IZOTROPIC CORPORATION

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three and nine months ended January 31, 2024 and 2023
(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, 2024 and April 30, 2023
(Unaudited - Expressed in Canadian dollars)

	Notes	**January 31, 2024**	April 30, 2023
		$	$
Assets			
Current			
Cash and cash equivalents		**79,227**	165,685
GST recoverable		**6,560**	13,406
Prepaid expenses and deposits	7(b)	**177,249**	138,253
		263,036	317,344
Property and equipment	3	**79,404**	124,769
Total assets		**342,440**	442,113
Liabilities			
Current			
Accounts payable and accrued liabilities	7(b)	**2,122,429**	1,376,948
Promissory notes	4	**2,000,000**	2,050,000
Lease liability	5	**41,730**	33,223
		4,164,159	3,460,171
Lease liability	5	**22,091**	55,701
Total liabilities		**4,186,250**	3,515,872
Shareholders' equity			
Share capital	6	**14,119,270**	13,353,439
Reserves	6	**1,134,928**	1,665,674
Accumulated other comprehensive loss		**42**	(822)
Deficit		**(19,098,050)**	(18,092,050)
Total equity		**(3,843,810)**	(3,073,759)
Total liabilities and equity		**342,440**	442,113

Nature of operations and going concern 1

Approved on behalf of the Board of Directors:

(Signed) "*Bob Thast*"
Director

(Signed) "*Ralph Proceviat*"
Director

IZOTROPIC CORPORATION

Condensed Interim Consolidated Statements of Comprehensive Loss

Three and nine months ended January 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

	Notes	Three months ended January 31,		Nine months ended January 31,	
		2024	2023	**2024**	2023
		$	$	**$**	$
Operating expenses					
Consulting fees	7	**96,631**	122,000	**429,835**	492,000
Depreciation		**14,598**	10,426	**44,249**	16,525
Filing and regulatory fees		**21,349**	26,596	**58,833**	67,827
Investor relations (recovery)		**-**	8,300	**-**	25,300
Office		**8,930**	16,863	**52,965**	43,072
Professional fees	7	**38,044**	78,502	**100,337**	274,504
Research and development		**155,269**	651,934	**560,307**	1,906,159
Share-based compensation	6(d)(e), 7	**(7,042)**	856,202	**80,276**	968,182
Travel and promotion		**(82,642)**	146,581	**34,818**	361,532
Loss before other items		**(245,137)**	(1,917,404)	**(1,361,620)**	(4,155,101)
Other items					
Accretion	5	**(2,547)**	(16,050)	**(8,858)**	(37,594)
Bank charges and interest		**(702)**	(3,676)	**(1,302)**	(7,388)
Foreign exchange gain (loss)		**10,847**	3,508	**(7,742)**	(22,338)
Interest	4	**(60,000)**	(61,500)	**(182,000)**	(184,500)
		(52,402)	(77,718)	**(199,902)**	(251,820)
Net loss		**(297,539)**	(1,995,122)	**(1,561,522)**	(4,406,921)
Other comprehensive loss					
Foreign currency translation		**2,516**	-	**864**	-
Comprehensive loss		**(295,023)**	(1,995,122)	**(1,560,658)**	(4,406,921)
Net loss per share - basic and diluted		**(0.01)**	(0.04)	**(0.03)**	(0.09)
Weighted average number of shares outstanding		**54,395,476**	51,610,456	**53,338,128**	49,582,041

IZOTROPIC CORPORATION

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

Nine months ended January 31, 2024 and 2023
(Expressed in Canadian dollars)

