IZOTROPIC CORPORATION

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three and nine months ended January 31, 2023 and 2022
(In Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

IZOTROPIC CORPORATION

Condensed Interim Consolidated Statements of Financial Position

As at January 31, 2023 and April 30, 2022

(Unaudited - Expressed in Canadian dollars)

	Notes	**January 31, 2023**	April 30, 2022
		$	$
Assets			
Current			
Cash and cash equivalents		**418,753**	1,856,573
GST recoverable		**12,332**	41,261
Prepaid expenses and deposits		**227,632**	352,214
		658,717	2,250,048
Property and equipment	3	**131,415**	18,987
Total assets		**790,132**	2,269,035
Liabilities			
Current			
Accounts payable and accrued liabilities		**651,601**	615,470
Promissory notes	4	**2,042,690**	2,028,154
Lease liability	5	**28,056**	-
Total liabilities		**2,722,347**	2,643,624
Lease liability	5	**66,468**	-
		2,788,815	2,634,624
Shareholders' equity			
Share capital	6	**13,353,439**	11,278,117
Reserves		**1,730,871**	2,327,291
Deficit		**(17,082,993)**	(13,979,997)
Total equity		**(1,998,683)**	(374,589)
Total liabilities and shareholders' equity		**790,132**	2,269,035
Nature of operations and going concern	1		

Approved on behalf of the Board of Directors:

(Signed) "*Bob Thast*" (Signed) "*John McGraw*"
Director Director

IZOTROPIC CORPORATION

Condensed Interim Consolidated Statements of Comprehensive Loss
Three and nine months ended January 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended January 31, 2023	Three months ended January 31, 2022	Nine months ended January 31, 2023	Nine months ended January 31, 2022
		$	$	**$**	$
Operating expenses					
Consulting fees	7	**122,000**	141,750	**492,000**	463,750
Depreciation	3	**10,426**	2,216	**16,525**	6,649
Regulatory fees		**26,596**	12,492	**67,827**	60,330
Investor relations		**8,300**	45,000	**25,300**	147,000
Office		**16,863**	28,239	**43,072**	52,521
Patient maintenance		**-**	4,296	**9,405**	19,306
Product development	8	**651,934**	836,994	**1,896,754**	3,103,292
Professional fees	7	**78,502**	92,851	**274,504**	256,957
Share-based compensation	6(d), 6(e), 7	**856,202**	(146,105)	**968,182**	400,266
Travel and promotion		**146,581**	226,401	**361,532**	479,685
Loss before other items		**(1,917,404)**	(1,244,134)	**(4,155,101)**	(4,989,756)
Other items					
Bank charges		**(3,676)**	(1,983)	**(7,388)**	(4,270)
Accretion	4,5	**(16,050)**	-	**(37,594)**	-
Interest	4	**(61,500)**	(256)	**(184,500)**	-
Foreign exchange (loss) gain		**3,508**	14,636	**(22,338)**	(18,374)
		(77,718)	12,397	**(251,820)**	(22,644)
Net loss and comprehensive loss		**(1,995,122)**	(1,231,737)	**(4,406,921)**	(5,012,400)
Net loss per share - basic and diluted		**(0.04)**	(0.03)	**(0.09)**	(0.12)
Weighted average number of shares outstanding		**51,610,456**	43,224,845	**49,582,041**	42,673,681

