HEMOSTEMIX INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

(EXPRESSED IN CANADIAN DOLLARS)

To the Shareholders of Hemostemix Inc.:

Opinion

We have audited the consolidated financial statements of Hemostemix Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred net loss during the year ended December 31, 2024 and, as of the date had a working capital deficiency and accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

MNP LLP
50 Burnhamthorpe Road West, Suite 900, Mississauga ON, L5B 3C2 T: 416.626.6000 F: 416.626.8650

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zahra Alnoor Bhanji.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

April 29, 2025 — Licensed Public Accountants

Hemostemix Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2024	As at December 31, 2023
ASSETS		
Current Assets		
Cash	**$ 705,700**	$ 155,416
Subscriptions receivable	**200,000**	-
HST/GST receivable	**29,604**	25,059
Prepaid expenses	**56,475**	133,106
Total current assets	**991,779**	313,581
Non-current assets		
Equipment (note 5)	**83**	183
Intangible assets (note 4)	**1**	1
Total assets	**$ 991,863**	$ 313,765
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current Liabilities		
Accounts payable and accrued liabilities (note 13)	**$ 2,772,377**	$ 2,876,568
Total current liabilities	**2,772,377**	2,876,568
Non-current liabilities		
Debentures (note 6)	**4,936,716**	4,321,504
Deferred income tax payable (note 10)	**486,921**	486,921
Total liabilities	**8,196,014**	7,684,993
Shareholders' Deficiency		
Share capital (note 7)	**43,917,274**	42,481,424
Warrants (note 8)	**1,538,381**	1,487,187
Contributed surplus	**13,221,905**	11,925,470
Deficit	**(65,881,711)**	(63,265,309)
Total Shareholders' Deficiency	**(7,204,151)**	(7,371,228)
Total Liabilities and Shareholders' Deficiency	**$ 991,863**	$ 313,765

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

Incorporation, nature of business and going concern (note 1)
Commitments and contingencies (note 12)
Subsequent events (note 15)

Approved on behalf of the Board:

"Peter Lacey", Director, Chair of Audit Committee

"Thomas Smeenk", Director

Hemostemix Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating expenses		
Research and development	**$ 2,972**	$ 384,887
Consulting and salaries (note 13)	**1,003,802**	882,863
Stock-based compensation (note 9)	**330,983**	149,898
Marketing and office expenses (note 13)	**107,422**	375,308
Professional fees	**455,432**	268,690
Loss on settlement of debt through shares (note 7)	**-**	6,193
Gain on extinguishment (note 6)	**-**	(200,990)
Travel	**77,984**	95,099
Foreign exchange gain	**12,544**	(16,180)
Finance expense (notes 6 and 11)	**625,163**	556,118
Depreciation expense (note 5)	**100**	223
Net loss and comprehensive loss for the year	**$ (2,616,402)**	$ (2,502,109)
Basic and diluted net loss and comprehensive loss per share	**$ (0.028)**	$ (0.030)
Weighted average number of common shares outstanding - basic and diluted	**95,058,881**	82,499,189

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

Hemostemix Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating activities		
Net loss for the year	**$ (2,616,402)**	$ (2,502,109)
Items not affecting cash:		
Stock-based compensation (note 9)	**330,983**	149,898
Finance expense (note 11)	**615,213**	556,118
Depreciation expense (note 5)	**100**	223
Foreign exchange gain (loss)	**-**	16,180
Gain on extinguishment	**-**	(200,990)
Loss on settlement of debt through shares	**-**	6,193
Changes in non-cash working capital items:		
Subscriptions receivable	**(200,000)**	-
Prepaid expense	**76,631**	57,148
HST / GST receivable	**(4,545)**	113,879
Accounts payable and accrued liabilities	**(104,192)**	383,699
Net cash used in operating activities	**(1,902,212)**	(1,419,761)
Financing activities		
Proceeds from private placement, net of issue cost (note 7)	**2,452,496**	1,426,633
Exercise of warrants (note 8)	**-**	12,798
Net cash provided by financing activities	**2,452,496**	1,439,431
Net change in cash	**550,284**	19,670
Cash, beginning of year	**155,416**	135,746
Cash, end of year	**$ 705,700**	$ 155,416

Supplemental Information		
Finders' warrants issued for services	**$ -**	$ 25,325

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

Hemostemix Inc.
Consolidated Statements of Changes in Deficiency
(Expressed in Canadian Dollars)

	Share Capital Number	Share Capital Amount	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2022	75,743,019	$ 41,081,789	$ 2,667,520	$ 10,245,161	$ (60,763,200)	$ (6,768,730)
Issuance of common shares in private placement, net of issuance costs (note 7)	9,844,708	1,405,786	20,847	-	-	1,426,633
Exercise of warrants	91,417	21,708	(8,910)	-	-	12,798
Common shares issued for debt	1,443,174	310,282	-	-	-	310,282
Issuance of warrants	-	(338,141)	338,141	-	-	-
Stock-based compensation (note 9)	-	-	-	149,898	-	149,898
Expiry of warrants	-	-	(1,530,411)	1,530,411	-	-
Net loss and comprehensive loss for the year	-	-	-	-	(2,502,109)	(2,502,109)
Balance, December 31, 2023	**87,122,318**	**$ 42,481,424**	**$ 1,487,187**	**$ 11,925,470**	**$ (63,265,309)**	**$ (7,371,228)**
Balance, December 31, 2023	**87,122,318**	**$ 42,481,424**	**$ 1,487,187**	**$ 11,925,470**	**$ (63,265,309)**	**$ (7,371,228)**
Issuance of common shares in private placement, net of issuance costs (note 7)	53,519,635	2,452,496	-	-	-	2,452,496
Issuance of warrants, related to private placements (note 7)	-	(1,016,646)	1,016,646	-	-	-
Stock-based compensation (note 9)	-	-	-	330,983	-	330,983
Expiry of warrants	-	-	(965,452)	965,452	-	-
Net loss and comprehensive loss for the year	-	-	-	-	(2,616,402)	(2,616,402)
Balance, December 31, 2024	**140,641,953**	**$ 43,917,274**	**$ 1,538,381**	**$ 13,221,905**	**$ (65,881,711)**	**$ (7,204,151)**

