ADVANCED PROTEOME THERAPEUTICS CORPORATION

Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended July 31, 2022

General

The following Management's discussion and analysis (MD&A) is dated November 10, 2022 and should be read in conjunction with the audited consolidated financial statements and notes for fiscal years ended July 31, 2022 and 2021. 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Reporting Interpretations Committee (IFRIC).

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

The MD&A and consolidated financial statements were reviewed by the Company's Audit Committee and approved for issue on November 10, 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 ad 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 fiscal year ended July 31, 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 fiscal year ended July 31, 2022, the Company incurred a net income in and comprehensive income of $597,482 (2021 - $(1,920,285) loss). The portion attributable to operating expenses in the period ended July 31, 2022 was $959,827 (2021 - $673,968) of which $247,076 (2021 - $283,286) was attributable to general and administrative expenditures (including share-based payments of $Nil (2021 - $132,425), and $712,761 (2021 – $390,683) attributable to 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 income by $1,557,309 in the fiscal year ended July 31, 2022 (2021 – ($1,246,317) increased the loss).

Research and development expenditures increased by $296,814 (2021 - $22,908 decrease) in the fiscal year ended July 31, 2022, compared to expenditures incurred during the fiscal year ended July 31, 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

	2022	2021	2020
	$	$	$
Net income (loss) and comprehensive loss	597,472	(1,920,285)	(541,494)
Net loss and comprehensive loss attributable to Non-Controlling Interest	(162,133)	(85,729)	(90,858)
Net income (loss) and comprehensive income (loss) attributable to Owners of Parent	759,615	(1,834,556)	(450,636)
Total assets	636,415	897,708	20,076
Income (loss) per share attributed to Owners of Parent	0.01	(0.06)	(0.02)
Total non-current financial liability	242,526	1,957,631	409,641

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 July 31, 2022, the non-controlling interest is recorded at 20% (July 31, 2021 – 20%) of the outstanding APTI shares.

Subsequent to July 31, 2022, on August 1, 2022, APTI closed a private placement by issuance of 11,160,000 of its common shares at $0.025 per share for proceeds in the amount of $279,000. Additionally, APTI issued 4,000,000 of its common shares at $0.025 per share, as partial settlement of debts owing to a director and officer of APTI (Benjamin Krantz) in the amount of $100,000.

As of July 31, 2022 the Company held a 91.67% (July 31, 2021- 91.67%) interest in 1090573 B.C. Ltd (“PrivCo”) and the non-controlling interest reflects 8.33% (July 31, 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	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Revenue	-	-	-	-
Operating expense	796,046	414,729	-	-
Net loss	822,454	434,878	-	-
Loss attributable to NCI	162,133	85,729	-	-
Current assets	110,290	41,787	18,481	18,481
Non-current assets	14,775	5,296	152,740	-
Current liabilities	9,592,167	8,785,435	282	571
Net (liabilities)/assets	(9,900,458)	(9,124,428)	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 in the fiscal year ended July 31, 2022, by $296,814. The increase was primarily attributable to a $162,348 increase in wages and benefits (due to the addition of research staff and fees accrued to the Company's Chief Scientific Officer), a $55,877 increase in legal fees incurred in connection to the Company's intellectual property, a $27,500 increase in rent related to the research facilities and a $49,192 increase in research supplies.

Research and development expenditures are as follows:

	Three months ended July 31, 2022	**Three months ended July 31, 2021**	**Year Ended July 31, 2022**	**Year Ended July 31, 2021**
Research and development				
Depreciation of equipment	$ 831	$ 567	$ 4,309	$ 2,270
Insurance	1,282	-	3,732	3,874
Legal – intellectual property	24,959	14,237	90,699	34,822
Rent	28,243	20,443	109,272	81,772
Supplies	13,187	3,472	56,560	7,369
Wages and benefits	98,625	65,227	422,924	260,576
	$ 167,127	$ 103,946	$ 687,497	$ 390,683

New Standards, Amendments, and Interpretations

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 $544,429 (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 July 31, 2022, the Company had a cash balance of $544,429 (2021 - $822,360) to settle current liabilities of $1,244,783 (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 $181,048 (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 July 31, 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	**July 31, 2022**	**July 31, 2021**
Cash	$ 435,995	$ 634,252
Loan receivables	49,756	48,790
Trade payables, accrued liabilities and short term loans	(207,901)	(88,701)
Promissory notes	(227,409)	-
Net Canadian dollar denominated financial assets	$ 50,441	$ 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 $504 (2021 - $5,943 decrease). Conversely, a 1 percent decrease in the Canadian dollar versus the U.S. dollar would have increased the net loss by $504 (2021 - $5,943 increase).

