common shares, without par value. As of April 30, 2022, there were 39,677,080 (July 31, 2021 – 37,750,637) shares issued and outstanding.

<u>Capital stock</u>	<u>Number of shares</u>
Balance, July 31, 2020	<u>27,088,564</u>
Issuance of common shares pursuant to private placement of Units	7,317,073
Issuance of common shares pursuant to exercise of stock options	1,110,000
Issuance of common shares pursuant to exercise of warrants	<u>1,845,000</u>
Balance, as of April 30, 2021	<u>37,350,637</u>
Issuance of common shares pursuant to exercise of stock options	10,000
Issuance of common shares pursuant to exercise of warrants	<u>390,000</u>
Balance, as of July 31, 2021	<u>37,750,637</u>
Issuance of common shares pursuant to exercise of stock options	100,000
Issuance of common shares pursuant to exercise of stock options.	<u>1,826,443</u>
Balance, as of July 21, 2022	<u>39,677,080</u>

During the fiscal year ended July 31, 2021, the Company issued 7,317,073 units pursuant to a non-brokered private placement at a price of \$0.205 Cdn per unit for gross proceeds of \$1,193,424 (\$1,500,000 Cdn). Each unit consists of one common share and one transferable common share purchase warrant of the Company, with each warrant exercisable for a period of 12 months from the date of closing at a price of \$0.27 Cdn per share. The fair value of the warrants

issued, recorded as an allocation of the proceeds received, was estimated at \$928,987 (\$ 1,167,223 Cdn using the Black-Scholes Option Pricing Model). The Company paid finder's fees of up to 8% cash and 10% finders' warrants. The finders' warrants have the same terms as the warrants. On March 25, 2021, the Company closed the first tranche of the non-brokered private placement raising \$633,655 Cdn by issuance of 3,091,000 units. The Company paid cash commissions in the amount of \$38,821 Cdn and issued 232,000 finders' warrants in connection to the first tranche. On April 5, 2021, the Company closed the second tranche of a non-brokered private placement raising \$341,735 Cdn by issuance of 1,667,000 units. The Company paid cash commissions in the amount of \$21,599 Cdn and issued 161,700 finders' warrants in connection to the second tranche. On April 13, 2021, the Company closed the final tranche of a non-brokered private placement raising \$524,610 Cdn by issuance of 2,559,073 units. The Company paid a cash commission of \$4,920 Cdn in connection to the final tranche. Additionally, the Company issued 319,884 Finders' Warrants to purchase units (consisting of one share and one share purchase warrant exercisable at \$0.27 Cdn per unit until April 13, 2022) at \$0.205 Cdn per unit until April 13, 2022. In aggregate the fair value of the Finders' warrants issued pursuant to the private placement amounted to \$235,555 (\$162,089 Cdn) and the cash commissions amounted to \$51,976 (\$65,340 Cdn). All securities issued in connection with the Private Placement are subject to a 4 month hold period in Canada.

During the fiscal year ended July 31, 2021, the Company issued 2,235,000 common shares pursuant to the exercise of warrants at a price of \$0.10 Cdn for gross proceeds in the amount of \$171,279 (\$223,500 Cdn).

During the fiscal year ended July 31, 2021 the Company issued 950,000 common shares pursuant to the exercise of incentive stock options at \$0.06 Cdn per share, 150,000 incentive stock options at \$0.09 Cdn per share and 10,000 at \$0.11 per share for aggregate proceeds in the amount of \$54,126 (\$71,600 Cdn).

During the nine months ended April 30, 2022, the Company issued 1,826,443 common shares upon exercise of warrants at \$0.10 Cdn for aggregate proceeds of \$145,668 (\$182,644 Cdn).

During the nine months ended April 30, 2022, the Company issued 100,000 common shares upon exercise of options at \$0.06 Cdn for gross proceeds of \$4,747 (\$6,000 Cdn).