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

1. Incorporation, Nature of Business and Going Concern

Hemostemix Inc. (“Hemostemix” or “the Company”) is a clinical stage biotechnology company whose principal business is to develop, manufacture and commercialize blood-derived stem cell therapies for medical conditions not adequately addressed by current treatments. Hemostemix Inc., an entity under the Business Corporations Act (Alberta) was formed in November 2014. The Company’s head office is located at Suite 1150, 707-7th Ave SW, Calgary, AB T2P 3H6.

The common shares of Hemostemix are listed on the TSX Venture Exchange under the symbol "HEM", Borse Frankfurt under the symbol "2VFO" and OTCQB under the symbol "HMTXF".

Hemostemix Inc. has five wholly-owned subsidiaries. Kwalata Trading Limited (“Kwalata”), incorporated under the laws of Cyprus, was established to own intellectual property ("IP”). On October 1, 2018, previous management structured the sale of the IP from Kwalata to Hemostemix and planned the wind up of Kwalata. This transaction was not completed and Kwalata remains a wholly owned subsidiary of Hemostemix Inc., and continues as an IP holding company. Hemostemix Ltd., another wholly owned subsidiary, was incorporated under the laws of Israel to conduct manufacturing and perform research and development. Effective October 1, 2017, Hemostemix Ltd. ceased operations. On June 14, 2022, the Company incorporated PreCerv Inc. ("PreCerv") as a wholly owned subsidiary. PreCerv obtained a global field of use license to NCP-01 and its autologous stem cell technologies from Hemostemix. On August 15, 2023, the Company incorporated Hemostemix Quebec Inc. as a wholly-owned subsidiary. On August 22, 2024, the Company incorporated HEM PR Inc. as a wholly-owned subsidiary.

The Company incurred a net comprehensive loss of $2,616,402 for the year ended December 31, 2024, (December 31, 2023 - net comprehensive loss of $2,502,109) and had accumulated deficit of $65,881,711 (December 31, 2023 - $63,265,309). The Company used cash in operating activities of $1,902,212 (December 31, 2023 - $1,419,761) and, as of that date the Company’s current liabilities exceeded their current assets by $1,780,598 (December 31, 2023 – $2,562,987). The Company’s biotechnology is in the final-stage of the research of its main product ACP-01; as a result, the Company has not produced revenue nor achieved operational profitability and positive cash flows.

These conditions give rise to material uncertainty that raises significant doubt about the Company's ability to continue operating as a going concern. The consolidated financial statements do not include any adjustments to reflect any events since December 31, 2024 or the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from this uncertainty. The Company's ability to continue to operate is dependent upon continuing financial support.

These consolidated financial statements were approved by the Company's Board of Directors on April 29, 2025.

2. Material Accounting Policy

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and IFRIC® Interpretations of the IFRS Interpretations Committee.

Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

2. Material Accounting Policy (Continued)

Consolidated financial statements

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Kwalata Trading Limited, Hemostemix Ltd., PreCerv Inc., Hemostemix Quebec Inc. and Hemostemix PR Inc.. The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is determined when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. Effective October 1, 2017, Hemostemix Ltd. ceased operations in Israel and moved its clinical trial activities to North America.

These consolidated financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by the Company and all subsidiaries. Significant intercompany balances and transactions and gains or losses resulting from inter-company transactions are eliminated in full in the consolidated financial statements.

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. Each subsidiary determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The functional currency of the subsidiaries is Canadian dollars. Transactions denominated in foreign currency (other than the functional currency) are recorded on initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences, other than those capitalized to qualifying assets or recorded in equity in hedging transactions, are recognized in profit or loss. Non-monetary assets and liabilities measured at cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

Segment reporting

The Company’s CEO is identified as the chief operating decision maker. The CEO evaluates the performance of the Company and allocates resources based on the information provided by the Company’s management system. The Company has determined that it only has one operating segment located in Canada.

Use of estimates and judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from estimates made in these consolidated financial statements. Areas where estimates are significant to these consolidated financial statements are as follows:

1. The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, forfeiture rate, volatility and dividend yield and making assumptions about them which are disclosed in Note 9.

2. Convertible debentures require an estimation of the fair value of a similar liability that does not have an equity conversion option. The carrying amount is determined by deducting the fair value of the financial liability from the fair value of the convertible debenture as a whole. Significant judgment is required when accounting for the redemption, conversion or modification of these instruments.

2. Material Accounting Policy (Continued)

Financial Instruments

Financial instruments of the Company consist of cash, subscriptions receivable, accounts payable and accrued liabilities and convertible debentures.

Classification and measurement

Financial Assets
At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statements of loss and comprehensive loss.

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the consolidated statements of loss and comprehensive loss and presented together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of loss and comprehensive loss.

Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the consolidated statements of loss and comprehensive loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the consolidated statements of loss and comprehensive loss and recognized in other gains and losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are items in the consolidated statements of loss and comprehensive loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through the consolidated statements of loss and comprehensive loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognized in the consolidated statements of loss and comprehensive loss and presented net within other gains or losses in the period in which it arises.

Our financial assets include cash and other receivables. The classification and measurement of these financial assets are at amortized cost, as these assets are held within our business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the 'solely payments of principal and interest' ("SPPI") criterion.

Financial Liabilities
Financial liabilities are initially measured at fair value and are subsequently measured at amortized cost. The Company's accounts payable and accrued liabilities and convertible debentures are measured at amortized cost.

2. Material Accounting Policy (Continued)

Financial Instruments (continued)

Classification and measurement (continued):

Compound Financial Instruments
Compound financial instruments issued by the Company comprise convertible debt that can be converted to share capital at the option of the Company for the convertible debenture issued in 2021, and at the option of the holder for the convertible debenture issued in 2022, and the number of shares to be issued does not vary with changes in the fair value.

The liability component of compound financial instruments is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component, if any, is recognized initially at the difference between the fair value of the compound financial instrument and the fair value of the liability component. Any direct attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amount.

Subsequent to initial recognition, the liability component of compound financial instruments is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not measured again subsequent to initial recognition. Interest, dividends, losses and gains relating to financial liabilities are recognized in the consolidated statements of loss and comprehensive loss.

Impairment
Under IFRS 9, accounting for impairment losses for financial assets uses a forward-looking expected credit loss (“ECL”) approach.

IFRS 9 requires that the Company record a loss allowance for ECLs on all financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective interest rate.

Cash and cash equivalents
Cash and cash equivalents is defined as cash plus highly liquid assets with an original term to maturity of three months or less at the date of issuance.

Research and development costs
The Company expenses amounts paid for intellectual property, development and production expenditures as they are incurred. However, such costs are deferred and recorded in intangible assets when they meet generally accepted criteria, to the extent that their recovery can reasonably be regarded as assured.

The costs must meet the following criteria to be deferred: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; the probability of future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to reliably measure the expenditure attributable to the intangible asset during its development.

Once those criteria are met, the future costs, such as costs to obtain patent or trademark protection over the developed technologies, will be capitalized. These costs are then amortized over their expected useful lives. To date it has not been demonstrated that these expenditures will generate or be able to be used to generate probable future economic benefits.

2. Material Accounting Policy (Continued)

Provisions
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account risks and uncertainty of cash flow.

Share-based compensation
The Company measures equity settled share based payments to employees and others providing similar services at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share based payments is calculated using the Black-Scholes option valuation model and is expensed on a graded vesting basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, and credited to contributed surplus. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the consolidated statements of loss and comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus. When options are exercised, the proceeds together with the amount originally credited to contributed surplus are credited to share capital.

The use of the Black-Scholes model requires inputting a number of assumptions, including expected dividend yield, expected share price volatility, forfeiture rate, expected time until exercise and risk-free interest rate. Although the assumptions used reflect management's best estimates, they involve inherent uncertainties based on conditions outside of the Company's control. If other assumptions were used, share based compensation could be significantly impacted.

Income tax
Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Tax on income is accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred taxes
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

2. Material Accounting Policy (Continued)

Deferred taxes (continued)
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Loss per share
Loss per common share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding during the period. The diluted loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The basic and diluted loss per share are the same as there are no instruments that have a dilutive effect on earnings. For the periods presented, the potentially dilutive effect of stock options, warrants and the convertible instruments have proven to be anti-dilutive.

Equipment
Equipment is recorded at cost less accumulated depreciation and impairment, if any. Depreciation is calculated on a declining balance basis at 55% per annum for computers.

Intangible assets
Intangible assets consist of costs incurred to acquire license, patents and unpatented technology. Intangible assets are recorded at cost less accumulated amortization and accumulated impairment. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the asset.

Convertible Debentures
Convertible debentures are recorded at amortized cost and accounted for as compound financial instruments with separable debt and equity components. The debt component is measured at fair value on initial recognition by discounting the stream of future interest and principal payments at the rate of interest prevailing at the date of issue for debt instruments of similar term and risk assuming no conversion feature. The debt component is deducted from the total carrying value of the compound instrument to derive the carrying amount allocated to the equity component. The debt component is subsequently measured at amortized cost using the effective interest rate method. Interest expense based on the coupon rate of the debenture and the accretion of the liability component to the amount that will be payable on redemption are recognized as finance costs in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

3. Wholly-Owned Subsidiaries

Hemostemix has four wholly-owned subsidiaries. On October 1, 2018, previous management structured the sale of the IP from Kwalata to Hemostemix and planned the wind up of Kwalata. This transaction was not completed and Kwalata remains a wholly owned subsidiary of Hemostemix Inc., and continues as an IP holding company.

On October 1, 2017, the Company ceased its operations in Israel.

The Israel operations had current assets of $1,784 as at December 31, 2024 (December 31, 2023 - $1,784) and current liabilities of $nil as at December 31, 2024 (December 31, 2023 - $nil).

On June 14, 2022, the Company incorporated PreCerv as a wholly-owned subsidiary. PreCerv obtained a global field of use license to NCP-01 and ACP-01 and its autologous stem cell technologies from Hemostemix.

On August 29, 2023, the Company incorporated Hemostemix Quebec Inc. as a wholly-owned subsidiary.

