

MARVEL BIOSCIENCES CORP.

Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended January 31, 2023 and 2022

(Unaudited - expressed in Canadian Dollars)

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

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of management.

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

MARVEL BIOSCIENCES CORP.

Condensed Interim Consolidated Statements of Financial Position

As at

(Unaudited - expressed in Canadian Dollars)

		January 31, 2023	July 31, 2022
	Note	\$	\$
ASSETS			
Current assets			
Cash		298,326	593,207
Goods and services taxes receivable		60,301	56,438
Prepaid and deposits	3	280,562	263,896
		639,189	913,541
Total assets		639,189	913,541
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	4,8	624,279	718,005
Total current liabilities		624,279	718,005
Shareholders' equity			
Share capital	5	7,126,719	6,861,069
Subscriptions receivable	5	-	(30,000)
Contributed surplus		174,941	122,022
Deficit		(7,286,750)	(6,757,555)
Total shareholder's equity		14,910	195,536
Total liabilities and shareholders' equity		639,189	913,541

Nature and continuance of operations (Note 1)

Subsequent events (Note 10)

Approved and authorized for issuance on behalf of the Board of Directors on March 30, 2023

/s/ "J. Roderick Matheson"

Roderick Matheson
CEO and Director

/s/ "Randall Smallbone"

Randall Smallbone
Director

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

MARVEL BIOSCIENCES CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and six months ended January 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

	Note	Three months ended January 31,		Six months ended January 31,	
		2023	2022	2023	2022
		\$	\$	\$	\$
Expenses					
Clinical study expense	6	5,737	764,921	14,616	1,006,194
Management and director consulting fees	8	152,067	179,879	295,295	347,842
Professional fees	8	88,510	22,284	106,177	45,081
General and administrative expenses	8	61,974	77,291	128,918	152,383
Transfer agent fees		9,893	17,512	14,872	18,741
Travel expense		2,816	4,221	16,910	5,770
Bank Charges		724	552	2,658	821
Share-based compensation	5,8	20,060	-	52,919	-
Depreciation		-	114	-	152
Loss before other items		(341,781)	(1,066,774)	(632,365)	(1,576,984)
Foreign exchange loss		(889)	(2,993)	(6,509)	(2,993)
Government SR&ED	7	109,679	-	109,679	-
Net loss and comprehensive loss		(232,991)	(1,069,767)	(529,195)	(1,579,977)
Basic and diluted net loss per share		(0.01)	(0.03)	(0.01)	(0.05)
Weighted average number of shares outstanding		39,786,231	32,586,231	39,536,774	32,586,231

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

MARVEL BIOSCIENCES CORP.

Condensed Interim Consolidated Statements of Cash Flows
For the six months ended January 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

	Note	January 31, 2023 \$	January 31, 2022 \$
Cash provided by (used in):			
Operations			
Net loss		(529,195)	(1,579,977)
Items not involving cash:			
Share-based compensation		52,919	-
Depreciation		-	152
		(476,276)	(1,579,825)
Change in non-cash working capital			
Goods and services taxes receivable		(3,863)	(13,082)
Prepays and deposits	3	(16,666)	-
Accounts payable and accrued liabilities	4	(93,726)	58,938
Net cash used in operations		(590,531)	(1,533,969)
Financing			
Issuance of common shares	5	300,000	-
Share subscriptions advance	5	(4,350)	-
Net cash from financing activities		295,650	-
Change in cash		(294,881)	(1,533,969)
Cash, beginning of the period		593,207	2,393,144
Cash, end of the period		298,326	859,175

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MARVEL BIOSCIENCES CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the three and six months ended January 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

	Shares #	Amount \$	Subscription Receivable \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, July 31, 2021	32,586,231	6,459,569	-	99,522	(4,203,416)	2,355,675
Loss for the period	-	-	-	-	(1,579,977)	(1,579,977)
Balance, January 31, 2022	32,586,231	6,459,569	-	99,522	(5,783,393)	775,698
Private placement	4,500,000	427,500	(30,000)	22,500	-	420,000
Share issue costs	-	(26,000)	-	-	-	(26,000)
Loss for the period	-	-	-	-	(974,162)	(974,162)
Balance, July 31, 2022	37,086,231	6,861,069	(30,000)	122,022	(6,757,555)	195,536
Private placement	2,700,000	270,000	30,000	-	-	300,000
Share issue costs	-	(4,350)	-	-	-	(4,350)
Share-based compensation	-	-	-	52,919	-	52,919
Loss for the period	-	-	-	-	(529,195)	(529,195)
Balance, January 31, 2023	39,786,231	7,126,719	-	174,941	(7,286,750)	14,910

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

MARVEL BIOSCIENCES CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended January 31, 2023 and 2022
(Unaudited - expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Marvel Biosciences Corp. ("Marvel" or the "Company") (formerly "Alphanco Ventures Corp.") is a biotechnology company that was incorporated on August 1, 2018, under the laws of the Province of British Columbia. The Company continued from British Columbia to Alberta on June 14, 2021. The Company's head office is 420, 505 8th Ave SW, Calgary, Alberta T2P 1G2 and the registered and records office is 600, 815 8th Avenue SW, Calgary Alberta T2P 3T2.