		Share Capital		Reserves						
	Notes	Number	Amount	Options	RSUs/PSUs	Warrants	Total Reserves	Accumulated other Comprehensive loss	Deficit	Total
		#	$	$	$	$	$	$	$	$
Balance, April 30, 2023		51,855,021	13,353,439	1,251,570	348,583	65,520	1,665,674	(822)	(18,092,050)	(3,073,759)
Share issued for cash	6(b)	2,841,325	710,331	-	-	-	-	-	-	710,331
Shares issued on vested RSUs	6(e)	300,000	55,500	-	(55,500)	-	(55,500)	-	-	-
Forfeited RSUs and PSUs	6(e)	-	-	-	(348,583)	-	(348,583)	-	348,583	-
Forfeited and expired options	6(d)	-	-	(206,939)	-	-	(206,939)	-	206,939	-
Share-based compensation	6(d)	-	-	24,776	55,500	-	80,276	-	-	80,276
Net loss		-	-	-	-	-	-	864	(1,561,522)	(1,560,658)
Balance, January 31, 2024		54,996,346	14,119,270	1,069,407	-	65,520	1,134,928	42	(19,098,050)	(3,843,810)
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		-	-	-	-	-	-		(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)**

IZOTROPIC CORPORATION

Condensed Interim Consolidated Statements of Cash Flows

Nine months ended January 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

	2024	2023
	$	$
Operating activities		
Net loss	(1,561,521)	(4,406,921)
Items not affecting cash		
Depreciation	44,249	16,525
Interest	182,000	184,500
Accretion	8,858	37,594
Share-based payments	80,276	968,182
Changes in non-cash working capital items:		
GST recoverable	6,846	28,929
Prepaid expenses and deposits	(38,996)	124,582
Accounts payable and accrued liabilities	711,480	15,631
Net cash used in operating activities	(566,808)	(3,030,978)
Investing activity		
Purchase of property and equipment	-	(29,791)
Net cash used in investing activity	-	(29,791)
Financing activities		
Shares issued for cash, net of share issue costs	710,331	1,814,645
Repayment of promissory note	(50,000)	-
Interest paid on promissory notes	(148,000)	(184,500)
Repayment of lease liability	(32,924)	(7,173)
Net cash provided by financing activities	479,407	1,622,972
Decrease in cash	(87,401)	(1,437,797)
Effect of foreign currency translation on cash	943	(23)
Cash and cash equivalents, beginning of period	165,685	1,856,573
Cash and cash equivalents, end of period	79,227	418,753
Cash and cash equivalents consist of:		
Cash	50,477	390,003
GIC	28,750	28,750
Supplementary cash flow information		
Cash paid for interest	148,000	184,500
Cash paid for taxes	-	-
Right-of-use asset addition	-	100,102

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 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, 2024, the Company had a net working capital deficiency of $3,901,123 (working capital deficiency April 30, 2023 - $3,142,827) 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 measurement

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").

(Unaudited - Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(a) Basis of presentation and measurement (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, 2023 (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 were approved and authorized for issue by the Board of Directors of the Company on March 28, 2024.

(b) Basis of consolidation

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 continue to be consolidated until the date such control ceases. All intercompany balances and transactions have been eliminated upon consolidation.

3. Property and Equipment

	Furniture and equipment	Right-of-use lease asset (a)	Leasehold improvement	Total
	$	$	$	$
Cost				
Balance, April 30, 2022	41,845	-	-	41,845
Additions	20,729	100,102	15,455	136,286
Foreign currency translation	-	683	70	753
Balance, April 30, 2023	62,574	100,785	15,525	178,884
Additions	-	-	-	-
Foreign currency translation	-	(1,344)	(207)	(1,551)
Balance, January 31, 2024	**62,574**	**99,441**	**15,318**	**177,333**
Accumulated depreciation				
Balance, April 30, 2022	22,858	-	-	22,858
Depreciation	13,164	14,955	2,764	30,883
Foreign currency translation	-	315	59	374
Balance, April 30, 2023	36,022	15,270	2,823	54,115
Depreciation	12,587	27,288	4,374	44,249
Foreign currency translation	-	(371)	(64)	(435)
Balance, January 31, 2024	**48,609**	**42,187**	**7,133**	**97,929**

(Unaudited - Expressed in Canadian dollars)

3. Property and Equipment (continued)

	Furniture and equipment	Right-of-use lease asset (a)	Leasehold improvement	Total
	$	$	$	$
Net book value				
Balance, April 30, 2023	26,552	85,515	12,702	124,769
Balance, January 31, 2024	**13,965**	**57,254**	**8,185**	**79,404**

(a) The Company entered into a property lease on June 9, 2022 for a research and development facility in Sacramento, California. The lease was effective December 1, 2022 and expires on August 31, 2025.