On August 22, 2024, the Company incorporated Hemostemix PR Inc. as a wholly-owned subsidiary.

4. Intangible Assets

Proprietary Protection - The Company’s intellectual property is protected by several issued patents grouped together in five patent families, which currently have a carrying value of $1 (December 31, 2023 - $1).

During the year ended December 31, 2024, additional provisional patent with trademark applications have been filed and patents continue to be pursued in additional jurisdictions; however, the Company has determined that none of these costs meet the criteria for deferral.
The five patent families are:

Family Patent	Status	Title
1	Granted in several countries including in the US Pending in Canada and Thailand	In-Vitro techniques for use with stem cells
2	Granted in several countries including Canada To be filed in US	Production from blood of cells of neural lineage
3	Granted in Singapore Pending in Canada, Europe and US	Regulating stem cells
4	Granted in several counties including the US and Canada Pending in Europe	Regulating stem cells
5	Granted Mexico, Singapore	Automated cell therapy

(Expressed in Canadian Dollars)

5. Equipment

		Computers
Cost		
Balance - December 31, 2022, December 31, 2023 and December 31, 2024	$	6,138
Accumulated depreciation		
Balance - December 31, 2022	$	(5,732)
Depreciation for the year		(223)
Balance - December 31, 2023	$	(5,955)
Depreciation for the year		(100)
Balance - December 31, 2024	**$**	**(6,055)**
Net book value		
As at December 31, 2023	$	183
As at December 31, 2024	**$**	**83**

6. Loans and Borrowing

(a) Debenture:

	Number of Debentures	Liability Component	Equity Component
Balance at December 31, 2022	**2,500**	**$ 1,574,836**	**$ 859,934**
Accretion and interest	-	307,703	-
Repayment of interest	-	(153,409)	-
Gain on extinguishment	-	(200,990)	-
Balance at December 31, 2023	**2,500**	**$ 1,528,140**	**$ 859,934**
Accretion (note 11)	-	375,104	-
Balance at December 31, 2024	**2,500**	**$ 1,903,244**	**$ 859,934**

On June 11, 2021, the Company closed a $2,500,000 non-brokered private placement of convertible debentures (the "Debentures"), in the principal amount of $2,500,000. Each Debenture consists of $1,000 principal amount and 2,500 Debenture warrants. The debenture matures five years from the closing date and bears interest at a rate of 6% per annum, payable quarterly, in arrears in cash or Common shares at the option of the Company. The principal amount of the debenture may be convertible, at the option of the Company and the holder, into common shares of the Company at a price of $0.40 per common share. At the election of the Company, any accrued and unpaid interest may be converted into Common shares of the Company at a conversion price equal to market price, but not less than the conversion price. Each debenture warrant entitles the holder to acquire one common share at a price of $0.55 per common share for a period of 24 months from the closing of the debenture offering.

(Expressed in Canadian Dollars)

6. Loans and Borrowing (Continued)

(a) Debenture (continued)

The liability component of the Debenture was valued using the effective interest method, based on an estimated effective interest rate of 23%. The difference between the $2,500,000 principal amount of the Debentures and the discounted fair value of the liability component was recognized as the equity portion of the Debenture on the date of grant. No fair value measurement is required as liability component is measured at amortized cost after initial recognition. The fair value of the equity component as of issuance was $859,934, which is net of deferred tax recovery of $255,788. On March 29, 2023, the Company settled $153,409 of interest by issuing 639,203 common shares at a deemed unit price of $0.24 (Note 7). During the year ended December 31, 2023, the Convertible Debenture was amended as follows: 1) interest will be amended from 6% per annum to nil (zero) from January 1, 2023 to maturity (June 11, 2026); 2) the Company's conversion rights will be limited to allow conversion, at the originally stated conversion rate of $0.40 per common share, for any or all, of the outstanding debentures at maturity; 3) the Company will grant the holder the ability to convert at any time, any or all, of their debentures at the originally stated conversion rate of $0.40 per common share and 4) security will be amended from unsecured to secured, and will rank in a second secured position behind the already secured $2.75 million 5 year secured debenture, issued on April 25, 2022. A gain of $200,990 was recorded during the year ended December 31, 2023. There was no change in the classification of the convertible debt. No embedded and no fair value has been recalculated as of December 31, 2024. During the year ended December 31, 2024, the Company incurred $375,104 (year ended December 31, 2023 - $307,703) of accretion expense, included in the consolidated Statements of Loss and Comprehensive Loss.

(b) Convertible debenture

	Number of Debentures	Liability Component	Equity Component
Debentures, balance at December 31, 2022	**2,750**	**$ 2,550,982**	**$ 7,922**
Interest	-	220,000	-
Accretion	-	22,381	-
Balance at December 31, 2023	**2,750**	**$ 2,793,363**	**$ 7,922**
Interest (note 11)	-	220,602	-
Accretion (note 11)	-	19,507	-
Balance at December 31, 2024	**2,750**	**$ 3,033,472**	**$ 7,922**

On April 25, 2022, the Company closed a $2,750,000 non-brokered private placement of convertible debentures (the "Convertible Debentures”), in the principal amount of $2,750,000. Each Convertible Debenture consists of $1,000 principal amount and 5,714 Convertible Debenture warrants. The debenture matures five years from the closing date and bears interest at a rate of 8% per annum, payable quarterly, in arrears in cash or Common shares at the option of the Company. The principal amount of the debenture may be convertible, only at the option of the holder, into common shares of the Company at a price of $0.175 per common share. At the election of the Company, any accrued and unpaid interest may be converted into Common shares of the Company at a conversion price equal to market price, but not less than the conversion price. Each debenture warrant entitles the holder to acquire one common share at a price of $0.20 per common share for a period of 60 months from the closing of the debenture offering.