Alphanco Venture Corp. ("AVC") was a capital pool company listed on the TSX Venture Exchange (the "TSXV") that received conditional approval from the TSXV for its acquisition of all of the outstanding shares of Marvel Biotechnology Inc. as its proposed "Qualifying Transaction" as defined under TSXV policies. The Transaction was pursuant to a reverse take-over ("RTO") by AVC which acquired all of the issued and outstanding shares of Marvel Biotechnology Inc. by amalgamation agreement in exchange for common shares in the capital of AVC. As a result of the Transaction, Marvel Biotechnology Inc. became a wholly-owned subsidiary of Marvel Bioscience Corp. (formerly Alphanco Venture Corp.).

In connection with closing of the Qualifying Transaction which occurred June 14, 2021, AVC changed its name to Marvel Bioscience Corp. and commenced trading on the TSXV under the symbol "MRVL" approximately July 12, 2021. The Company is classified as a Tier 2 issuer pursuant to TSXV policies and a reporting issuer in each of the Provinces of British Columbia, Alberta, and Ontario.

The Company is currently a pre-clinical stage pharmaceutical development biotechnology company that utilizes a "drug redevelopment" approach to drug development. Historically, when a new class of drug is developed, it is optimized for a particular target, but typically only approved for a specific disease. Often, a new disease is identified which involves the same target, however, pending the remaining patent life, the originally approved drug may not have sufficient time left for it to be commercially viable to be developed for the new disease indication. Marvel develops new synthetic chemical derivatives of the original approved drug for the new disease indication. Patent protection is sought as the new potential asset is developed by the Company. The Company believes the business model results in significantly less risk, cost and time to develop its assets compared to traditional biotechnology companies.

The Company has currently developed several new chemical entities, using synthetic chemical derivatives of known, off-patent drugs, that inhibit the A2a adenosine receptor with application to neurological diseases (depression & anxiety, Alzheimer's, ADHD), and the non-neurological conditions of cancer and non-alcoholic steatohepatitis. Marvel is also exploring additional undisclosed targets to expand its asset pipeline.

Going Concern

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company will need to raise sufficient working capital to maintain operations. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company has incurred operating losses from inception, has no recurring revenue sources and does not currently have the financial resources to sustain operations in the long-term.

The Company has a deficit balance of \$7,286,750 (July 31, 2022 - \$6,757,555) largely due to expenditures in scientific research and compound development, and clinical study expenses. In particular, the Company incurred \$14,616 of these expenditures during the six months ended January 31, 2023 (January 31, 2022 - 1,006,194). A government scientific research and experimental

MARVEL BIOSCIENCES CORP.

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development ("SR&ED") assistance application was submitted for the expenses incurred for the year ended July 31, 2021, for \$287,747 and \$145,410 has been received.

The Company actively manages its cash flow and investment in research to match its cash generated from financing activities including eligible government programs. In order to maximize cash generated from operations, the Company plans to focus on developing compounds with positive indicators of activity that can be patented or patentable and commercialized; minimize operating expenses where possible; and limit capital expenditure. As the Company continues to expend on research and development, investments will be financed through eligible government programs and external financing. Management believes that successful execution of its business plan will result in sufficient cash flow and new financing to fund projected operational and investment requirements for its pipeline of compounds it has identified. However, no assurances can be given that the Company will be able to achieve all or part of the objectives discussed above, or that sufficient financing from outside sources will be available. Further, if the Company's operations are unable to generate cash flow levels at or above current projections, the Company may not have sufficient funds to meet its obligations over the next twelve months. Should such events occur, management is committed to implementing all or a portion of its contingency plan. This plan has been developed and designed to provide additional cash flow, and includes, but is not limited to, deferring certain additional product development initiatives, and reducing general and administrative expenses, while seeking outside financing or seeking a potential partner in the development of its products.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect demand for the Company's product and harm the Company's business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

During February 2022, Russia launched a large military invasion of Ukraine leading to a disruption in the supply of energy resources, the imposition of sanctions on Russia, increased tension between the West and Russia and financial market uncertainty. These situations had an impact on many entities and the markets for the securities that they issue and the impacts may continue. The continued uncertainty associated with each of the pandemic and the Russian-Ukraine conflict may have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital.

The failure of the Company to achieve one or all of the above items may have a material adverse impact on the Company's financial position, results of financial performance and cash flows. These factors indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent upon successful execution of its plans noted above. The outcome of these initiatives cannot be predicted at this time. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern for a reasonable period of time.