IZOTROPIC CORPORATION

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

Nine months ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

		Share capital		Reserves					
	Notes	Number	Amount	Options	RSUs/PSUs	Warrants	Total Reserves	Deficit	Total
		#	$				$	$	$
Balance, April 30, 2022		44,841,454	11,278,117	1,571,490	583,324	172,477	2,327,291	(13,979,997)	(374,589)
Shares issued for cash	6(b)(i)	2,500,000	1,000,000	-	-	-	-	-	1,000,000
Share issuance costs		-	(62,071)	-	-	24,129	24,129	-	(37,942)
Warrants exercised		3,900,000	780,000	-	-	-	-	-	780,000
Broker warrants exercised		51,067	61,136	-	-	(33,049)	(33,049)	-	28,087
Expired broker warrants		-	-	-	-	(139,428)	(139,428)	139,428	-
Stock options exercised		375,000	65,632	(21,132)	-	-	(21,132)	-	44,500
Forfeited and expired options		-	-	(979,997)	-	-	(979,997)	979,997	-
Shares issued on vested RSUs		187,500	230,625	-	(415,125)	-	(415,125)	184,500	-
Share-based compensation		-	-	824,469	143,713	-	968,182	-	968,182
Net loss for the period		-	-	-	-	-	-	(4,406,921)	(4,406,921)
Balance, January 31, 2023		**51,855,021**	**13,353,439**	**1,394,830**	**311,912**	**24,129**	**1,730,871**	**(17,082,993)**	**(1,998,683)**
Balance, April 30, 2021		42,006,078	10,041,597	1,226,771	416,230	158,080	1,801,081	(7,325,305)	4,517,373
Shares issued on vested RSUs		450,000	368,625	-	(218,010)	-	(218,010)	-	150,615
Warrants exercised		859,300	270,475	-	-	-	-	-	270,475
Broker warrants exercised		49,581	54,264	-	-	(26,994)	(26,994)	-	27,270
Stock options exercised		50,000	7,029	(2,029)	-	-	(2,029)	-	5,000
Share-based compensation		-	-	249,651	-	-	249,651	-	249,651
Net loss for the period		-	-	-	-	-	-	(5,012,400)	(5,012,400)
Balance, January 31, 2022		43,414,959	10,741,990	1,474,393	198,220	131,086	1,803,699	(12,337,705)	207,984

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

IZOTROPIC CORPORATION

Condensed Interim Consolidated Statements of Cash Flows
Nine months ended January 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars)

	Notes	Nine months ended 2023	January 31, 2022
		$	$
Operating activities			
Net loss for the period		**(4,406,921)**	(5,012,400)
Items not affecting cash			
Depreciation		**16,525**	6,649
Accrued interest and accretion	4, 5	**222,094**	
Share-based payments		**968,182**	400,266
Changes in non-cash working capital items:			
GST recoverable		**28,929**	694
Prepaids		**124,582**	539,054
Accounts payable and accrued liabilities		**15,631**	1,211,237
Cash flows used in operating activities		**(3,030,978)**	(2,854,500)
Investing activities			
Acquisition of property and equipment		**(29,791)**	(31,911)
Cash flows used in investing activities		**(29,791)**	(31,911)
Financing activities			
Shares issued for cash, net of share issue costs	6	**1,814,645**	302,745
Interest paid on promissory notes	4	**(184,500)**	-
Payment of lease liability		**(7,173)**	-
Cash flows provided by financing activities		**1,622,972**	302,745
Decrease in cash		**(1,437,797)**	(2,583,666)
Effect of foreign currency translation on cash		**(23)**	-
Cash and cash equivalents, beginning of period		**1,856,573**	4,063,756
Cash and cash equivalents, end of period		**418,753**	1,480,090
Cash and cash equivalents consist of:			
Cash		**390,003**	1,856,573
GIC		**28,750**	-
Supplementary cash flow information			
Right-of-use asset addition		**100,102**	-
Cash paid for interest		**184,500**	-
Cash paid for taxes		**-**	-

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

1. Nature of operations and going concern

(a) Nature of operations

Izotropic Corporation (the "Company" or "Izotropic") was incorporated in the Province of British Columbia on May 19, 2016, under the Business Corporations Act of British Columbia. The Company's head office is located at 800 – 15355 24 Avenue, Suite 424, Surrey, British Columbia, Canada.

The Company is a research and development company specializing in cancer research and early detection for breast cancer. The common shares of Izotropic are listed on the Canadian Securities Exchange in Canada under the symbol "IZO", on the OTC markets in the USA under the symbol "IZOZF" and the Frankfurt Stock Exchange in Germany under the symbol "1R3".