Warrants

A summary of warrant activity is as follows:

	Number of warrants	Exercise price
Balance July 31, 2020	9,582,949	0.26 Cdn
Issued and expiring on or before March 25, 2022	3,323,000	0.27 Cdn
Issued and expiring on or before April 5, 2022	1,828,700	0.27 Cdn
Issued and expiring on or before April 13, 2022	2,559,073	0.27 Cdn
Issued and expiring on or before April 13, 2022*	319,884	0.205 Cdn
Exercised during the fiscal period	(1,845,000)	0.10 Cdn
Expired during the fiscal period	(1,851,200)	0.33 Cdn
Balance April 30, 2021	13,917,406	0.26 Cdn
Exercised during the fiscal period	(390,000)	0.10 Cdn
Balance July 31, 2021	13,527,406	\$ 0.28 Cdn
Exercised during the fiscal period	(1,826,443)	0.10 Cdn
Expired during the fiscal period	(4,383,890)	0.10 Cdn
Balance April 30, 2022	7,317,073	\$ 0.27 Cdn

Warrants outstanding and exercisable as of April 30, 2022:

Number of warrants outstanding	Exercise price per warrant	Years to expiry	Expiry date
7,317,073	\$ 0.27 Cdn	0.42	September 30, 2022

During the fiscal year ended July 31, 2021, the Company issued 7,317,073 warrants and an additional 393,700 Finders warrants pursuant to a non-brokered private placement in three tranches, with closing dates of March 25th, April 5th and April 13th. Each warrant entitles the holder to acquire one common share at a price of \$0.27 per share within 12 months from the date of closing. Additionally, the Company issued 319,884 Finders Warrants to purchase Units (consisting of one share and one share purchase warrant exercisable at \$0.27 Cdn until April 13, 2022) at \$0.205 Cdn until April 13, 2022. The expiry date of the 7,317,073 warrants were extended to September 30, 2022. Warrants amended do not include any warrants issued to the Finders or Agents. No other terms are amended, and the exercise price remains at \$0.27.

During the fiscal year ended July 31, 2021, the Company incurred transaction costs related to the issuance of share purchase warrants in the amount of \$40,440 (2021 - \$Nil). These costs represent period costs, based on an allocation of the warrants of amounts paid for finder's fees.

On August 31, 2020, 1,829,600 warrants exercisable at \$0.75 Cdn expired, and on September 11, 2020, 21,600 warrants exercisable at \$0.75 expired.

On November 21, 2021, 2,449,646 warrants exercisable at \$0.10 Cdn expired.

On March 5, 2022, 1,102,100 warrants and on March 12, 2022, 118,260 warrants, each exercisable at \$1.00 Cdn expired.

On March 25, 2022, 232,000 agent warrants, and on April 13, 2022, 161,700 agent warrants exercisable at \$0.27 Cdn expired.

On April 13, 2022, 319,884 Finders warrants exercisable at \$0.205 expired.

Other than common share purchase warrants issued as a finder's fee, the common share purchase warrants are classified as a derivative financial liability due to the currency of their exercise price differing from the functional currency of the Company. The common share purchase warrants are re-valued at each reporting date, with a gain or loss reported in profit or loss.

The value of the warrants was calculated using the Black-Scholes Option Pricing Model and the assumptions were as follows:

Period ended	April 30, 2022	July 31, 2021
Risk-free interest rate	0.96% - 2.59%	0.23% - 0.39%
Expected life	0.003 – 0.5 years	0.3 – 0.7 years
Volatility (based on the Company's historical trading price)	54.19% - 159.2%	110.19% – 113.83%
Dividend yield	0%	0%
Fair value (Cdn.)	\$0.01 - \$0.25	\$0.03 - \$0.25

During the nine months ended April 30, 2022, the Company recorded an unrealized gain of \$1,446,381 (2021 - \$1,483,936) unrealized loss) due to change in fair value of the derivative financial liability.

Stock options

The Company's Plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares, provided that stock options in favour of any one individual may not exceed 5% of the issued and outstanding common shares. No stock option granted under the Plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

The exercise price of all stock options granted under the Plan must not be less than the Discounted Market Price (the last closing price of the listed shares before the date of the grant less the applicable discount), subject to a minimum price of \$0.05 Cdn per share, and the maximum term of each stock option may not exceed ten years.

Vesting is provided at the discretion of the directors and once vested; options are exercisable at any time. Any shares issued to insiders or at discount market price on the exercise of stock options must be legended with a four-month holding period commencing on the date the stock options were granted.