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.

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	July 31, 2022	July 31, 2021
Financial Assets			
Financial Assets at FVTPL			
Cash	Level 1	$ 544,429	$ 822,360
Financial Liabilities			
Financial liabilities at FVTPL			
Share purchase warrants	Level 3	$ 15,117	$ 1,785,692

Share purchase warrants	July 31, 2022	July 31, 2021
Balance – beginning of year	$ 1,785,692	$ 263,072
Issuances during the year	-	465,987
Exercised during the year	(171,018)	(169,440)
Change in fair value of share purchase warrants	(1,599,557)	1,226,073
Balance – end of year	$ 15,117	$ 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 July 31, 2022, the outstanding principal loan balance is $38,990 ($50,000 Cdn) (July 31, 2021 - $40,120 ($50,000 Cdn), and a liability for outstanding cumulative interest accrued as of July 31, 2022, is $34,105 (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.

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 July 31, 2022, $31.268 ($40,000 Cdn) remains outstanding.

As of July 31, 2022, the Company had non-interest-bearing advances owing in the amount of $Nil (July 31, 2021 -$59,333 ($73,943 Cdn)) with no fixed term of repayment of which $Nil due to related parties (See "Related Party Transactions").

Promissory notes

Pursuant to a Secured Promissory Note and Warrant Purchase Agreement dated July 19, 2019, APTI issued units comprised of non-transferable Secured Promissory Notes (the "Notes") in the original principal amounts of $284,020 ($380,723 Cdn) and non-transferable warrants for the purchase 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, payable on July 19, 2024. Each warrant entitles the holder to purchase one APTI common share at a price of $0.00001 per share and shall be exercisable on or before the earlier of the Maturity Date or immediately prior to the consummation of a sale.

On July 31, 2022, APTI issued non-transferable Secured Promissory Notes in the principal amount of $92,851 ($119,070 Cdn) and 2,381,406 non-transferrable warrants. Each warrant entitles the holder to purchase one APTI common share at a price of $0.00001 per share, and shall be exercisable on or before the earlier of the Maturity Date or immediately prior to the consummation of a sale. The fair value of the debt was discounted using an effective interest rate of 51.42%, resulting in a discount of $46,425 ($59,535 Cdn). The fair value of the warrants issued is $46,425 ($59,535 Cdn) of which $36,106 ($46,302 Cdn) was issued to APTC and eliminated upon consolidation.

As of July 31, 2022, 9,995,873 (July 31, 2021 – 7,614,467) APTI warrants are outstanding, of which the Company holds 5,904,962 (2021 - 4,052,876).

An intercorporate investment by the Company in the Notes has been eliminated upon consolidation. As of July 31, 2022 the principal balance of the Notes payable to third parties is $231,718 (July 31, 2021 - $142,891) and cumulative interest accrued as of July 31, 2022 is $42,116 (July 31, 2021 - $29,048).

Outstanding Share Data

Capital stock

	Number of shares
Balance, as of July 31, 2022 and at reporting date	39,677,080

Warrants

Warrants outstanding and exercisable as of July 31, 2022 and at reporting date:

Number of warrants outstanding	Exercise price per warrant	Years to expiry	Expiry date
7,317,072	$ 0.27 Cdn	0.17	September 30, 2022

Stock options

Stock options outstanding and exercisable as of July 31, 2022 and at reporting date:

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	0.34	December 3, 2022
300,000	300,000	0.40 Cdn	0.68	April 7, 2023
30,000	30,000	0.55 Cdn	0.79	May 17,2023
875,000	875,000	0.15 Cdn	1.79	May 14, 2024
2,770,000	2,770,000	$ 0.16 Cdn	0.84	

Results of Operations

Net Income (Loss)

The net income for fiscal year ended July 31, 2022, was $597,482, or $0.01 per share, as compared with a net loss of $(1,920,285) or $(0.06) per share for the fiscal year ended July 31, 2021.

