Quest PharmaTech Inc.

Consolidated Financial Statements

For the years ended January 31, 2024 and 2023

(*Expressed in Canadian Dollars, unless otherwise noted*)

Quest PharmaTech Inc.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended January 31, 2024 and 2023

CONTENTS **Page**

MANAGEMENT'S RESPONSIBILITY STATEMENT

Management's Responsibility

To the Shareholders of Quest PharmaTech Inc.:

The management of Quest PharmaTech Inc. (the "Company") is responsible for preparing and presentation of the accompanying consolidated financial statements including responsibility for material accounting judgements and estimates, the notes to the consolidated financial statements and other financial information contained in these consolidated financial statements (the "consolidated financial statements").

Management prepares the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements are considered by management to present fairly the Company's financial position and results of operations.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, the management has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that transactions are authorized, assets are safeguarded from loss or unauthorized use, and the financial records are properly maintained to provide reliable information for preparing the consolidated financial statements.

Kingston Ross Pasnak LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board and management to discuss their audit findings.

Pierre Vermette
Chief Financial Officer
May 28, 2024

KRP KINGSTON ROSS PASNAK LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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May 29, 2024
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Quest PharmaTech Inc.

Opinion

We have audited the consolidated financial statements of Quest PharmaTech Inc. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at January 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of 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 January 31, 2024 and 2023, and the consolidated financial performance and consolidated cash flow for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 ethical requirements that are relevant to our audit 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.

Emphasis of Matter - Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company reported a net loss $3,018,007 during the year ended January 31, 2024 and, as of that date, had consolidated cash reserves of only $716,963 and a working capital deficiency of $487,247. 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 the audit of the consolidated financial statements of the current period. This matter was addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

In addition to the matter described in the Emphasis of Matter - Material Uncertainty Related to Going Concern section, we have determined that matters described below to be key audit matters to be communicated in our auditor’s report.

(continues)

Valuation of the Investment in OQP Bio Bonds and OncoQuest

We refer to financial statement summary of material accounting policy information on the investment in OQP Bio Bonds in Note 3 and related disclosure in Note 7.

The valuation of OncoQuest is also significantly interconnected to the value of the OQP Bio Bonds as they make up a large value of the investment's financial position.

As at January 31, 2024, the value of the investment in OQP bio bonds and investment in OncoQuest amounted to $17,496,677 and $6,137,735 respectively. During the year, the Company recorded its investment in OQP bio bonds at fair value through profit and loss. The investment in OncoQuest is recorded using the equity method.

The investment is material to the audit because of the significant estimates and assumptions management makes with regard to the fair values investment interest. This matter required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's estimates, including the need to involve our valuation experts.

To address the risk for material misstatement on the investment, our audit procedures included, amongst other procedures:

- Evaluated the methodologies and significant inputs used by management;
- Evaluated, with the assistance of our valuation experts, the reasonableness of managements estimates of the fair value of the investment;
- Tested the mathematical accuracy of management's calculations;
- Assessed the consistency of the assumptions used with other accounting estimates;
- Reviewed the audited financial statements of OncoQuest to assess for impairment.

We assessed the adequacy of the Company's disclosures related to the investment in OQP bio bonds and investment in OncoQuest.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, which includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, 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 in this auditor's report. 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, 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.

(continues)

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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

(continues)

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

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 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 Jane Davidson.

Kingston Ross Pasnak LLP

Kingston Ross Pasnak LLP
Chartered Professional Accountants

Quest PharmaTech Inc.
Consolidated Statements of Financial Position
As of January 31, 2024 and 2023
Expressed in Canadian Dollars