On April 25, 2017, the Company entered into an agreement with the Regents of the University of California for an Exclusive License Agreement related to breast cancer detection and treatment (Note 9).

(b) Going concern

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes 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's financial success is dependent on management's ability to raise adequate financing on reasonable terms and to commence profitable operations in the future. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify proper technologies or inventions that will be successful, and even if so identified and warranted, it may not be able to finance such technologies within the requisite time period. At January 31, 2023, the Company had a net working capital deficiency of $2,063,630 (April 30, 2022 - $393,576) and has no sources of cash from operations. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these consolidated financial statements. These consolidated financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

2. Significant accounting policies

(a) Basis of presentation and consolidation

These condensed interim consolidated financial statements (the "Financial Statements") have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2. Significant accounting policies (continued)

(a) Basis of presentation and consolidation (continued)

The Financial Statements should be read in conjunction with the Company's annual financial statements as at and for the year ended April 30, 2022 (the "Annual Financial Statements"). The accounting policies and critical estimates applied by the Company in the Financial Statements are the same as those applied in the Annual Financial Statements. The Financial Statements do not include all the information required for full annual financial statements, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the most recent Annual Financial Statements.

The Financial Statements include the accounts of the Company and its controlled entities, Izotropic Imaging Corp., a wholly-owned subsidiary based in Nevada, and Izotropic Development Corp., a wholly-owned subsidiary based in California. The controlled entities are fully consolidated from the date of acquisition, being the date on which the Company obtained control and continues to be consolidated until the date such control ceases. All intercompany balances and transactions have been eliminated upon consolidation.

The Financial Statements were approved and authorized for issue by the Board of Directors of the Company on March 30, 2023.

(b) Leased assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are subsequently depreciated to the earlier of the end of the useful life of the right- of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(Unaudited - Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(b) Leased assets (continued)

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The determination whether a contract contains a lease under IFRS 16 is a matter of judgment based on the assessment of the specific terms and conditions in the contract.

3. Property & Equipment

	Furniture and equipment	Right-of-use lease asset	Leasehold improvement	Total
Cost				
Balance April 30, 2021	17,617	-	-	17,617
Additions	24,228	-	-	24,228
Balance, April 30, 2022	41,845	-	-	41,845
Additions	20,729	100,102	9,154	129,985
Foreign currency translation	-	(1,009)	(92)	(1,101)
Balance, January 31, 2023	62,574	99,093	9,062	170,729
Accumulated depreciation				
Balance April 30, 2021	15,986	-	-	15,986
Depreciation	6,872	-	-	6,872
Balance, April 30, 2022	22,858	-	-	22,858
Depreciation	9,627	6,066	832	16,525
Foreign currency translation	-	(61)	(8)	(69)
Balance, January 31, 2023	32,485	6,005	824	39,314
Net book value				
Balance, April 30, 2022	18,987	-	-	18,987
Balance, January 31, 2023	30,089	93,088	8,238	131,415

(Unaudited - Expressed in Canadian dollars)

4. Promissory Notes

On April 1, 2022, the Company completed an offering (the "Offering") of unsecured promissory notes ("Notes") in the aggregate principal amount of $2,050,000. The Notes bear interest at 12% per annum, payable every three months, maturing March 31, 2023. Pursuant to the Offering, the Company issued 826,613 warrants exercisable at a price of $0.62 per share expiring March 31, 2025.

	$
Balance, April 30, 2021	-
Notes issued	2,050,000
Allocated to warrants	(41,391)
Interest and accretion	19,545
Balance, April 30, 2022	2,028,154
Interest and accretion	219,536
Interest payments	(184,500)
Accrued interest	(20,500)
Balance, January 31, 2023	2,042,690

During the three and nine months ended January 31, 2023, the Company paid interest of 184,500 and $61,500, respectively, on the Notes (three and nine months ended January 31, 2022 - $Nil).

During the year ended April 30, 2022, the Company calculated the present value of the Notes of $2,008,609, discounted by the Company's incremental borrowing rate of 15% as of January 31, 2023. The residual value of $41,391 was allocated to the warrants and recorded in reserves.