Amounts by major sub-category for the fiscal periods ended July 31, 2022 and 2021 are as follows:

	Three months ended July 31, 2022	Three months ended July 31, 2021	Year ended July 31, 2022	Year ended July 31, 2021
	$	$	$	$
Operating expenses				
Consulting	17,665	14,209	71,427	54,482
Depreciation	328	626	328	626
General and administration	3,826	4,386	13,376	12,563
Insurance	-	-	-	1,291
Professional fees	35,532	37,055	73,796	54,512
Regulatory filings	2,155	7,060	18,640	22,834
Rent	1,164	4,552	4,763	4,552
Research and development	167,127	103,946	687,497	390,683
Share based payments	-	-	-	132,425
Supplies	-	-	-	-
Wages and benefits	30,000	-	90,000	-
	257,797	171,834	959,827	673,968
Other (income) and expenses				
Foreign exchange (gain) loss	5,988	3,442	15,610	10,664
Interest income	(659)	(666)	(2,458)	(666)
Interest expense	7,252	7,636	29,096	27,406
Transactions costs – share purchase warrants	-	-	-	40,440
Loan forgiven	-	(57,600)	-	(57,600)
Change in fair value of share purchase warrants	(153,175)	(259,863)	(1,599,557)	1,226,073
	(140,594)	(307,051)	(1,557,309)	1,246,317
Net income (loss) and comprehensive income (loss)	(117,203)	135,217	597,482	(1,920,285)
Net income (loss) and comprehensive loss attributable to:				
Owners of the parent	(76,157)	150,808	759,615	(1,834,556)
Non-controlling interest	(41,046)	(15,591)	(162,133)	(85,729)
Net income (loss) and comprehensive loss for the period	(117,203)	135,217	597,482	(1,920,285)

As of July 31, 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 July 31, 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 $959,827 for fiscal year ended July 31, 2022, compared with $673,968 for fiscal year ended July 31, 2021.

Certain significant expenses incurred during the fiscal year ended July 31, 2022, are as follows:

Consulting fees of $71,427 (2021 - $54,482) were paid or payable to a company controlled by the Company's President and CEO for management services.

During the fiscal year ended July 31, 2022, the Company recorded depreciation expense in the amount of $4,637 (2021 - $2,896), of which. $4,309 (2021 - $2,270) related to research and development activities. The difference incurred pursuant to acquisitions of laboratory or computer equipment during fiscal 2022. Laboratory and computer equipment are 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 $13,376 (2021 - $12,563) were incurred for maintenance of the Company's office.

Professional fees in the amount of $164,495 (2021 – $89,334) 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 $105,075 (2021 - $41,952) for professional legal fees, $41,655 (2022 - $27,812) for annual audit fees, income tax preparation and accounting, and $17,765 (2021 - $19,570) 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 $90,699 (2021 - $34,822).

Regulatory filing fees of $18,640 (2021 - $22,834) 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 $114,035 (2021 - $86,324) for the fiscal year ended July 31, 2022, of which $109,272 (2021 - $81,772) related to research and development activities. The Company is committed to lease its Boston laboratory facilities at a monthly rent of $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 $4,763 (2021 - $4,552).

Insurance costs decreased during the fiscal year ended July 31, 2022, to $3,732 (2021 - $5,165) as director and officer insurance coverage was not renewed. Previously insurance expense had included both general liability and director and officer insurance. The amount related to research activities during the fiscal year ended July 31, 2022, was $3,732 (2021 - $3,874).

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 year ended July 31, 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 $56,561 in the fiscal year ended July 31, 2022, compared to $7,369 for laboratory and chemical, and biochemical supplies associated with research activities in the fiscal year ended July 31, 2021. The increase related to the increase in research activity during fiscal 2022.

See "Research and Development".

Wages and employee benefits in the amount of $512,924 (2021 - $260,576) was recorded during the fiscal year ended July 31, 2022. $90,000 (2021 - $Nil) of which was allocated to administrative services and the balance to research and development activities. 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 fiscal year ended July 31, 2022, due to addition of new staff members and accrued fees payable to the Company's Chief Scientific 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 fiscal year ended July 31, 2022, the Company recorded an exchange loss in the amount of $15,610 compared to an exchange gain of $10,664 in the fiscal year ended July 31, 2021.

During the fiscal year ended July 31, 2022, the Company recorded transactions costs in the amount of $Nil (2021 - $40,440). The proportion of share issuance costs related to share purchase warrants issued in conjunction to private placements completed by the Company are expensed as transaction costs in the period they are incurred.