	Notes	January 31, 2024	January 31, 2023
		$	$
ASSETS			
Current assets			
Cash		**716,963**	374,658
Other receivable	5	**100,000**	221,311
Prepaid expenses		**18,567**	25,533
Total current assets		**835,530**	**621,502**
Non-current assets			
Property and equipment	6	**–**	2,972
Prepaid expenses		**5,855**	10,420
Investment in OncoQuest	7	**6,137,735**	7,334,908
Investment in OQP Bio Bonds	7	**17,496,677**	18,832,271
Total non-current assets		**23,640,267**	**26,180,571**
Total assets		**24,475,797**	**26,802,073**
LIABILITIES			
Current liabilities			
Accounts payables and accrued liabilities		**322,777**	106,406
Short term loan	10	**1,000,000**	1,000,000
Total liabilities		**1,322,777**	**1,106,406**
SHAREHOLDERS' EQUITY			
Common shares	8	**30,741,316**	30,741,316
Contributed surplus	9	**11,604,581**	11,133,047
Accumulated deficit		**(19,082,213)**	(16,064,206)
Accumulated other comprehensive loss		**(110,664)**	(114,490)
Total shareholders' equity		**23,153,020**	**25,695,667**
Total liabilities and shareholders' equity		**24,475,797**	**26,802,073**

Going concern (Note 1)
Subsequent events (Note 16)

Approved on behalf of the Board of Directors on May 28, 2024.

"J. Mark Lievonen" (signed)	"Madi R. Madiyalakan" (signed)
Director	Director

Quest PharmaTech Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended January 31, 2024 and 2023
Expressed in Canadian Dollars except for number of shares

	Notes	January 31, 2024	January 31, 2023
		$	$
Expenses			
General and administrative		**772,959**	497,989
Research and development		**542,861**	336,227
Total expenses		**1,315,820**	**834,216**
Operating loss		**(1,315,820)**	**(834,216)**
Other income (expenses)			
Equity loss - OncoQuest	7	**(516,276)**	(3,096,272)
Cost recovery	10	**155,000**	150,000
Other income		**15,717**	300,000
Foreign exchange loss		**(354)**	(724)
Finance expenses		**(20,680)**	(21,002)
Fair value adjustment in investment in OQP Bio Bonds	7	**(1,335,594)**	(61,385,939)
Total other expenses		**(1,702,187)**	**(64,053,937)**
Loss before income tax		**(3,018,007)**	**(64,888,153)**
Income tax recovery (expense)	14	–	–
Net loss		**(3,018,007)**	**(64,888,153)**
Other comprehensive income (expense)		**3,826**	(64,155)
Net and comprehensive loss		**(3,014,181)**	**(64,952,308)**
Loss per share – basic and diluted	13	**(0.018)**	**(0.384)**
Weighted average number of common shares outstanding – basic and diluted	13	**169,129,247**	**168,395,468**

Quest PharmaTech Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended January 31, 2024 and 2023
Expressed in Canadian Dollars

	Notes	Common shares	Contributed Surplus	Retained earnings (accumulated deficit)	Accumulated other comprehensive loss	Total shareholders' equity
		$	$	$	$	$
Balance – January 31, 2022		**30,616,716**	**11,064,397**	**48,775,197**	**(50,335)**	**90,405,975**
Share issuance		124,600	(35,600)	–	–	89,000
Share options expired		–	(48,750)	48,750	–	–
Share based payments		–	153,000	–	–	153,000
Other comprehensive loss		–	–	–	(64,155)	(64,155)
Net loss		–	–	(64,888,153)	–	(64,888,153)
Balance – January 31, 2023		**30,741,316**	**11,133,047**	**(16,064,206)**	**(114,490)**	**25,695,667**
Share based payments		–	471,534	–	–	471,534
Other comprehensive income		–	–	–	3,826	3,826
Net loss		–	–	(3,018,007)	–	(3,018,007)
Balance – January 31, 2024		**30,741,316**	**11,604,581**	**(19,082,213)**	**(110,664)**	**23,153,020**