(Expressed in Canadian Dollars)

6. Loans and Borrowing (Continued)

(b) Convertible debenture (continued)

The liability component of the Debenture was valued using the effective interest rate method, based on an estimated effective interest rate of 9.85%. The difference between the $2,750,000 principal amount of the Debentures and the discounted fair value of the liability component was recognized as the equity portion of the Debenture on the date of grant. No fair value measurement is required as liability component is measured at amortized cost after initial recognition. The fair value of 15,713,500 warrants issued was $167,809 and the fair value of the 133,935 finder warrants issued was $20,524. Additional issue costs of $25,654 was incurred. The fair value of the equity component is $7,922. Fair value has not changed as of December 31, 2024. On March 29, 2023, the Company settled $150,680 of interest by issuing 803,971 common shares at a deemed unit price of $0.19 (Note 7). No embedded and no fair value has been recalculated as of December 31, 2024. During the year ended December 31, 2024, the Company incurred $240,109 (year ended December 31, 2023 - $242,381) of accretion and interest expense, included in the consolidated Statements of Loss and Comprehensive Loss.

7. Share Capital

(a) Authorized
Unlimited number of shares designated as Common Shares
Unlimited number of shares designated as Preferred Shares
The preferred shares are issuable in series and have such rights, restrictions, conditions and limitations as the Board may from time to time determine. No preferred shares have been issued.

(b) Issued and outstanding

	Number of common shares	Amount
Balance, December 31, 2022	**75,743,019**	**$ 41,081,789**
Private placement net of share issuance costs (i)(iii)(iv)	9,844,708	1,405,786
Exercise of finder warrants (note 8)	91,417	21,708
Issuance of warrants (i)(iii)(iv)	-	(338,141)
Shares issued for debt (ii)	1,443,174	310,282
Balance, December 31, 2023	**87,122,318**	**$ 42,481,424**
Balance, December 31, 2023	**87,122,318**	**$ 42,481,424**
Private placement net of share issuance costs (v)(vi)	53,519,635	2,452,496
Issuance of warrants (v)(vi)	-	(1,016,646)
Balance, December 31, 2024	**140,641,953**	**$ 43,917,274**

i) In the first quarter of 2023, the Company closed a non-brokered private placement consisting of an aggregate of 3,812,000 units at a price of $0.20 per Unit for gross proceeds of $762,400. Each unit ("Unit") consisted of one common share, and one common share purchase warrant. Purchase warrants were valued at $145,939 which entitles the holder to acquire one common share at a price of $0.65 per common share, for a period of 24 months. In connection with the private placement, the Company paid eligible finders fees of aggregate cash finder's fees of approximately $27,224 as well as granted 136,120 agent warrants with a fair value of $6,709 which are exercisable for a period of 12 months from closing to acquire common shares at a price of $0.20 per common shares (note 8).

7. Share Capital (continued)

(b) Issued and outstanding (continued)

ii) In the first quarter of 2023, the Company issued 1,443,174 common shares at a deemed unit price of $0.21 per common share to settle $310,282 of debt owed to the Company. The Company incurred total loss of $6,193 in the consolidated statements of loss and comprehensive loss.

iii) In the second quarter of 2023, the Company closed a non-brokered private placement consisting of an aggregate of 3,362,833 units at a price of $0.12 per Unit for gross proceeds of $403,540. Each unit ("Unit") consisted of one common share, and one half of one common share purchase warrant, with each full warrant entitling the holder to acquire one common share at a price of $0.25 per common share, for a period of 24 months. In connection with the private placement, the Company paid eligible finders fees of aggregate cash finder's fees of approximately $19,803 as well as granted 165,027 agent warrants with a fair value of $11,037 which are exercisable for a period of 12 months from closing to acquire common shares at a price of $0.12 per common shares (note 8).

iv) In the third quarter of 2023, the Company closed a non-brokered private placement consisting of an aggregate of 2,669,875 units at a price of $0.12 per Unit for gross proceeds of $320,385. Each unit ("Unit") consisted of one common share, and one half of one common share purchase warrant, with each full warrant entitling the holder to acquire one common share at a price of $0.25 per common share, for a period of 24 months. In connection with the private placement, the Company paid eligible finders fees of aggregate cash finder's fees of approximately $10,228 as well as granted 47,920 agent warrants with a fair value of $3,101 which are exercisable for a period of 12 months from closing to acquire common shares at a price of $0.12 per common shares (note 8).

v) In the fourth quarter of 2024, the Company closed a non-brokered private placement consisting of an aggregate of 36,854,475 units at a price of $0.05 per Unit for gross proceeds of $1,842,724. Each unit ("Unit") consisted of one common share, and one common share purchase warrant, with each full warrant entitling the holder to acquire one common share at a price of $0.12 per common share, for a period of 24 months. In connection with the private placement, the Company paid eligible finders fees of aggregate cash finder's fees of approximately $141,284 as well as granted 1,718,800 agent warrants with a fair value of $131,630 which are exercisable for a period of 24 months from closing to acquire common shares at a price of $0.05 per common shares (note 8).

vi) In the fourth quarter of 2024, the Company closed a non-brokered private placement consisting of an aggregate of 16,665,160 units at a price of $0.05 per Unit for gross proceeds of $833,258. Each unit ("Unit") consisted of one common share, and one common share purchase warrant, with each full warrant entitling the holder to acquire one common share at a price of $0.12 per common share, for a period of 24 months. In connection with the private placement, the Company paid eligible finders fees of aggregate cash finder's fees of approximately $91,001 as well as granted 496,413 agent warrants with a fair value of $30,219 which are exercisable for a period of 24 months from closing to acquire common shares at a price of $0.05 per common shares (note 8).