During the fiscal year ended July 31, 2022, the Company incurred interest expense in the amount of $29,096 (2021 - $27,406) as follows. Interest on short-term loans (see "Short term loans") was accrued and payable in the amount of $7,942 (2021 - $5,326).

Additional interest was accrued and payable in the amount of $7,073 (2021 - $7,073) to a related party (See Related Party Transactions). Additional interest was accrued and payable pursuant to third parties (see “Promissory Notes”) in the amount of $5,348 (2021 - $13,883). The balance of interest penalties paid during the fiscal year ended July 31, 2022, for miscellaneous purposes was $Nil (2021 - $1,125).

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 fiscal year ended July 31, 2022, the Company recognized an unrealized non-cash gain of $1,599,557 (2021 - $1,226,073 non-cash loss) due to the change in fair value share purchase warrants.

During the year ended July 31, 2020, the Company acquired a loan in the amount of $41,600 under the Payroll Protection Plan as part of the CARES act. Under the terms of the loan, enacted by the US Federal Government, the loan was forgiven during the fiscal year ended Jul 31, 2021.

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.

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 date to December 31, 2022) together with interest calculated at a rate of 5% per annum. The Company accrued interest income to July 31, 2022, in the amount of $ 2,458 (2021 - $666).

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)	(117,203)	(509,176)	584,086	639,775
Net income (loss) and comprehensive income (loss) attributable to owners of the parent	(76,157)	(467,849)	627,774	675,847
Income (Loss) per common share	0.00	(0.01)	0.02	0.02
Income (Loss) per common share attributable to owners of the parent	0.00	(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)

Fiscal quarter ended July 31, 2022

The Company incurred net operating loss during the fiscal quarter ended July 31, 2022, in the amount of $(117,203) or $(0.00) per share compared to net income in the comparative fiscal period ended July 31, 2021, of $135,217 or $0.00 per share.

Some significant expenses incurred in during the fiscal quarter ended July 31, 2022, are as follows:

Consulting fees of $17,665 (2021 - $14,209) were paid or payable to a company controlled by the Company's President and CEO for management services.

Professional fees in the amount of $35,532 (2021 – $37,055) 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 $7,649 (2021 - $ 9,017) for corporate legal services, $24,950 (2021 - $14,237) for legal services related to research activities, a provision of $24,000 (2021 - $20,000) for annual audit fees and $3,892 (2021 - $8,038) for professional fees paid or payable to the Company's CFO.

Regulatory filing fees of $2,155 (2021 - $7,060) 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 and increased during the fiscal quarter ended July 31, 2021, in relation to additional corporate financings and annual fees.

The Company recorded rent expense in the amount of $1,164 (2021 – $4,552) for the fiscal quarter ended July 31, 2022. The Company incurred payments to lease laboratory facilities at its Boston facility in the amount of $28,243 (2021 - $20,443).

The Company incurred $13,187 (2021 - $3,472) in the fiscal quarter ended July 31, 2022, for laboratory and chemical, and biochemical supplies associated with research.

See "Research and Development".

Wages and employee benefits, incurred for the Boston facility research staff and the services of the Company's Chief Scientific Officer, was recorded in the amount of $128,625 (2021- $65,227) during the fiscal quarter ended July 31, 2022. $30,000 (2021 - $Nil) was allocated to administrative services and $98,625 (2021 - $65,227) to research and development activities.

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 fiscal quarter ended July 31, 2022, the Company recorded an exchange loss in the amount of $5,988 (2021 - $3,442).

During the fiscal quarter ended July 31, 2022, the Company incurred interest expense in the amount of $7,252 (2021 - $7,636) as follows. Interest on short-term loans (see "Short term loans") was accrued and payable in the amount of $1,975 (2021 - $1,359). 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 "Promissory Notes") in the amount of $3,509 (2021 -$3,384), and penalties incurred during the year were $Nil (2021 - $1,125) .

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 fiscal quarter ended July 31, 2022, the Company recognized a non-cash gain of $153,274 (2021 – non-cash gain of $259,863) due to the change in fair value share purchase warrants.