4. Promissory Notes

	$
Balance, April 30, 2022	2,028,154
Interest	226,455
Accretion	41,391
Interest payments	(184,500)
Accrued interest	(61,500)
Balance, April 30, 2023	2,050,000
Repayment of principal	(50,000)
Balance, January 31, 2024	**2,000,000**

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 and matured on 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.

During the three and nine months ended January 31, 2024, the Company made a repayment towards the principal amount of the promissory notes of $Nil and $50,000, respectively (three and nine months ended January 31, 2023 - $Nil and $Nil, respectively) and interest of $Nil and $3,000, respectively (three and nine months ended January 31, 2023 - $1,000 and $4,000, respectively) to one of the lenders.

During the three and nine months ended January 31, 2024, the Company paid or accrued interest of $60,000 and $182,000, respectively, (three and nine months ended January 31, 2023 - $61,500 and $184,500, respectively) on the Notes.

As at January 31, 2024, included in accounts payable and accrued liabilities were accrued interests of $116,000 (April 30, 2023 - $82,000) related to the Notes.

The remaining Note is currently in default and is due and payable on demand. The Company is in discussions with the remaining lender to extend the Note and repay the Note and accrued interest in cash and/or equity in the future.

(Unaudited - Expressed in Canadian dollars)

5. Lease Liability

The changes in the carrying value of lease liabilities are as follows:

	$
As at April 30, 2022	-
Lease liability recognized	100,102
Lease payments	(17,682)
Accretion	6,066
Foreign currency translation	438
Balance April 30, 2023	88,924
Lease payments	(32,924)
Accretion	8,858
Foreign currency translation	(1,037)
Balance January 31, 2024	63,821
Current portion	41,730
Long-term	22,091

The remaining life of the Company's property lease as of January 31, 2024 was 1.58 years. Lease payments were discounted using an incremental borrowing rate of 15%.

The minimum undiscounted future annual lease payments are as follows:

Years ending April 30,	$
2024	8,272
2025 and after	45,294
	53,566

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, 2024, the Company's outstanding share capital consisted of 54,996,346 (April 30, 2023 – 51,855,021) issued and fully paid common shares.

6. Share capital (continued)

(b) Issued and outstanding (continued)

The following shares were issued during the nine months ended January 31, 2024:

(i) The Company completed a private placement of $2,841,325 units at $0.25 per unit for gross proceeds of $710,331. Each unit consisted of one common share and one warrant exercisable at $0.50 per share until September 20, 2025.

(ii) 300,000 common shares were issued pursuant to vested RSUs. The fair value of the RSUs of $55,500 was reclassified from reserves to share capital on the issuance of these shares.

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

(iii) 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.

(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.

(vi) 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.

(vii) 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.

(Unaudited - Expressed in Canadian dollars)

6. Share capital (continued)

(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, 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, April 30, 2023	3,391,468	0.72
Issued	2,841,325	0.50
Balance, January 31, 2024	6,232,793	0.62

(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 $98,037 was reclassified from reserves to deficit.

The following table summarizes the warrants outstanding as at January 31, 2024:

Exercise Price	Expiry date	Warrants
$		#
0.40	November 10, 2024	64,855
0.70	November 10, 2024	1,250,000
0.80	November 10, 2024	1,250,000
0.62	March 31, 2025	826,613
0.50	September 20, 2025	2,841,325
		6,232,793

As at January 31, 2024, the weighted average contractual life of the warrants was 1.03 years (April 30, 2023 – 1.63 years).

(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.