Stock option transactions and the number of share options outstanding are summarized as follows:

	Number of options	Weighted average exercise price
Balance July 31, 2020	2,175,000	0.12 Cdn
Exercised during the period	(950,000)	0.06 Cdn
Exercised during the period	(150,000)	0.09 Cdn
Expired during the period	(29,000)	0.50 Cdn
Expired during the period	(3,500)	3.00 Cdn
Granted and expiring on or before December 3, 2022	1,575,000	0.11 Cdn
Granted and expiring on or before April 7, 2023	300,000	0.40 Cdn
Balance April 30, 2021	2,917,000	\$ 0.14 Cdn
Exercised during the period	(10,000)	0.11 Cdn
Balance July 31, 2021	2,907,500	\$ 0.16 Cdn
Exercised during the period	(100,000)	0.06 Cdn
Expired during the period	(34,000)	0.50 Cdn
Expired during the period	(3,500)	1.00 Cdn
Balance April 30, 2022	2,770,000	\$ 0.16 Cdn

Stock options outstanding and exercisable as of April 30, 2022:

Number of options outstanding	Number of options exercisable	Exercise price per option	Years to expiry	Expiry date
1,565,000	1,565,000	0.11 Cdn	0.59	December 3, 2022
300,000	300,000	0.40 Cdn	0.94	April 7, 2023
30,000	30,000	0.55 Cdn	1.05	May 17, 2023
875,000	875,000	0.15 Cdn	2.04	May 14, 2024
2,770,000	2,770,000	\$ 0.16 Cdn	1.09	

On December 3, 2020, the Company granted incentive stock options to the Directors, Officers and Consultants to purchase up to 1,575,000 common shares in the capital of the Company, exercisable at a price of \$0.11 Cdn per share on or before December 3, 2022, vesting immediately. The fair value of each option granted has been estimated as of the date of the grant using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.27%, dividend yield 0%, an expected volatility of 122.70%, and expected term of 2 years, equal to the full life of the options as the Company does not expect any options to be exercised early. The weighted average fair value of the options at the grant date was \$0.06 Cdn. The fair value at the date of the grant was \$72,993 (\$94,014 Cdn).

On April 7, 2021, the Company granted incentive stock options to the Consultants to purchase up to 300,000 common shares in the capital of the Company, exercisable at a price of \$0.40 Cdn per share on or before April 7, 2023, vesting immediately. The fair value of each option granted has been estimated as of the date of the grant using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.23%, dividend yield 0%, an expected volatility of 125.20%, and expected term of 2 years, equal to the full life of the options as the Company does not expect any options to be exercised early. The weighted average fair value of the options at the grant date was \$0.25 Cdn, and the fair value at the date of the grant was \$59,432 (\$74,984 Cdn).

Volatilities were calculated based on the Company's historical trading price.

During the nine months ended April 30, 2022, the Company recorded a total of \$Nil (2021 - \$132,425) in share-based payment expenses related to stock options in profit or loss.

The weighted average grant date fair value of the options granted during the fiscal year ended July 31, 2021, was \$0.09 Cdn. As of April 30, 2022, vested options have a weighted average remaining life of 1.09 (July 31, 2021 - 1.78) years and weighted average price of \$0.16 Cdn (July 31, 2022 - \$0.16 Cdn).

The weighted average share price on date of option exercise during the nine months ended April 30, 2022, is \$0.14 Cdn, and during the fiscal year ended July 31, 2021, is \$0.13 Cdn.

Income (Loss) per share

The calculation of the basic and diluted gain per share for the nine months ended April 30, 2022, and the loss per share for the nine months ended April 30, 2021, was based on the gain (loss) attributable to common shareholders of the parent of \$835,772 (2021 - \$1,985,363 loss) and the weighted average number of common shares outstanding of 38,889,915 (2021 - 30,575,257). Dilutive loss per share does not include the effect of the 2,770,000 (2021 - 22,917,500) stock options and 7,317,700 (2021 - 13,917,406) warrants as they are anti-dilutive.

Results of Operations

The net gain for the nine months ended April 30, 2022, was \$835,772 or \$0.02 per share, as compared with a net loss of \$(1,985,363) or \$(0.07) per share for the nine months ended April 30, 2021.