Subsequent to January 31, 2023, the Company announced that it is in discussions with the lenders to amend the terms of the Notes to extend the agreement and maturity date and to repay the Notes and accrued interest in cash and/or equity in the future.

5. Lease Liability

The changes in the carrying value of current and non-current lease liabilities are as follows:

	$
As at April 2022	-
Lease liability recognized	100,102
Lease payments	(7,173)
Accretion	2,558
Foreign currency translation	(963)
Balance, January 31, 2023	94,524
Current portion	28,056
Long-term	66,468

5. Lease Liability (continued)

The Company recorded right of use assets of $100,102 under property and equipment and lease liabilities of $100,102 as at January 31, 2023, related to the leased premises located in Sacramento, California. The incremental borrowing rate for the lease liability recognized at January 31, 2023 was 15%.

6. Share capital

(a) Authorized

The authorized share capital of the Company is an unlimited number of common shares without par value.

(b) Issued and outstanding

As at January 31, 2023, the Company's outstanding share capital consisted of 51,855,021 (April 30, 2022 – 44,851,454) issued and fully paid common shares.

The following shares were issued during the nine months ended January 31, 2023:

(i) On November 10, 2022, the Company completed a non-brokered private placement of 2,500,000 units at a price of $0.40 per unit for gross proceeds of $1,000,000 (the "Offering"). Each unit consisted of one common share and one-half of one transferable common share purchase "A" warrant (each whole "A" warrant, an "A" Warrant) and one-half of one transferable common share purchase "B" warrant (each whole "B" warrant, a "B" Warrant") of the Company. Each A Warrant and B Warrant is exercisable into one common share at a price of $0.70 and $0.80 per share, respectively, for a period of two years from the date of issuance.

Total share issue costs with respect of the Offering were $62,071 which consisted of finder's fees of $25,942, professional fees of $12,000 and 64,855 broker's warrants exercisable at a price of $0.40 per share for a period of two years. The fair value of the broker's warrants of $24,129 was estimated using the Black-Scholes option pricing model with the following assumptions: risk free rate of 3.82%; dividend yield of 0%; stock price volatility of 87.96%; and an expected life of 2 years.

(ii) An aggregate of 375,000 common shares were issued at a weighted average exercise price of $0.12 per share for gross proceeds of $44,500 pursuant to options exercises. The fair value of the options of $21,132 was reclassified from reserves to share capital on the exercise of these options.

(iii) 187,500 common shares at a fair value of $230,625 were issued for vested RSUs. $230,625 was reclassified from reserves to share capital on the issuance of RSU shares.

(iv) An aggregate of 3,900,000 common shares were issued at a price of $0.20 per share for gross proceeds of $780,000 pursuant to warrants exercises.

(v) An aggregate of 51,067 common shares were issued at a price of $0.55 per share for gross proceeds of $28,087 pursuant to the broker warrants exercises. The fair value of the broker warrants of $33,049 was reclassified from reserves to share capital on the exercise of these warrants.

(Unaudited - Expressed in Canadian dollars)

6. Share capital (continued)

(b) Issued and outstanding (continued)

The following shares were issued during the nine months ended January 31, 2022:

(i) 50,000 common shares were issued at a price of $0.10 per share for gross proceeds of $5,000 pursuant to a stock option exercise. The fair value of the options of $2,029 was reclassified from reserves to share capital on the exercise of the options.

(ii) 450,000 common shares at a fair value of $368,625 were issued pursuant to vested RSUs. $218,010 was reclassified from reserves to share capital on the issuance of RSU shares.

(iii) An aggregate of 859,300 common shares were issued at a weighted average exercise price of $0.31 per share for gross proceeds of $270,475 pursuant to warrant exercises.

(iv) 49,581 common shares were issued at a price of $0.55 per share for gross proceeds of $27,270 pursuant to broker warrants exercises. The fair value of the broker warrants of $26,994 was reclassified from reserves to share capital on the exercise of these warrants.

(c) Share purchase warrants

Each whole warrant entitles the holder to purchase one common share of the Company.