(Expressed in Canadian Dollars)

8. Warrants

The following table reflects the continuity of the investor warrants for the years ended December 31, 2024 and 2023:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2022	**73,677,134**	**$ 0.50**
Granted (a) (note 7 (b)(i)(iii)(iv))	6,828,355	0.47
Expired (g)	(41,867,233)	0.63
Balance, December 31, 2023	**38,638,256**	**$ 0.44**
Granted (d)(e)	53,519,635	0.12
Expired (h)	(16,096,401)	0.46
Balance, December 31, 2024	**76,061,490**	**$ 0.17**

A summary of the status of the Company's broker warrants as at December 31, 2024 and 2023 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2022	**993,397**	**$ 0.34**
Exercised (f)	(91,417)	0.14
Expired (i)	(235,015)	0.22
Granted (a)(b)(c), (note 7 (b)(i)(iii))	349,067	0.15
Balance, December 31, 2023	**1,016,032**	**$ 0.32**
Expired (j)	(803,085)	0.37
Granted (d)(e), (note 7 (b)(v)(vi))	2,215,213	0.05
Balance, December 31, 2024	**2,428,160**	**$ 0.06**

a) In conjunction with the private placement on March 21, 2023, the Company issued 3,812,000 warrants that entitle the holder to acquire an additional common share at $0.65 per share, and expiring in a 24 month period. The Company also granted 136,120 agent warrants which entitle the holder to acquire a purchase warrant at $0.20 per share and expiring in a 12 month period. The fair value of the warrants was estimated on the date of grant using the Black-Scholes relative fair value approach with the following assumptions: stock price of $0.175, expected dividend yield of 0%, expected volatility of 80.81%-102.31%, risk-free interest rates of 3.70%, and an average expected life of 12-24 months.

b) In conjunction with the private placement on June 28, 2023, the Company issued 1,681,417 warrants that entitle the holder to acquire an additional common share at $0.25 per share, and expiring in a 24 month period. The Company also granted 165,027 agent warrants which entitle the holder to acquire a purchase warrant at $0.12 per share and expiring in a 12 month period. The fair value of the warrants was estimated on the date of grant using the Black-Scholes relative fair value approach with the following assumptions: stock price of $0.12, expected dividend yield of 0%, expected volatility of 103.57%, risk-free interest rates of 3.63%, and an average expected life of 12-24 months.

8. Warrants (continued)

c) In conjunction with the private placement on September 28, 2023, the Company issued 1,334,938 warrants that entitle the holder to acquire an additional common share at $0.25 per share, and expiring in a 24 month period. The Company also granted 47,920 agent warrants which entitle the holder to acquire a purchase warrant at $0.12 per share and expiring in a 24 month period. The fair value of the warrants was estimated on the date of grant using the Black-Scholes relative fair value approach with the following assumptions: stock price of $0.11, expected dividend yield of 0%, expected volatility of 107.21%, risk-free interest rates of 3.63%, and an average expected life of 12-24 months.

d) In conjunction with the private placement on October 29, 2024, the Company issued 36,854,475 warrants that entitle the holder to acquire an additional common share at $0.12 per share, and expiring in a 24 month period. The Company also granted 1,718,800 agent warrants which entitle the holder to acquire a purchase warrant at $0.05 per share and expiring in a 24 month period. The fair value of the warrants was estimated on the date of grant using the Black-Scholes relative fair value approach with the following assumptions: stock price of $0.10, expected dividend yield of 0%, expected volatility of 130.56%, risk-free interest rates of 3.08%, and an average expected life of 24 months.

e) In conjunction with the private placement on November 28, 2024, the Company issued 16,665,160 warrants that entitle the holder to acquire an additional common share at $0.12 per share, and expiring in a 24 month period. The Company also granted 496,413 agent warrants which entitle the holder to acquire a purchase warrant at $0.05 per share and expiring in a 24 month period. The fair value of the warrants was estimated on the date of grant using the Black-Scholes relative fair value approach with the following assumptions: stock price of $0.085, expected dividend yield of 0%, expected volatility of 120.79%, risk-free interest rates of 3.18%, and an average expected life of 24 months.

f) During the year ended December 31, 2023, 91,417 broker warrants with a Black-Scholes value of $8,910, were exercised into 91,417 common shares for proceeds of $12,798.

g) During the year ended December 31, 2023, 41,867,233 warrants expired unexercised.

h) During the year ended December 31, 2024, 16,096,401 warrants expired unexercised.

i) During the year ended December 31, 2023, 235,015 broker warrants expired unexercised.

j) During the year ended December 31, 2024, 803,085 broker warrants expired unexercised.