	Three months ended April 30 2022	Three months ended April 30 2021	Nine months ended April 30 2022	Nine months ended April 30 2021
Operating expenses				
Consulting	\$ 17,779	\$ 17,620	\$ 53,762	\$ 40,273
Depreciation	1,159	568	3,478	1,709
General and administration	3,678	2,654	9,552	7,979
Insurance	1,208	1,242	2,450	5,363
Professional fees	(6,787)	8,916	104,004	38,043
Regulatory filings	8,976	11,795	716,485	15,774
Rent	40,841	20,443	84,628	61,329
Share based payments	-	59,432	-	132,425
Supplies	15,008	1,889	43,373	3,897
Transaction costs	-	40,440	-	40,440
Wages and benefits	<u>154,298</u>	<u>67,872</u>	<u>384,299</u>	<u>195,349</u>
	<u>236,160</u>	<u>232,871</u>	<u>702,031</u>	<u>542,575</u>
Foreign exchange gain (loss)	(17,319)	6,781	(9,621)	(7,221)
Interest income	573	-	11,799	-
Interest expense	(7,044)	(6,655)	(21,844)	(19,770)
Change in fair value of share purchase warrants	<u>249,326</u>	<u>(1,462,297)</u>	<u>1,446,381</u>	<u>(1,485,936)</u>
	<u>273,016</u>	<u>(1,462,170)</u>	<u>1,416,716</u>	<u>1,512,927</u>
Net income (loss) and comprehensive loss	<u>509,176</u>	<u>(1,695,042)</u>	<u>714,685</u>	<u>(2,055,502)</u>
Net loss and comprehensive loss attributable to:				
Owners of the parent	(467,849)	(1,670,669)	835,772	(1,985,363)
Non-controlling interest	(41,327)	(24,373)	(121,087)	(70,139)
Net income (loss) and comprehensive loss for the period	<u>\$ (509,176)</u>	<u>\$ (1,695,042)</u>	<u>\$ 714,685</u>	<u>\$ (2,055,502)</u>

As of April 30, 2022 - 20% (2021 - 20%) of net income (loss) and comprehensive income (loss) for the period from the operations of the Company's subsidiary Advanced Proteome Therapeutics Inc was attributed to the non-controlling interest.

As of April 30, 2022 - 8.33% (2021 - 8.33%) of net income (loss) and comprehensive income (loss) for the period from the operations of the Company's subsidiary 1090573 B.C. Ltd was attributed to the non-controlling interest.

Operating expenses

Operating expenses were \$702,031 for the nine months ended April 30, 2022, compared with \$542,575 for the nine months ended April 30, 2021.

Certain significant expenses incurred during the nine months ended April 30, 2022, are as follows:

Consulting fees of \$53,762 (2021 - \$40,273) were incurred for fees paid to a company controlled by the Company's President and CEO for management services.

During the nine months ended April 30, 2022, the Company recorded depreciation expense in the amount of \$3,478 (2021 - \$1,703). The increase was due to the Company's acquisitions of laboratory and computer equipment during the nine months ended April 30, 2022, and the fiscal year ended July 31, 2021. Laboratory and computer equipment is recorded at cost and is amortized over their remaining estimated useful economic life on a declining balance basis at a rate of 30% per annum.

General and administrative expenses of \$9,552 (2021 - \$7,979) were incurred for maintenance of the Company's office.

Professional fees in the amount of \$104,004 (2021 - \$38,043) were paid or accrued for general legal matters, for drafting and submission of patents with respect to intellectual property, for matters related to audit and accounting services provided to the Company. Included therein was \$90,132 (2021 - \$26,511) for professional legal and accounting fees, and \$13,872 (2021 - \$11,532) for professional fees paid or payable to the Company's CFO. The portion included and expended on professional legal fees related to the Company's intellectual property were \$65,740 (2021 - \$20,585). and for other legal and administrative fees was \$6,737 (2021 - \$404). Accounting, audit, and related services was \$17,655 (2021 - \$5,522).

Regulatory filing fees of \$16,485 (2021 - \$15,774) were paid or accrued to maintain the Company's status on the TSX-V. Fees vary with respect to the nature and extent of submissions to the regulatory authorities, resulting in regulatory filing fees and transfer agent fees. Fees vary in relationship to the timing of corporate financings.

The Company recorded rent expense in the amount of \$84,628 (2021 - \$61,329) for the nine months ended April 30, 2021. The Company rents its Boston laboratory facilities at a monthly rent of \$9,214 (2021 - \$6,814). Rent associated with the laboratory facilities amounted to \$81,029 (2021 - \$31,629) Additionally, the Company incurred rent expense, paid or payable to a company in which the Company's CEO is a director in the amount of \$3,599 (2021 - \$Nil).

Insurance costs decreased during the nine months ended April 30, 2022, to \$1,247 (2021 - \$4,121) as director and officer insurance coverage was not renewed. Previously insurance expense had included both general liability and director and officer insurance.

Share based payments are associated with the vesting of benefits upon the granting of incentive stock options to employees, directors, and consultants, in accordance with the Company's stock option plan. The Company accrues share-based payments over vesting periods associated with each grant. During the nine months ended April 30, 2022, share based compensation expenses of \$Nil were recorded (2021 - \$132,425).

Acquisition of supplies included customized syntheses of specialty chemicals for the preparation of antibody-drug conjugates. The Company incurred \$43,373 in the nine months ended April 30, 2022 compared to \$3,897 for laboratory and chemical, and biochemical supplies associated with research activities in the nine months ended April 30, 2021.