	Warrants	Weighted average exercise price
	#	$
Balance, April 30, 2021	14,739,021	0.62
Issued	826,613	0.62
Exercised	(2,078,881)	0.26
Balance, April 30, 2022	13,486,753	0.68
Issued	2,564,855	0.74
Exercised [1]	(3,951,067)	0.20
Expired [2]	(8,709,073)	0.90
Balance, January 31, 2023	3,391,468	0.72

(1) The weighted average price of the shares on the dates of exercise of the warrants was $0.50.

(2) This includes 156,294 expired broker warrants at a weighted average price of $0.93 per share. The fair value of expired warrants of $95,867 was reclassified from reserves to deficit.

As at January 31, 2023, the weighted average contractual life of the warrants was 1.87 years (April 30, 2022 - 1.40 years).

(Unaudited - Expressed in Canadian dollars)

6. Share capital (continued)

(c) Share purchase warrants (continued)

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

Exercise Price	Expiry date	Warrants
$		#
0.70	November 10, 2024	1,250,000
0.80	November 10, 2024	1,250,000
0.40	November 10, 2024	64,855
0.62	March 31, 2025	826,613
		3,391,468

(d) Stock Options

On June 15, 2017, the Company adopted a Stock Option Plan, as amended on September 1, 2020, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants stock options ("Options") to purchase common shares of the Company. The aggregate maximum number of common shares that may be issued under the Option Plan upon the exercise of Options shall not exceed 10% of the Company's issued and outstanding common shares from time to time.

A summary of the status of the options outstanding is as follows:

	Stock options	Weighted average exercise price
	#	$
Balance, April 30, 2021	3,350,000	0.55
Granted	950,000	0.73
Exercised	(125,000)	0.10
Cancelled and expired	(700,000)	1.22
Balance, April 30, 2022	3,475,000	0.52
Granted	2,160,000	0.61
Exercised (1)	(375,000)	0.12
Forfeited (2)	(100,000)	0.84
Expired (2)	(1,500,000)	0.45
Balance, January 31, 2023	3,660,000	0.64

(1) The weighted average price of the shares on the dates of exercise of the Options was $0.45.

(2) The aggregate fair value of forfeited and expired options of $401,413 was reclassified from reserves to deficit.

(Unaudited - Expressed in Canadian dollars)

6. Share capital (continued)

(d) Stock options (continued)

The following table summarizes the Options outstanding and exercisable as at January 31, 2023:

Exercise Price	Expiry date	Options outstanding	Options exercisable
$		#	#
1.08	February 17, 2023	400,000	400,000
0.65	April 18, 2023	200,000	200,000
0.74	June 30, 2023	450,000	450,000
0.20	January 22, 2025	200,000	200,000
0.37	February 11, 2025	150,000	150,000
0.61	October 31, 2025	2,160,000	2,160,000
0.65	March 10, 2027	100,000	100,000
		3,660,000	3,660,000

As at January 31, 2023, the weighted average contractual life of the stock options was 1.65 years (January 31, 2022 – 1.2 years).

During the three and nine months ended January 31, 2023, the Company recorded share-based compensation of $818,295 and $824,469 (three and nine months ended January 31, 2022 – ($24,008) and $249,651) for stock options granted and vested during the period.

The fair value of stock options granted was determined using the Black-Scholes option pricing model based on the following assumptions at the time of grant:

	Nine months ended January 31, 2023	2022
Risk-free annual interest rate	3.92%	0.40%
Expected annual dividend yield	0%	0%
Expected stock price volatility	99.72%	106%
Expected life of options (years)	3	1.75

The fair value of stock options granted during the nine months ended January 31, 2023 was $0.38 (2022 - $0.40) per option.

(Unaudited - Expressed in Canadian dollars)

6. Share capital (continued)

(e) Long-term Incentive Plan

On July 10, 2020, the Company adopted a long-term incentive plan (the "LTIP") which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, key employees and consultants of the Company, LTIP in the form of restricted share units, performance share units and deferred share units. The LTIP provides that the aggregate maximum number of common shares that may be issued upon the settlement of awards granted under the LTIP shall not exceed 2,996,549 common shares, being 10% of the Company's issued and outstanding common shares on the date of adoption of the LTIP.