(Expressed in Canadian Dollars)

8. Warrants (continued)

As at December 31, 2024, the following warrants were issued and outstanding:

Expiry Date	Exercise Price ($)	Number of Warrants and Broker Warrants
March 20, 2025	0.65	3,812,000
June 27, 2025	0.25	1,681,417
June 27, 2025	0.12	165,027
September 28, 2025	0.25	1,334,938
September 28, 2025	0.12	47,920
April 25, 2027	0.20	15,713,500
October 29, 2026	0.12	36,854,475
October 29, 2026	0.05	1,718,800
November 29, 2026	0.12	16,665,160
November 29, 2026	0.05	496,413
		78,489,650

9. Stock Options

	Number of Options		Weighted average exercise price
Balance, December 31, 2022	**6,775,694**	**$**	**0.60**
Granted (a)	2,385,000		0.07
Expired	(484,000)		0.04
Balance, December 31, 2023	**8,676,694**	**$**	**0.44**
Balance, December 31, 2023	**8,676,694**	**$**	**0.44**
Granted (b)	3,710,000		0.10
Balance, December 31, 2024	**12,386,694**	**$**	**0.33**

a) On December 29, 2023, the Company granted 2,385,000 stock options to various officers, directors and consultants of the Company. The stock options granted have an exercise price of $0.07 and an expiry date of December 29, 2028. 1,910,000 of these stock options will vest immediately. The remaining 475,000 stock options will vest 50% immediately with the remaining 50% fully vested on December 29, 2024. The fair value of the stock options were $167,750 and was estimated on the date of grant using the Black-Scholes model with the following assumptions: expected volatility of 260%, risk-free interest rate of 3.17% and an average expected life of 5 years.

b) On October 31, 2024, the Company granted 3,710,000 stock options to various officers, directors and consultants of the Company. The stock options granted have an exercise price of $0.10 and an expiry date of October 31, 2029. 3,220,000 of these stock options will vest immediately. The remaining 490,000 stock options will vest 50% immediately with the remaining 50% fully vested on October 31, 2025. The fair value of the stock options were $331,702 and was estimated on the date of grant using the Black-Scholes model with the following assumptions: expected volatility of 242.3%, risk-free interest rate of 3.02% and an average expected life of 5 years.

(Expressed in Canadian Dollars)

9. Stock Options (continued)

The Company has recognized an expense of $330,983 for options vesting period during the year ended December 31, 2024 (year ended December 31, 2023 - $149,898), which is included in stock-based compensation expense on the consolidated statements of loss and comprehensive loss.
The following summarizes the stock options outstanding as at December 31, 2024:

	Number of Options #	Exercise Price $	Weighted Average remaining life (years)
December 31, 2025	4,858,000	0.70	0.39
February 28, 2027	1,433,694	0.17	0.25
December 29, 2028	2,385,000	0.07	0.77
October 31, 2029	3,710,000	0.10	1.45
	12,386,694		**2.86**

As at December 31, 2024, there were 12,141,694 exercisable options with a weighted average exercise price of $0.34.

10. Income Tax

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 23% (2023 - 23%) to the effective tax rate is as follows:

	2024	2023
Net (Loss) before income taxes	**$ (2,616,402)**	$ (2,502,109)
Expected income tax (recovery)	**(601,770)**	(575,490)
Stock-based compensation and non-deductible expenses	**80,070**	35,070
Share issuance cost booked directly to equity	**(83,170)**	(16,930)
Change in benefit of tax assets not recognized	**604,870**	557,350
Deferred income tax provision	**$ -**	$ -

(Expressed in Canadian Dollars)

10. Income Tax (continued)

Deferred tax

The following table summarizes the components of deferred tax:

	2024	2023
Deferred Tax Assets		
Operating tax losses carried forward	**195,200**	285,960
Subtotal of Assets	**195,200**	285,960
Deferred Tax Liabilities		
Convertible debentures	**(195,200)**	(285,960)
Loan	**(486,921)**	(486,921)
Subtotal of Liabilities	**(682,121)**	(772,881)
Net deferred tax liability	**$ (486,921)**	$ (486,921)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Movement in net deferred tax liabilities:

	2024	2023
Balance at the beginning of the year	**$ (486,921)**	$ (486,921)
Recognized in profit/loss	**-**	-
Balance at the end of the year	**$ (486,921)**	$ (486,921)

(Expressed in Canadian Dollars)

10. Income Tax (continued)

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

Deductible temporary differences	2024	2023
Equipment	**$ 12,660**	$ 12,560
Share issue costs	**505,780**	533,180
Undepreciable tax costs of intangible assets	**14,627,610**	14,627,610
Operating tax losses carried forward - Canada	**50,798,020**	48,108,340
Operating tax losses carried forward - US	**135,920**	135,920
Deductible temporary differences not recognized	**$ 66,079,990**	$ 63,417,610

The Canadian operating tax loss carry forwards expire as noted in the table below. U.S. operating tax losses can be carried forward indefinitely.

Share issuance costs will be fully amortized by 2027.

The capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available which the Company can utilize the benefits therefrom.

2026	$ 2,432,500
2027	900,120
2028	642,600
2029	1,340,250
2030	661,800
2031	1,307,720
2032	572,060
2033	2,145,680
2034	279,000
2035	2,948,180
2036	2,842,550
2037	1,904,490
2038	5,115,010
2039	5,033,920
2040	6,105,820
2041	6,906,830
2042	4,694,720
2043	2,669,700
2044	2,295,070
	$ 50,798,020

(Expressed in Canadian Dollars)

11. Finance Expense

	Year Ended December 31, 2024	Year Ended December 31, 2023
Finance expenses:		
Financial expenses	**9,950**	6,034
Accretion expense (Note 6)	**394,611**	330,084
Interest expense (Note 6)	**220,602**	220,000
Total	**625,163**	556,118

12. Commitments and contingencies

Commitments

Clinical Trial Costs
In 2024, and continuing into 2025, these costs will primarily relate to analytical and trial planning and initiation activities.