Wages and employee benefits in the amount of \$384,299 (2021 - \$195,349) was recorded during the nine months ended April 30, 2022. Wages and benefits include amounts for the services of the Company's research staff members located at the Company's Boston Laboratory Facilities. Services increased during the nine months ended April 30, 2022, due to a transition to some new staff members, wage increases, and a moving allowance paid in the period to a new staff member. During the nine months ended April 30, 2022, the Company accrued \$120,000 (2021 - \$Nil) for unpaid wages payable to APTI's Chief Operating Officer.

Other income and expenses

The Company holds some funds in Canadian dollar accounts and investments. The Company's functional currency is the U.S. dollar. Monetary assets and liabilities denominated in Canadian currency other than the functional currency are translated at the exchange rate prevailing at the balance sheet date. Exchange gains and losses on translation are included in earnings. During the nine months ended April 30, 2022, the Company recorded an exchange gain in the amount of \$(9,621) compared to an exchange loss of \$(7,221) in the nine months ended April 30, 2021.

During the nine months ended April 30, 2022, the Company incurred interest expense in the amount of \$21,844 (2021 - \$19,770) as follows. Interest on short-term loans (see "Short term loans") was accrued and payable in the amount of \$5,968 (2021 - \$3,966). Additional interest was accrued and payable in the amount of \$5,305 (2021 - \$5,305) to a related

party (See Related Party Transactions). Additional interest was accrued and payable pursuant to third parties (see “Convertible Promissory Notes”) in the amount of \$10,571 (2021 - \$10,499).

The common share purchase warrants are classified as a liability because they are a derivative financial instrument due to their currency differing from the functional currency of the Company. The common share purchase warrants are re-valued at each reporting date, with a gain or loss reported on the consolidated statement of operations and comprehensive loss. During the nine months ended April 30, 2022, the Company recognized an unrealized non-cash gain of \$1,446,381 (2021 - \$1,485,936 non-cash loss) due to the change in fair value share purchase warrants.

Pursuant to a loan agreement dated April 24, 2021, the Company advanced \$48,144 (\$60,000 Cdn) to Conation Capital Corp., a company in which the Company’s CEO (Paul Woodward) is a director. The loan is repayable in full on October 24, 2021 (extended for six-months) , together with interest calculated at a rate of 5% per annum. The Company accrued interest income for the nine months ended April 30, 2022, in the amount of \$1.799 (2021 - \$Nil).

Fiscal quarter ended April 30, 2022

Operating expenses were \$236,160 for the fiscal quarter ended April 30, 2022, compared with \$232,871 for the fiscal quarter ended April 30, 2021.

Certain significant expenses incurred during the fiscal quarter ended April 30, 2022, are as follows:

Consulting fees of \$17,779 (2021 - \$17,6204) were incurred for fees paid to a company controlled by the Company’s President and CEO for management services.

During the fiscal quarter ended April 30, 2022, the Company recorded depreciation expense in the amount of \$1,159 (2021 - \$568). The increase was due to the Company’s acquisitions of laboratory and computer equipment during the nine months ended April 30, 2022, and the fiscal year ended July 31, 2021. Laboratory and computer equipment is recorded at cost and is amortized over their remaining estimated useful economic life on a declining balance basis at a rate of 30% per annum.

General and administrative expenses of \$3,678 (2021 - \$2,654) were incurred for maintenance of the Company’s office.

Professional fees in the amount of \$(6,787) were recovered in the fiscal quarter ended April 30, 2022 (2021 – \$8,916 expensed). Professional fees relate to amounts accrued or paid for general legal matters, for drafting and submission of patents with respect to intellectual property, for matters related to audit and accounting services provided to the Company. Included therein was \$9,014 (2021 - \$5,050) for professional legal and accounting fees, and \$3,941 (2021 - \$3,866) for professional fees paid or payable to the Company’s CFO. During the fiscal quarter ended April 30, 2022, the Company recovered \$19,742 of legal expenses related to the Company’s intellectual property, as a result of previously recorded amounts being discounted in the period. During the fiscal quarter ended April 30, 2021, \$5,050 of the legal fees incurred in the period related to the Company’s intellectual property.

Regulatory filing fees of \$8.976 (2021 - \$11.795) were paid or accrued to maintain the Company’s status on the TSX-V. Fees vary with respect to the nature and extent of submissions to the regulatory authorities, resulting in regulatory filing fees and transfer agent fees. Fees vary in relationship to the timing of corporate financings.