(i) Restricted stock units ("RSU's")

Each RSU gives the participant the right to receive one common share of the Company. A summary of the status of the RSUs outstanding is as follows:

	RSU	Weighted average issue price
	#	$
Balance, April 30, 2021	1,550,000	1.23
Shares issued on vesting	(1,112,500)	1.23
Cancelled	(150,000)	1.23
Balance, April 30, 2022	287,500	1.23
Shares issued on vesting[(1)]	(187,500)	1.23
Balance, January 31, 2023	100,000	1.23

[(1)] The closing price of the shares on the date of issuance of RSU shares was $0.43.

The following table summarizes the RSUs outstanding as at January 31, 2023:

Issue Price	Vesting date	RSUs outstanding
$		#
1.23	August 31, 2025	100,000

During the three and nine months ended January 31, 2023, the Company recorded share-based compensation of $7,556 and $52,691, respectively (three and nine months ended January 31, 2022 – ($108,965) and $110,042, respectively) for RSUs vested during the period.

The weighted average remaining contractual life of the RSUs is 2.08 years.

(Unaudited - Expressed in Canadian dollars)

6. Share capital (continued)

(e) Long-term Incentive Plan (continued)

(ii) Performance Stock Units ("PSUs")

A summary of the status of the PSUs outstanding is as follows:

	PSU	Weighted average issue price
	#	$
Balance, January 31, 2023 and April 30, 2022	500,000	1.23

The following table summarizes the PSUs outstanding and vested as at January 31, 2023:

Issue Price	Vesting date	PSUs outstanding
$		#
1.23	August 31, 2025	250,000
1.23	August 31, 2026	250,000
		500,000

During the three and nine months ended January 31, 2023, the Company recorded share-based compensation of $30,351 and $91,022, respectively (three and nine months ended January 31, 2022 – ($13,132) and $40,573, respectively) for PSUs vested during the period. The weighted average remaining contractual life of PSUs is 3.58 years.

7. Related party transactions

Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and members of its Board of Directors. Key management compensation for the three and nine months ended January 31, 2023 and 2022 consisted of:

(a) Compensation of key management personnel

Consulting and professional fees	Three months ended January 31, 2023	2022	Nine months ended January 31, 2023	2022
	$	$	$	$
President & CEO[1]	90,000	90,000	270,000	269,000
Former CFO	17,000	25,500	68,000	86,500
	187,000	195,000	575,500	584,000

[1] President & CEO fees included consulting fees under product development of $48,000 and $127,500 during the three and nine months ended January 31, 2023, respectively, (three and nine months ended January 31, 2022 - $36,000 and $143,400, respectively). Note 8

(Unaudited - Expressed in Canadian dollars)

7. Related party transactions (continued)

(a) Compensation of key management personnel (continued)

	Three months ended	January 31,	Nine months ended	January 31,
Fees	2023	2022	2023	2022
Share-based compensation [(2)]	189,444	(7,270)	269,262	72,548

[(2)] Share-based compensation represents the fair value of options and RSUs/PSUs granted and vested to directors and officers of the Company.

(b) Related party transactions

	Three months ended	January 31,	Nine months ended	January 31,
	2023	2022	2023	2022
	$	$	$	$
Consulting fees [(1)]	42,000	45,000	130,500	130,000
Consulting fees and administration [(2)]	38,000	34,500	107,000	98,500
	187,000	195,000	575,500	584,000

[(1)] Consulting fees paid to a director and former President & CEO of the Company related to business development services, strategic capital markets and corporate strategic financing advisory services.

[(2)] Consulting and administration fees paid to the Company's Corporate Secretary related to corporate secretarial, office administration, accounting, shareholder communications, marketing and branding services.