(Unaudited - Expressed in Canadian dollars)

6. Share capital (continued)

(d) Stock options (continued)

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

	Stock options	Weighted average exercise price
	#	$
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)	(2,100,000)	0.59
Balance, April 30, 2023	3,060,000	0.59
Granted	400,000	0.275
Forfeited (3)	(200,000)	0.20
Expired (3)	(450,000)	0.74
Balance, January 31, 2024	2,810,000	0.55

(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 $1,266,560 was reclassified from reserves to deficit.

(3) The aggregate fair value of forfeited and expired options of $206,939 was reclassified from reserves to deficit.

The following table summarizes the Options outstanding and exercisable as at January 31, 2024:

Exercise Price	Expiry date	Options outstanding	Options exercisable
$		#	#
0.37	February 11, 2025	150,000	150,000
0.275	June 26, 2025	400,000	400,000
0.65	March 10, 2027	100,000	100,000
0.61	October 31, 2027	2,160,000	2,160,000
		2,810,000	2,810,000

As at January 31, 2024, the weighted average contractual life of the stock options was 1.82 years (April 30, 2023 – 2.01 years).

During the three and nine months ended months ended January 31, 2024, the Company recorded share-based compensation of $(4,460) and $24,776, respectively, (three and nine months ended months ended January 31, 2023 – $818,295 and $824,469, respectively) for stock options granted and vested during the period.

(Unaudited - Expressed in Canadian dollars)

6. Share capital (continued)

(d) Stock options (continued)

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:

	Three months ended January 31, 2024	Three months ended January 31, 2023	Nine months ended January 31, 2024	Nine months ended January 31, 2023
Risk-free annual interest rate	-	3.92%	4.73%	3.92%
Expected annual dividend yield	-	0%	0%	0%
Expected stock price volatility	-	99.72%	89.58%	99.72%
Expected life of options (years)	-	3	2	3

The fair value of stock options granted during the three and nine months ended January 31, 2024 was $Nil and $0.12, respectively, (three and nine months ended January 31, 2023 - $0.38 and $0.38, respectively) per option.

(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, 2022	287,500	1.23
Vested (1)	(187,500)	1.23
Balance, April 30, 2023	100,000	1.23
Granted	300,000	0.26
Forfeited (2)	(100,000)	1.23
Vested (1)	(300,000)	0.19
Balance, January 31, 2024	-	-

(1) The weighted average closing price of the shares on the dates of issuance of RSU shares was $0.16 (April 30, 2023 - $0.43).

(2) The fair value of forfeited RSUs of $69,578 was reclassified from reserves to deficit.

(Unaudited - Expressed in Canadian dollars)

6. Share capital (continued)

(e) Long-term Incentive Plan (continued)

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

During the three and nine months ended January 31, 2024, the Company recorded share-based compensation of $(2,582) and $55,500 respectively, (three and nine months ended January 31, 2023 – $7,556 and $52,691, respectively) for RSUs granted and vested during the period.

(ii) Performance Stock Units ("PSUs")

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

	PSU	Weighted average issue price
	#	$
Balance, April 30, 2022 and April 30, 2023	300,000	1.23
Forfeited (1)	(300,000)	1.23
Balance, January 31, 2024	-	-

(1) The fair value of forfeited PSUs of $279,005 was reclassified from reserves to deficit.

During the three and nine months ended January 31, 2024, the Company recorded share-based compensation of $Nil and $Nil, respectively, (three and nine months ended January 31, 2023 – $30,351 and $91,022, respectively) for PSUs vested during the period.