The Company recorded rent expense in the amount of \$40.841 (2021 - \$20,443) for the fiscal quarter ended April 30, 2022. The Company rents its Boston laboratory facilities at a monthly rent, which increased during the period to \$9,214 (2021 - \$6,814). Additionally, the Company incurred rent expense, paid or payable to a company in which the Company’s CEO is a director in the amount of \$1,198 (2021 - \$Nil).

Insurance costs incurred during the quarter ended April 30, 2022, is \$1,208 (2021 - \$1,242) as director and officer insurance coverage was not renewed. Previously insurance expense had included both general liability and director and officer insurance.

Share based payments are associated with the vesting of benefits upon the granting of incentive stock options to employees, directors, and consultants, in accordance with the Company’s stock option plan. The Company accrues share-based payments over vesting periods associated with each grant. During the fiscal quarter ended April 30, 2022, share based compensation expenses of \$Nil were recorded (2021 - \$59,432).

Acquisition of supplies included customized syntheses of specialty chemicals for the preparation of antibody-drug conjugates. The Company incurred \$15,008 in the quarter ended April 30, 2022, compared to \$1,889 for laboratory and chemical, and biochemical supplies associated with research activities in the quarter ended April 30, 2021.

Wages and employee benefits in the amount of \$154,298 (2021 - \$67,872) was recorded during the quarter ended April 30, 2022. Wages and benefits include amounts for the services of the Company's research staff members located at the Company's Boston Laboratory Facilities. Services increased during the quarter ended April 30, 2022, due to a transition to new and additional staff members. During the quarter ended April 30, 2022, the Company accrued \$60,000 (2021 - \$Nil) for unpaid wages payable to APTI's Chief Operating Officer.

Other income and expenses

The Company holds some funds in Canadian dollar accounts and investments. The Company's functional currency is the U.S. dollar. Monetary assets and liabilities denominated in Canadian currency other than the functional currency are translated at the exchange rate prevailing at the balance sheet date. Exchange gains and losses on translation are included in earnings. During the quarter ended April 30, 2022, the Company recorded an exchange loss in the amount of \$(17,319) compared to an exchange gain of 6,781) in the quarter ended April 30, 2021.

During the quarter ended April 30, 2022, the Company incurred interest expense in the amount of \$7,044 (2021 - \$6,655) as follows. Interest on short-term loans (see "Short term loans") was accrued and payable in the amount of \$1,914 (2021 - \$1,352). Additional interest was accrued and payable in the amount of \$1,768 (2021 - \$1,768) to a related party (See Related Party Transactions). Additional interest was accrued and payable pursuant to third parties (see "Convertible Promissory Notes") in the amount of \$3,362 (2021 - \$3,535).

The common share purchase warrants are classified as a liability because they are a derivative financial instrument due to their currency differing from the functional currency of the Company. The common share purchase warrants are re-valued at each reporting date, with a gain or loss reported on the consolidated statement of operations and comprehensive loss. During the quarter ended April 30, 2022, the Company recognized an unrealized non-cash gain of \$249,327 (2021 - \$1,462,297 non-cash loss) due to the change in fair value share purchase warrants.

Pursuant to a loan agreement dated April 24, 2021, the Company advanced \$48,144 (\$60,000 Cdn) to Conation Capital Corp., a company in which the Company's CEO (Paul Woodward) is a director. The loan is repayable in full on October 24, 2021 (extended for six-months) , together with interest calculated at a rate of 5% per annum. The Company accrued interest income for the six months ended April 30, 2022, in the amount of \$573 (2021 - \$Nil).

Commitments

The Company is committed to lease premises at a monthly rent of \$9,214 expiring December 31, 2022, which is renewable on an annual basis. Included in prepaid expenses is \$5,000 (2021 - \$5,000) paid as a deposit for rent.

Related Party Transactions

The Company entered into the following transactions with key management personnel, as being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and management. The following amounts are included in the statements of comprehensive loss:

		April 30, 2022	April 30, 2021
Related party			
Consulting fee	President and CEO (Paul Woodward)	\$ 53,762	\$ 40,273
Professional fees	CFO (Kenneth Phillippe)	13,873	11,532
Share based payments	Directors and officers (as below)	-	48,662
Interest – convertible promissory notes	Directors and officers (as below)	4,008	4,158
Interest - note payable	Former officer (Estate of Allen Krantz)	5,305	5,305
Total		\$ 76,948	\$ 109,930

Share-based payments recorded for incentive stock options granted to directors and officers on December 3, 2020 was as follow:

	April 30, 2021
Kenneth Phillippe	\$ 4,635
Paul Woodward	18,538
Martin Woodward	13,903
Ben Catalano	11,586
Total	\$ 48,662

Included in amounts due to related parties is \$179,280 (July 31, 2021 - \$173,975) is payable on demand to the estate of the former COO/CSO of the Company (Allen Krantz) and bears interest at 5.0% per annum. This loan includes principal of \$141,525 (July 31, 2021 - \$141,525) and interest accrued of \$37,755 (July 31, 2021 - \$32,450).