(c) Related party balances

As at January 31, 2023, included in accounts payable and accrued liabilities were amounts due to directors and officers of $123,803 (April 30, 2022 - $54,477). The amounts are unsecured, non-interest-bearing and without fixed terms of repayment.

(Unaudited - Expressed in Canadian dollars)

8. Product development

For the three and nine months ended January 31, 2023 and 2022, the Company's product development costs consisted of the following:

	Three months ended January 31, 2023	Three months ended January 31, 2022	Nine months ended January 31, 2023	Nine months ended January 31, 2022
	$	$	$	$
Clinical study	45,438	-	91,088	-
Consulting	180,400	295,526	370,680	791,385
Contractor fees	288,817	541,468	1,026,084	2,307,433
Facilities and furniture	7,137	-	9,429	-
Freight and logistics	25,945	-	34,893	-
Instruments	-	-	9,763	-
Materials	66,053	-	290,349	4,474
Software	38,144	-	64,468	-
	651,934	836,994	1,896,754	3,103,292

9. License Agreement

On April 25, 2017, the Company entered into a license agreement (the "License Agreement") with the Regents for the University of California (the "Licensor") which granted the Company an exclusive worldwide license for the Biopsy Systems for breast computed tomography patent and other related patents ("Licensed Patent Rights").

In consideration for the license, the Company paid an aggregate of US$210,000 (CAD $275,639) and reimbursed US$79,872 of patent costs to the Licensor. In addition, the Company agreed to pay the Licensor:

- 2% of total consideration received by the Company within 30 days of the completion of a Change of Control;
- 3% of net sales from the sales of all products produced by the Licensee in connection with the License Agreement and sold by the Company in the U.S.;
- 3% of net sales from the sale of the first 15 commercial sales of all products produced by the Licensee in connection with the License Agreement in any other country excluding the U.S.; and
- 1% royalty of net sales of all methods and services sold by the Licensee in connection with the License Agreement

Under the License Agreement, the Company may grant a sublicense to affiliates of the Company, or to third parties. The Company has agreed to pay the Licensor 25% of any cash consideration, or the cash equivalent of any other form of consideration, due to the Licensee for the grant of rights under a sublicense.

9. License Agreement (continued)

Under the License Agreement, the Company is obligated to further development, manufacture, marketing and sale of products, methods, and services offered by the Company in connection with the License Agreement in quantities sufficient to meet the market demand ("Milestones") as follows:

- submit an application covering a product or service to the U.S. Food and Drug Administration ("FDA") or equivalent foreign agency by June 30, 2018. The timeline to accomplish this condition was later revised and extended and the Company initially engaged with the FDA in the third quarter of 2020;
- obtain FDA or equivalent foreign agency approval by December 31, 2021. This condition has also been revised and timeline extended for up to 7 years. The Company will make annual payments of up to $15,000 until this milestone is accomplished; and
- achieve commercial sale and fill the market demand by June 30, 2022. This milestone timeline has also been revised for up to 7 years based on a number of factors.

If the Company is unable to meet any of the above License Agreement Milestones, the Company has the right to extend the target date of any of the above Milestones by 1 year upon payment of US$10,000 to the Licensor. The Company has a further right to extend the target date of any Milestones for an additional 1 year for US$15,000. Under the License Agreement, the total period of time to complete any Milestone must not exceed seven years from the date of the License Agreement, unless the parties mutually agree in writing otherwise. If the Company does not complete a Milestone and does not opt to extend the period to complete the Milestone, or opts to extend the period to complete the Milestone and does not complete the Milestone within the extended time period, then the Licensor has the right to terminate the License Agreement, or reduce the Company's exclusive License to a non-exclusive license.

A full description of the License Agreement and the Licensed Patent Rights may be found in the Company's management's discussion and analysis dated March 30, 2023.

10. Fair value of financial instruments

As at January 31, 2023, the Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and promissory notes payable. The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term maturity.

The fair value of the Company's lease liability approximates its carrying value measured based on level 2 of the fair value hierarchy.

11. Segment disclosure

The Company has one operating segment, being the research and development of breast imaging technology, and its operations and long-term assets are located in North America.