Contingencies

In the ordinary course of operating, the Company may from time to time be subject to various claims or possible claims. Management believes that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain, and management's view of these matters may change in the future.

Zenith Appraisal & Land Consulting Ltd. Lawsuit
On October 28, 2022, counsel for Company filed a statement of defense in the Court of King's Bench of Alberta, seeking dismissal of Zenith Appraisal and Land Consulting Ltd's claim for compensation since its principal, David Wood, a former director of the Company, was paid in full and signed a release following his resignation from the Board during April 2020. The Company's position is that Zenith's claim is without merit, and it will defend its position vigorously.

13. Related Party Transactions

Related party transactions are conducted on the terms and conditions agreed to by the related parties. It is the Company's policy to conduct all transactions and settle all balances with related parties on market terms and conditions.

The following includes all compensation to key management personnel:

The Company recorded share-based compensation expense for the year ended December 31, 2024 of $290,954 (year ended December 31, 2023 - $139,440) to the current management and directors of the Company.

For the year ended December 31, 2024, the Company incurred $198,000 (year ended December 31, 2023 - $198,000) to Mr. Thomas Smeenk, CEO, for consulting services. As at December 31, 2024, Mr. Smeenk was owed $292,999 (December 31, 2023 - $158,535) and this amount was included in accounts payable and accrued liabilities.

13. Related Party Transactions (continued)

For the year ended December 31, 2024, the Company incurred $262,500 (year ended December 31, 2023 - $137,500) to a consultant of the Company. As at December 31, 2024, they were owed $273,391 (December 31, 2023 - $96,394) and this amount was included in accounts payable and accrued liabilities.

For the year ended December 31, 2024, the Company incurred $47,504 (year ended December 31, 2023 - $49,966) to Marrelli Support Services Inc., a company which the CFO is related to. As at December 31, 2024, the Company owed $nil (December 31, 2023 - $nil) to Marrelli Support Services Inc. for accounting fees, and this amount was included in accounts payable and accrued liabilities.

Please refer to note 6 for convertible debentures that is with a related party.

14. Financial Instruments

Our financial instruments consist of cash, subscriptions receivables and accounts payable and accrued liabilities and debentures. As at December 31, 2024, there are no significant differences between the carrying values of these amounts and their estimated market values.

Financial risk management
The Company's financial risk management policies are established to identify and analyze the risks faced by the Company, to set acceptable risk tolerance limits and controls, and to monitor risks and adherence to limits. The financial risk management policies and systems are reviewed regularly to ensure they remain consistent with the objectives and risk tolerance acceptable to the Company and current market trends and conditions. The Company, through its training and management standards and procedures, aims to uphold a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks from its use of financial instruments:

- liquidity risk; and
- market risk (including foreign currency and interest rate risk).

Interest rate risk
Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company are exposed to interest rate risk through our cash. The Company mitigate this risk by investment of excess cash resources in investment grade vehicles while matching maturities with our operational requirements. The Company structures the large majority of its secured borrowing arrangements to maintain a fixed interest rate spread. This fixed interest rate spread is achieved by match funding transactions on both a duration and interest rate basis.

Fluctuations in market rates of interest do not have a significant impact on our results of operations due to the short term to maturity of the debt held.

The Company mitigates our exposure to interest rate risk on loans as the Company utilizes fixed rates.

Currency risk
Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In the normal course of our operations. The Company are exposed to currency risk from the purchase of goods and services in the United States. In addition, the Company are exposed to currency risk to the extent cash is held in foreign currencies. The impact of a 10% increase in the value of the U.S. dollar against the Canadian dollar would have increased our net loss for the year ended December 31, 2024 by approximately $117,031 (year ended December 31, 2023 - $111,668).

(Expressed in Canadian Dollars)

14. Financial instruments (continued)

Currency risk (continued)

The Company mitigate our foreign exchange risk by maintaining sufficient foreign currencies, through the purchase of foreign currencies, when cash allows, to settle our foreign accounts payable and future commitments.

Balances in foreign currencies at December 31, 2024 are as follows:

	US Dollar
Cash	$ 14,376
Accounts payable and accrued liabilities	(1,184,687)
Balance, December 31, 2024	**$ (1,170,311)**

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manage liquidity risk through the management of our capital structure. Accounts payable and accrued liabilities, convertible debentures, loans payable all were due within a year.

	2024	2025	2026	2027	2028	Thereafter
Accounts payable and accrued liabilities	**$ 2,772,377**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Convertible debt	593,096	220,000	220,000	5,317,507	-	-
Total	$ 3,365,473	$ 220,000	$ 220,000	$ 5,317,507	$ -	$ -

15. Subsequent Events

On January 7, 2025, the Company issued 4,085,461 shares at $0.10 per share to satisfy the interest owing from January 1, 2023 to September 30, 2024 of $408,546 on the outstanding $2,750,000 Convertible Debenture.

On January 28, 2025, 50,000 warrants at a price of $0.25 were exercised.

On January 30, 2025, 180,000 options at a price of $0.07 were exercised by a director of the Company.

On February 10, 2025, 57,140 warrants at a price of $0.175 were exercised.

On February 11, 2025, 57,140 debenture warrants at a price of $0.20 were exercised.

On March 5, 2025, 16,000 warrants at a price of $0.05 were exercised.

On March 7, 2025, 200,000 warrants at a price of $0.12 were exercised.