Included in amounts due to related parties is non-interest-bearing advances of \$118,047 (July 31, 2022 - \$96,824) and in short term loans is non-interest-bearing advances of \$30,000 (July 31, 2022 - \$30,000) payable to a director and officer of APTI (Ben Krantz).

Included in trade payables and accrued liabilities is an amount of \$413,411 (July 31, 2020 - \$413,411) payable to the estate of the former COO/CSO, Secretary of the Company (Allen Krantz), and payable to the Company's CFO (Kenneth Phillippe) is \$4,000 (July 31, 2022 - \$8,240). Also included in trade payables is \$2,773 (July 31, 2021 - \$11,075) for expenses incurred on behalf of the Company, by a company controlled by the Company's CEO.

Pursuant to a loan agreement dated April 24, 2022 the Company advanced \$49,286 (\$60,000 Cdn) to Conation Capital Corp., a company in which the Company's CEO (Paul Woodward) is a director. The loan is repayable in full on January 24, 2021 (extended by six months), together with interest calculated at a rate of 5% per annum. The Company accrued interest income in the nine months ended April 30, 2022, in the amount of \$1,76, and cumulatively in the amount of \$2,423.

Included in rent expense during the nine months ended April 30, 2022, is \$3,499 (\$4,500 Cdn), paid or payable to Conation Capital Corp.

Included in convertible promissory notes is the aggregate interest and principal balance of \$68,489 (\$87,615 Cdn) (July 31, 2021 - \$66,188 (\$82,488 Cdn) including cumulative accrued interest payable to the Company's CFO (Kenneth Phillippe) and to directors and of APTI (William Dickie and Benjamin Krantz). During the nine months ended April 30, 2022, interest of \$4,008 (\$5,127 Cdn) and during the nine months ended April 30, 2021 - \$4,158 (\$5,109 Cdn) was accrued in aggregate.

On February 3, 2020, the Company announced that its subsidiary, APTI has non-exclusively licensed APTI's site-selective linker technology to 1216232 B.C. LTD. ("1216232"). The License Agreement is between non-arms-length parties. Paul Woodward, director of the Company and APTI, is a director of 1216232. Additionally, Dr. Benjamin Krantz, a director of APTI is also a director of 1216232. The License Agreement was approved by the independent board members of both APC and APTI. Under the terms of the Agreement, 1216232 will license APTI's full suite of technology for application to up to two targets. Under the Agreement 1216232 will be granted a 51% interest, and control, of a target by advancing \$400,000; 1216232 can acquire up to an additional 34% interest by advancing a further \$612,000. Terms for any subsequent target are identical. 1216232 has selected its first target, and Advanced Proteome Therapeutics Inc. (APTI) will develop and test antibody-drug conjugates targeting Delta-Like Protein 3 (DLL3) under contract to 1216232. APTI will retain at least a 15% economic interest in the program and share in any future sales or transaction revenue.

Liquidity and Capital Resources

The Company has financed activities, operations, and capital expenditures primarily from public and private equity and repayable loans. Until the Company receives substantial revenue from product sales, it plans to issue more securities at such time as it believes additional capital could be obtained on favorable terms. However, there can be no assurance that such funds can be available on favorable terms, if at all.

As of April 30, 2022, the Company had a cash balance of \$761,599 (July 31, 2021 - \$822,360), and a working capital deficiency of \$693,505 (July 31, 2021 - \$ 107,909).

See "Short term loans", "Convertible Promissory Notes" and "Related Party Transactions". See "Subsequent events".

Subsequent Events

As of April 30, 2022, the Company has received \$279,000 pursuant to share subscriptions for the purchase of 11,160,000 common shares of its subsidiary, APTI. The Company also intends to issue 4,000,000 common shares of APTI in lieu of debt to an officer and Benjamin Krantz, an officer and director of APTI, Ben Kranz. Furthermore, the Company intends to acquire 26,224,401 common share of APTI in lieu of existing intercorporate debt. Upon the closing of these transactions, the Company's interest in outstanding APTI shall reduce from 80% to 77.5% and the non-controlling interest shall increase from 20% to 22.5%.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements, other than previously disclosed, that has, or is reasonably likely to have, an impact on the current or future results of operations or the financial condition of our company.