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, 2024 and 2022 consisted of:

(a) Compensation of key management personnel

	Three months ended January 31,		Nine months ended January 31,	
Consulting and professional fees	2024	2023	2024	2023
	$	**$**	$	**$**
Interim President, CEO and director	93,000	42,000	279,000 (1)	130,500
Corporate Secretary (2)	-	38,000	-	107,000
Former President, CEO and director	-	90,000	30,000	270,000
Former CFO	-	17,000	-	68,000
Share-based compensation	-	189,444	-	269,262
	93,000	376,444	309,000	844,762

(Unaudited - Expressed in Canadian dollars)

7. Related party transactions (continued)

(a) Compensation of key management personnel

(1) Paid or accrued to a company controlled by a director and interim President & CEO of the Company. Of this amount, during the three and nine months ended January 31, 2024, $45,000 and $135,000, respectively (was allocated to the director and interim President & CEO for business development services, strategic capital markets and corporate strategic financing advisory services, $45,000 and $135,000, respectively, was allocated to the Company's Corporate Secretary for corporate secretarial, office administration, accounting, shareholder communications, marketing and branding services and $3,000 and $9,000, respectively, to rent.

(2) Paid to the Corporate Secretary of the Company for corporate secretarial, office administration, accounting, shareholder communications, marketing and branding services.

(b) Related party balances

As at January 31, 2024, included in prepaid expenses and deposits was $20,833 (April 30, 2023 - $95,833) paid to a company controlled by a director of the Company for consulting, marketing and investor relations services.

As at January 31, 2024, included in accounts payable and accrued liabilities were amounts due to directors and officers of $680,962 (April 30, 2023 - $583,649). The amounts are unsecured, non-interest-bearing and without fixed terms of repayment.

8. Research and development

For the three and nine months ended January 31, 2024 and 2023, the Company's research and development costs consisted of the following:

	Three months ended January 31,		Nine months ended January 31,	
	2024	2023	2024	2023
	$	$	$	$
Clinical study	7,483	45,438	50,255	100,493
Consulting	38,529	180,400	89,750	370,680
Contractor fees	118,582	288,817	397,748	1,026,084
Facilities, freight and logistics	-	33,082	-	44,322
Materials	(2,458)	66,053	15,240	300,112
Software	(6,867)	38,144	7,314	64,468
	155,269	651,934	560,307	1,906,159

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.

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.

10. Fair value of financial instruments

As at January 31, 2024, the Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities, promissory notes payable and lease liability. The carrying amounts of cash and cash equivalents and accounts payable and accrued liabilities approximate fair value due to their immediate or short-term maturity. The carrying values of promissory notes and lease liability were measured at the effective interest rate which approximate fair value.

11. Financial instruments risk

The Company is exposed to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

(a) Liquidity risk

As at January 31, 2024, the Company's contractual obligations consist of:

	Total	<1 year	1 - 3 years	3 – 5 years
	$	$	$	$
Accounts payable and accrued liabilities	2,122,429	2,122,429	-	-
Promissory notes	2,000,000	2,000,000	-	-
Lease liability	63,821	41,730	22,091	-
	4,186,250	4,164,159	22,091	-

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they come due. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. As at January 31, 2024, the Company had working capital deficiency of $3,901,123 (April 30, 2023 – $3,142,827). The Company's promissory note which matured on March 31, 2023 is currently in default and due on demand. The Company is pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and development of its product. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. Notes 1(b)

(b) Currency risk

Currency risk is the risk that foreign exchange rates will fluctuate significantly from expectations. The Company's exposure to currency risk arises from its operations in the US where payments to vendors and consultants are in local currency. Further, the Company holds a portion of its cash in currencies other than Canadian. To manage this risk, the Company holds as small of an amount as practical in foreign currencies.

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency transaction and translation risks.

11. Financial instruments risk

(b) Currency risk (continued)

The Company holds cash in Canadian and US dollars. The Company's main risk is associated with fluctuations in the US dollars, and assets and liabilities are translated based on the foreign currency translation policy described in Note 2(c) to the Annual Financial Statements.

The Company has determined that an effect of a 10% increase or decrease in the USD against the Canadian dollar on financial assets and liabilities, as at January 31, 2024, including cash, accounts payable and accrued liabilities and lease liability denominated in USD, would result in an increase or decrease of approximately $122,186 (2023 - $45,253) to the net loss and comprehensive loss for the nine months ended January 31, 2024.

At January 31, 2024, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.