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2. BASIS OF PREPARATION

Statement of Compliance and basis of presentation

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim consolidated financial statements have been prepared on the basis of accounting policies, methods of computation, and estimates and judgements consistent with those applied in the Company's July 31, 2022, annual consolidated financial statements.

These condensed interim consolidated financial statements do not include all of the information required of full audited consolidated financial statements and therefore these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended July 31, 2022.

Functional and presentation currency

The financial statements are presented in Canadian Dollars, which is the Company's functional and presentation currency.

Approval of the financial statements

The condensed interim consolidated financial statements of the Company for the period ended January 31, 2023, were approved and authorized for issuance by the Board of Directors on March 30, 2023.

3. PREPAID AND DEPOSITS

The Company's prepaids and deposits consist of the following:

	January 31, 2023 \$	July 31, 2022 \$
Corporate development	250,000	250,000
Clinical expenses	1,566	1,566
General and administrative	28,996	12,330
	280,562	263,896

Prepaid expenses are impacted by the quantum and timing of contracts entered into. Prepaid expenses at January 31, 2023, represent the unamortized costs of contracts entered into for development and expansion of the company and clinical expenses.

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4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are non-interest bearing and detailed below:

	January 31, 2023 \$	July 31, 2022 \$
Trade accounts payable	212,983	262,095
Accrued accounts payable	394,692	429,693
Government remittances	16,604	26,217
	624,279	718,005

5. SHARE CAPITAL

(a) Common Shares

Authorized:

Unlimited number of common shares without par value.

Issued and outstanding:

During the six months ended January 31, 2023, the Company issued the following shares:

On August 9, 2022, the Company closed the second tranche of its non-brokered private placement of 2,700,000 units (the "Units") at a price of \$0.10 per Unit for gross proceeds of \$270,000. Each Unit is comprised of one common share of the Company and one share purchase warrant. Each share purchase warrant is exercisable at a price of \$0.15 per share and expires on August 9, 2023. The Company incurred cash share issuance costs of \$4,350. The Company also received \$30,000 in subscriptions that were receivable as at July 31, 2022.

During the six months ended January 31, 2022, the Company did not complete any financings.

Escrow

11,400,098 shares issued to Principals pursuant to the Qualifying Transaction are subject to a Tier 2 Value Security Escrow Agreement to be released over a 36-month period. 150,000 shares issued to non-Principals pursuant to the Qualifying Transaction are subject to a Tier 2 Value Security Escrow Agreement to be released over a 36-month period, in accordance with the Exchange's Seed Share Resale Restrictions. 2,700,000 shares are subject to a CPC Escrow Agreement to be released over an 18-month period. As at January 31, 2023, 5,197,542 remain in escrow.

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(b) Warrants

Warrant transactions are summarized as follows as at January 31, 2023:

	Number of warrants	Weighted Average Exercise Price \$	Weighted Average Remaining Life (years)
Balance, July 31, 2021	8,471,533	0.28	1.38
Issued on private placements	4,500,000	0.15	1.96
Expired	(665,000)	0.50	-
Balance July 31, 2022	12,306,533	0.26	0.98
Issued on private placements	2,700,000	0.15	0.52
Expired	(4,906,533)	0.50	-
Balance, January 31, 2023	10,100,000	0.18	0.36

The following table shows the warrants outstanding at January 31, 2023:

Number of warrants outstanding	Exercise Price \$	Weighted Average Remaining Life
2,900,000	0.25	0.07
4,500,000	0.15	0.46
2,700,000	0.15	0.52
10,100,000		0.36

Subsequent to January 31, 2023, 2,900,000 warrants expired unexercised.

(c) Performance Warrants

During the year ended July 31, 2020, the Board of Directors issued 6,600,000 performance warrants. The performance warrants entitle the holder to purchase one common share of the Company at a set price and vest immediately.

The following table sets forth a reconciliation of performance warrant activity as at January 31, 2023:

	Number	Average Exercise Price \$
Balance, July 31, 2022	1,600,000	0.07
Cancelled	(1,600,000)	-
Balance, January 31, 2023	-	-

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(d) Stock Options

The Company has established a stock option plan (the "Plan") whereby it provides for a fixed number of Common Shares to be reserved and available to be granted. This number is approved by the Corporations Shareholders from time to time and not to exceed 20% of the Corporations issued and outstanding Common Shares on an undiluted basis and including securities authorized under any equity compensation plans, at the time of approval. The exercise price of the Common shares subject to each stock option is determined by the Board of Directors and may not be less than the Discounted Market Price.