Risk Factors

Financing Risks

History of Losses - The Company has been in a cumulative net loss position throughout its operating history. The Company's limited operating history makes it difficult to evaluate the future financial prospects of its business. There is no assurance that the Company will grow or be profitable or that the Company will have earnings or significant improvement in its cash flow from operations in the future. The future earnings on and cash flow from operations are dependent on the Company's ability to further develop and sell its products and the Company's operational expenses. Management expects that the Company will continue to have high levels of operating expenses, since the Company needs to make significant up-front expenditures for product development, and corporate development activities. Management anticipates that the operating losses for the Company may continue until such time as the Company consistently generates sufficient revenues to support operations.

Need for Additional Financing - The implementation of the Company's business plan requires significant capital outlays and operating expenditures over the next several years. There can be no assurance that additional financing will be available to the Company when needed, on commercially reasonable terms, or at all. Any inability to obtain additional financing when needed would have a material adverse effect on the Company. Further, any additional equity financing may involve substantial dilution to the Company's then existing shareholders. Debt financing, if available, may involve onerous obligations, monetary or otherwise. If adequate funds are not available, the Company may obtain funds through arrangements with strategic partners or others who may require the Company to relinquish rights to certain technologies, any of which could adversely affect its business, financial condition and results of operations.

Product Risks

Uncertain Demand for Products - Demand for pharmaceutical products is dependent on a number of social, political and economic factors that are beyond the control of the Company. The healthcare industry is likely to continue to change as the public, government, medical practitioners, and the pharmaceutical industries focus on ways to expand medical coverage while controlling the growth in healthcare costs. While the Company believes that demand for pharmaceutical products will continue to grow, there is no assurance that such demand will exist or that the Companies products will be purchased to satisfy that demand.

Dependence on Development of New Products - New technological or product developments in the pharmaceutical industry may render the Company's products obsolete or reduce their value. The Company's future prospects are highly dependent on its ability to develop new products - from new technologies and achieve market acceptance. There can be no assurance that the Company will be successful in these efforts.

COVID-19 Public Health Crisis

The Company's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. Such public health crises can result in volatility and disruptions in the supply and demand for gold and other metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced

mobility of people, all of which could affect mineral prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Company of such public health crises also include slowdowns or temporary suspensions of operations in locations impacted by an outbreak, interruptions to supply chains and supplies upon which the Company relies, restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others, increased labor costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the eight most recent fiscal quarters

Quarter Ended in Fiscal 2022	July 31 \$	April 30 \$	January 31 \$	October 31 \$
Net income (loss) and comprehensive income (loss)		(509,176)	584,086	639,775
Net income (loss) and comprehensive income (loss) attributable to owners of the parent		(467,849)	627,774	675,847
Income (Loss) per common share		(0.01)	0.02	(0.02)
Loss per common share attributable to owners of the parent		(0.01)	0.02	0.02
Quarter Ended in Fiscal 2021	July 31 \$	April 30 \$	January 31 \$	October 31 \$
Net income (loss) and comprehensive income (loss)	135,217	(1,695,042)	4,154	(364,614)
Net income (loss) and comprehensive income (loss) attributable to owners of the parent	150,808	(1,670,669)	27,541	(342,236)
Income (Loss) per common share	0.00	(0.05)	0.00	(0.01)
Loss per common share attributable to owners of the parent	0.00	(0.05)	0.00	(0.01)
Quarter Ended in Fiscal 2020	July 31 \$	April 30 \$		
Net income (loss) and comprehensive income (loss)	(226,722)	(141,861)		
Net income (loss) and comprehensive income (loss) attributable to owners of the parent	(199,146)	(119,845)		
Income (Loss) per common share	(0.01)	(0.01)		
Loss per common share attributable to owners of the parent	(0.01)	(0.01)		

ADVANCED PROTEOME THERAPEUTICS CORPORATION

CORPORATE DATA

As June 24, 2022

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Martin Woodward
Ben Catalano

CEO, President, Director
CFO
Director,
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INVESTOR CONTACT

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CAPITALIZATION

Authorized:	Unlimited number of common shares, no par value
Issued:	39,677,080
Escrow:	Nil
Options:	2,770,000
Warrants:	7,317,073

LISTINGS

TSX Venture Exchange
Trading Symbol: APC
CUSIP #: 007628100