Expressed in Canadian Dollars

	January 31, 2024	January 31, 2023
	$	$
OPERATING ACTIVITIES		
Net loss	**(3,018,007)**	(64,888,153)
Non-cash items:		
Fair value adjustment in investment in OQP Bio Bonds	**1,335,594**	61,385,939
Amortization	**2,972**	13,486
Share-based payments	**471,534**	153,000
Equity loss - OncoQuest	**516,276**	3,096,272
Gain on sale of Bioceltran shares	—	(300,000)
Sale proceeds due from Bioceltran	—	210,000
Expected credit loss on other receivable	**100,000**	—
Changes in non-cash working capital items:		
Other receivable	**21,311**	(220,991)
Prepaid expenses	**11,531**	(2,043)
Accounts payables and accrued liabilities	**216,371**	(2,193)
Net cash used in operating activities	**(342,418)**	**(554,683)**
INVESTING ACTIVITIES		
Lease payments	—	(13,999)
Net cash used in investing activities	—	**(13,999)**
FINANCING ACTIVITIES		
Proceeds from exercise of stock options	—	89,000
Proceeds from sale of Bioceltran shares	—	90,000
Repayment of short term loan	**(200,000)**	—
Proceeds from short term loan	**200,000**	500,000
Dividend received	**684,723**	—
Net cash provided by financing activities	**684,723**	**679,000**
Change in cash	**342,305**	110,318
Cash, beginning of year	**374,658**	264,340
Cash, end of year	**716,963**	**374,658**
Supplementary cash flow information		
Cash paid for taxes	—	—
Cash paid for interest	—	2,346
Cash received for interest	—	—

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Quest PharmaTech Inc. (the "Company") is a publicly traded, Canadian-based pharmaceutical company developing products to improve the quality of life. The Company is developing targeted cancer therapy with its lead product (MAb AR9.6), under development for a novel target (truncated O-glycans on MUC16) discovered at the University of Nebraska Medical Center.

The Company's head office is located at 4342-97 street NW, Edmonton, Alberta, Canada, T6E 5R9 and it is incorporated under the Business Corporations Act (Alberta). The Company is publicly traded on the TSX Venture Exchange under the symbol "QPT."

The Company also holds an equity interest in several companies, including a 42.52% equity interest in OncoQuest Inc. ("OncoQuest"), a private Canadian biotechnology company developing next-generation of combinatorial immunotherapy products for the treatment of cancer. OncoQuest's technology platform included a panel of tumor antigen-specific monoclonal antibodies of the immunoglobulin G ("IgG") and E ("IgE") class targeting CA125, MUC1, PSA, Her2/neu, CA 19.9 and TAG72; and the application of combinatorial immunotherapy to enhance tumor specific immunity and clinical outcome.

On April 22, 2020, OncoQuest announced a definitive agreement to sell its drug portfolio to Dual Industrial Co., Ltd. (renamed as OncoQuest Pharmaceuticals, Inc. or "OQP Korea" in May 2020) in exchange for OQP Korea bonds and cash with a notional value of US$308.4 million and a commitment to fund the Oregovomab Phase 3 Clinical Trial. The asset transfer agreement ("ATA") transaction completed its second closing in February 2021 and as a result, all legal titles and registrations for OncoQuest's immunotherapy assets were transferred to OQP Korea. In return, OncoQuest received US$125 million of OQP Korea bonds convertible into OQP Korea shares, US$8.4 million in cash, and an OQP Korea unsecured 1% interest-bearing corporate bond for USD$175 million, exchangeable into 65,229,709 shares of OQP Korea with an ascribed notional value of US$175 Million subject to regulatory approval. As the requisite approvals have not yet been received and the trading in the shares of OQP Korea has been suspended on the KOSDAQ Exchange in March 2021, In May 2021, OQP Korea determined to spin out the biotechnology business, comprised of the immunotherapy assets, into a separate company that will pursue a public listing on a different exchange. In August 2021, the reorganization was implemented, and OQP Korea's biotechnology business assets were transferred to OQP Bio, Inc. (Korea) ("OQP Bio"), a private Korean company. In January 2022, OncoQuest issued an in-kind dividend of OQP Bio bonds to its shareholders, including to Quest. The dividend received by Quest has a face value of KRW129.1 billion and an estimated fair value on January 31, 2024, of $17.5 million.