The balance of options outstanding and related information for the six months ended January 31, 2023, are as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance July 31, 2021	2,825,000	\$0.27	4.21
Forfeited	(1,100,000)	\$0.25	-
Balance, July 31, 2022	1,725,000	\$0.28	3.97
Granted	1,625,000	\$0.10	-
Balance, January 31, 2023	3,350,000	\$0.20	4.16
Unvested	(1,083,333)	\$0.10	4.70
Vested and exercisable	2,266,667	\$0.24	3.96

The balance of options outstanding as at January 31, 2023 was as follows:

Expiry Date	Exercise price \$	Number of options outstanding	Unvested	Exercisable
July 14, 2026	0.25	1,325,000		1,325,000
July 29, 2026	0.40	400,000		400,000
July 14, 2027	0.10	1,425,000	950,000	475,000
October 19, 2027	0.14	200,000	133,333	66,667
		3,350,000	1,083,333	2,266,667

During the six months ended January 31, 2023, the Company granted 1,625,000 share purchase options; 1,425,000 expiring on July 14, 2027, and 200,000 expiring on October 19, 2027, with an exercise price of \$0.10 and \$0.14. The options vest one-third on the grant date, one-third on the first anniversary of the grant and the remainder on the second anniversary of the grant. The weighted average fair value of the options granted is \$0.05 per option and the Company recorded share-based payments expense of \$52,919. The fair value was determined using the Black-Scholes model using the following assumptions: Risk-free rate – 3.29; expected life - 4.80 years; expected volatility – 124%; expected forfeiture and dividends – nil.

(e) Loss per share

The calculation of weighted average shares outstanding for the diluted loss per share calculation excludes the impact of the options and warrants outstanding as at January 31, 2023 and 2022 as the effect is anti-dilutive.

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6. CLINICAL STUDY EXPENSE

During the six months ended January 31, 2023, the Company initiated and conducted ongoing clinical studies to determine if the Company had indications of viable active compounds, that could lead to drugs being developed to be made commercially, totaling \$14,616 (2022 – \$1,006,194). Because the costs incurred were to determine if a viable active compound existed and further development should be undertaken, the amounts have been expensed. These costs incurred during the period broken down by nature, are as follows:

	January 31, 2023 \$	January 31, 2022 \$
Consultants	5,214	102,396
Research, lab and supplies	9,402	903,798
	14,616	1,006,194

7. GOVERNMENT SCIENTIFIC RESEARCH AND DEVELOPMENT EXPENSE CREDIT

The Company has applied for Government SR&ED refundable tax credits related to the July 31, 2021, fiscal year end totaling \$287,747 and non-refundable tax credits totaling \$22,468 offset by \$74,746, for the preparation of the SR&ED applications, for a net refundable receivable of \$213,001. During the six months ended January 31, 2023, the Company received \$145,410 in SR&ED claims offset by \$35,732 in fees for the preparation of the application.

8. RELATED PARTY TRANSACTIONS

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Compensation paid or payable to key personnel to be the executive and non-executive officers and directors of the Company, for services provided during the three and six months ended January 31, 2023 and 2022 are as follows:

	For the three months ended January 31,		For the six months ended January 31,	
	2023 \$	2022 \$	2023 \$	2022 \$
General and administrative	9,918	9,918	19,836	19,836
Management and director consulting fees	81,667	75,000	163,750	150,000
Professional fees	21,750	-	40,500	-
Share based compensation	18,727	-	47,551	-
	132,062	84,918	271,637	169,836

Included in accounts payable and accrued liabilities at January 31, 2023 are amounts due to related parties of \$32,536 (July 31, 2022 - \$78,583) for the above services. The amounts owing are non-interest bearing and due on demand.

Transactions with related parties are incurred in the normal course of business and initially recorded at fair value.

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9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized costs; and fair value through other comprehensive income. Cash is classified as FVTPL while accounts payable and accrued liabilities are classified as amortized costs.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market-place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's fair value of cash and other assets under the fair value hierarchy is measured using Level 1 inputs.

Risk exposure

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

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 January 31, 2023, the Company had a cash balance of \$298,326 (July 31, 2022 - \$593,207) to settle current liabilities of \$624,279 (July 31, 2022 - \$718,005). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. To maintain liquidity, the Company is currently investigating financing opportunities.

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. The Company does not have a practice of trading derivatives.

Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with

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the credit ratings of its banks. As at January 31, 2023 and 2022, the Company did not have any investments in investment-grade short-term deposit certificates.

Foreign currency risk

A portion of the Company's financial assets and liabilities are denominated in foreign currencies giving rise to risks from changes in foreign exchange rates. As at January 31, 2023, future changes in exchange rate would not have a material impact on the Company's financial instruments. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

Price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

10. SUBSEQUENT EVENTS

On February 24, 2023, the Company announced it has closed its first tranche of a non-brokered private placement of convertible debentures for gross proceeds of \$1,000,000. The convertible debentures bear interest at 8% per annum and are payable annually and mature on the date that is three years from the closing date.