Commitments

The Company is committed to lease premises at a monthly rent of $9,214 (2021) - $6,814 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:

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:

	Related party	July 31, 2022	July 31, 2021
Consulting fee	President and CEO (Paul Woodward)	$ 71,427	$ 54,482
Professional fees	CFO (Kenneth Phillippe)	17,765	19,570
Accrued wages	APTI officer and director (Ben Krantz)	180,000	-
Share-based payments	Directors and Officers (as below)	-	48,662
Interest –Promissory notes	Directors and officers (as below)	5,346	5,501
Interest - note payable	Former officer (Estate of Allen Krantz)	7,073	7,073
Total		$ 281,611	$ 135,288

Included in amounts due to related parties is $181,048 (July 31, 2021 - $173,975) is payable on demand to the estate to the former COO/CSO of the Company (Allen Krantz) and bears interest at 5.0% per annum. This loan includes principal of $141,525 (2021 - $141,525) and interest accrued of $39,523 (2021 - $32,450).

Included in amounts due to related parties is non-interest-bearing advances of $2,913 (July 31, 2021 - $Nil) due to the Company's CEO Paul Woodward and to companies in which he is a director, and $288,147 (July 31, 2021 - $126,824) to a director and officer of APTI (Ben Krantz).

Included in trade payables and accrued liabilities is an amount of $413,411 (July 31, 2021 - $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 $Nil (July 31, 2021 - $8,240). Also included in trade payables is $421 (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, 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, together with interest calculated at a rate of 5% per annum. The Company accrued interest income to July 31, 2022 in the amount of $2,968 (2021 – $646). Principal and accrued interest receivable as of July 31, 2022, is $49,755 (2021 - $48,790).

Included in rent expense is $4,762 (2021 - $2,867) paid or payable to Conation Capital Corp., at a rate a of $500 Cdn per month.

Included in promissory notes is the aggregate interest and principal balance of $111,180 ($142,575 Cdn) (July 31, 2021 - $66,188 ($82,488 Cdn) including cumulative accrued interest payable to the Company's CFO (Kenneth Phillippe) and to a directors and officer of APTI (William Dickie and Benjamin Krantz). During the fiscal year ended July 31, 2022 interest of $5,346 ($6,855 Cdn) and during the fiscal year ended July 31, 2021 - $5,501 ($6,855 Cdn) was accrued in aggregate.

Share-based payments recorded for incentive stock options granted to current and former directors and officers:

	July 31, 2022	July 31, 2021
Kenneth Phillippe	$ -	$ 4,635
Paul Woodward	-	18,538
Martin Woodward	-	13,903
Ben Catalano	-	11,586
Total	$ -	$ 48,662

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 July 31, 2021, the Company had a cash balance of $544,429 (July 31, 2021 - $822,360), and a working capital deficiency of $623,909 (July 31, 2021 - $ 107,909).

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

Subsequent Events

Subsequent to July 31, 2022:

On August 1, 2022, APTI closed a private placement by issuance of 11,160,000 of its common shares at $0.025 per share for proceeds in the amount of $279,000.

On September 30, 2022. 7,317,073 warrants exercisable at $0.27 Cdn per share expired without exercise.

On October 12, 2022, APTI issued 4,000,000 of its common shares at $0.025 per share, as partial settlement of debts owing to a director and officer of APTI (Benjamin Krantz) in the amount of $100,000.

On October 12, 2022, APTI issued 6,286,125 of its common shares at $0.025 per share, as partial settlement of debts owing to the estate of a former director and officer (Allen Krantz), eliminating the principal balance of interest bearing debt in the amount of $141.525 and other miscellaneous payable in the amount of $15,628.

On October 12, 2022, APTI issued 31,024,401 common shares at $0.25 in lieu of intercorporate debt in the amount of $775,610.

As of October 12, 2022, the Company controls 76% (July 31, 2022 – 80%) of the issued and outstanding shares of APTI. As of October 12, 2022, the non-controlling interest is recorded at 24% (July 31, 2022 – 20%) of the outstanding APTI shares.

On October 12, 2022, APTI issued 1 preferred share to the Company in lieu of intercorporate debt in the amount of $7,439,388.

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 on 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.

ADVANCED PROTEOME THERAPEUTICS CORPORATION

CORPORATE DATA

As November 10, 2022

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DIRECTORS AND OFFICERS

Paul Woodward	CEO, President, Director
Kenneth C Phillippe, CPA, CA	CFO
Martin Woodward	Director,
Ben Catalano	Director

INVESTOR CONTACT

Mr. Paul Woodward
Tel: 604 690 3797

CAPITALIZATION

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

LISTINGS

TSX Venture Exchange
Trading Symbol: APC
CUSIP #: 007628100