During the current year, the Company entered into a non-binding agreement in principle with OQP Bio Inc. (the "Agreement in Principle"), to exchange the Company's OQP Bio bonds for 77.5 billion KRW (Cdn$83,855,000) in cash and 64.6 billion KRW (Cdn$69,897,200) in bonds of Canaria Bio M (K-OTC – 118970) ("CABM"). The CABM bonds, if issued, are contemplated to carry a feature that would permit the Company to convert its CABM bonds into 20.5 million CABM shares and following a business restructuring, the CABM shares are contemplated to be converted into 2.51 million shares of Canaria Bio ("CAB"), a KOSDAQ traded company (KOSDAQ trading symbol – 016790). The Agreement in Principle is indicative and non-binding. The Company's receipt of cash for a portion of its OQP Bio bonds was to be provided by third-party purchasers to be arranged by OQP Bio, none of which have been identified to date. The Company has not entered into a binding definitive agreement with OQP Bio regarding the proposed transactions contemplated by the Agreement in Principle nor received any cash payments under the Agreement in Principle with OQP Bio. A binding definitive agreement had not been entered into by the deadline specified in the Agreement in Principle (May 19, 2023) nor had one been entered into during the current year. The terms and conditions of the Agreement in Principle are indicative and subject to change. There can be no assurance that a definitive agreement will be entered into, and even if entered into, the Company will be subject to significant performance risk of the counterparties, liquidity risk and price volatility risk for any securities received. Until a buyer is identified, none of the cash payments contemplated under the Agreement in Principle will be received.

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN (continued)

Conversion of the remaining bonds into shares of CAB is dependent on further restructuring of OQP Bio, CABM and CAB, none of which has occurred to date nor have any legal commitments to effect such restructurings been entered into. The OQP Bio bonds represent an illiquid investment and there can be no assurance that the Company will be able to find a buyer for or be able to monetize all or any part of its OQP Bio bonds.

In April 2024, the Company changed the valuation methodology used to support the value the Company's OQP Bio bonds as at January 31, 2023. Originally, the bonds were valued based on the fair value of the cash and shares of Canaria Bio expected to be received under the transactions contemplated by the Agreement in Principle. Under the new valuation methodology, the Company engaged an independent valuator to prepare a valuation report that provides a fair value of the OQP Bio bonds as at January 31, 2023 based on customary valuation metrics for financial instruments. The change in the valuation methodology resulted in a significant decrease in the carry values of the OQP Bonds as at January 31, 2023 and related significant additional impairment charge. The Company adopted the same revised valuation methodology to estimate the fair value of the OQP Bio bonds as at January 31, 2024. Refer Note 7.

In September 2023, the Company announced a change of management of CABM with the parties continuing to negotiate in good faith to convert all of the Company's OQP Bio bonds to CABM bonds.

Going Concern

The Company's consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has experienced significant cash outflows from operations since its inception.

The Company has reported a net loss of $3,018,007 for the year ended January 31, 2024 (2023 Net Loss - $64,888,153) and a shareholders' equity of $23,153,020 (January 31, 2023 – shareholders' equity of $25,695,667), the Company has consolidated cash reserves of $716,963 at January 31, 2024 (January 31, 2023 - $374,658) and as at January 31, 2024 had a working capital deficiency of $487,247 (January 31, 2023 – working capital deficiency $484,904).

In addition, in March 2021, trading in the shares of OQP Korea was suspended on the KOSDAQ exchange which impacts the ability of OncoQuest to monetize the OQP Korea share and bond consideration received by OncoQuest under the ATA, to pay for the costs of the ATA transaction including Canadian income tax and to distribute any ATA net proceeds to its shareholders, including Quest. The immunotherapy assets of OncoQuest sold to OQP Korea in 2020 under the ATA and subsequently transferred to OQP Bio in 2021 in connection with a reorganization of OQP Korea, were further transferred by OQP Bio without the bond obligations being transferred to or assumed by the buyer and no longer form part of the assets of OQP Bio backing the OQP Bio bonds. This puts the Company at significant risk given that OQP Bio now has diminished assets from which to repay the bonds. Further, the Company's basis for attributing value to the OQP Bio bonds is significantly dependent on the issuance of publicly traded securities in exchange for the bonds. Accordingly, there is a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

During the year, the Company entered into a non-binding agreement in principle with OQP Bio Inc., to exchange the Company's OQP Bio bonds for 77.5 billion KRW (Cdn$83,855,000) in cash and 64.6 billion KRW (Cdn$69,897,200) in bonds of CABM, however a definitive agreement was never executed and no cash payments have been received. The Company holds an interest in OQP Bio bonds and has not been able to monetize its OQP Bio bonds to date.

Accordingly, there is a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN (continued)

The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to raise additional capital to successfully complete its research and development programs, commercialize its technologies, conduct clinical trials and receive regulatory approvals for its products, and upon the ability and timing for the Company to monetize its OQP Bio bonds. It is not possible at this time to predict the outcome of these matters. The Company's consolidated financial statements do not reflect any adjustments to the classifications and carrying values of assets and liabilities, or to the amounts reported as earnings per share, that may be required should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business. The Company intends to address this uncertainty through new share or debt issuances, licensing arrangements and/or strategic partnerships.

NOTE 2 – BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

a) Statement of compliance

The Company's consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), applicable to a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of May 28, 2024, the date the Board of Directors approved the consolidated statements.

b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value as described in the material accounting policies. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Company and its subsidiaries.

c) Basis of consolidation

The consolidated financial statements comprise of the parent company, Quest PharmaTech Inc., and its subsidiaries, Madenco BioSciences Inc. and Sonolight Pharmaceuticals Corp., being its wholly owned and controlled subsidiaries incorporated in Canada as at January 31, 2024. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control and continue to be consolidated until the date such control ceases.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between the companies. Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

NOTE 3 – MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements:

a) Cash

Cash consists of cash on hand less cheques issued and outstanding, plus deposits in transit, carried at amortized cost.

b) Investments

OncoVent Co., Ltd.

The Company has an investment in OncoVent Co., Ltd. ("OncoVent") (see Note 15 – Investment in OncoVent). The Company owns 10.67% of the shares of OncoVent. The Company's former subsidiary, OncoQuest Inc. ("OncoQuest"), owns 29% of the shares of OncoVent. As a result of the direct and indirect ownership interest in OncoVent, the Company owns approximately 23%, holds significant influence over OncoVent and its operations and accounts for its investment using the equity method of accounting.

OQP Bio Inc.

The Company has an investment in OQP Bio Inc. ("OQP Bio") comprised of OQP Bio bonds that were received in January 2022 as an in-kind dividend from OncoQuest. The OQP Bio bonds are classified as long-term on the statement of financial position due to the timing of receipt of the bond consideration. The OQP Bio bonds represent an illiquid investment and there can be no assurance that the Company will be able to find a buyer for or be able to monetize all or any of its OQP Bio bonds. As such, further impairment of the asset is considered and recognized by the management.

OncoQuest Inc.

The Company accounts for its Investment in OncoQuest Inc. using the Equity Method of accounting. The equity method involves the recording of the initial investment at cost and the subsequent adjusting of the carrying value of the investment for the Company's proportionate share of the earnings or loss. The cost of the investment includes transaction costs.

Adjustments are made to align the accounting policies of OncoQuest Inc. with those of the Company before applying the equity method. When the Company's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of OncoQuest Inc. If OncoQuest Inc. subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

c) Intangible assets

Intangible assets include proprietary rights, intellectual property and patent rights that have been acquired from third parties. Intangible assets are recorded at historical cost less accumulated amortization. Following the acquisition, the Company evaluates the prospective commercialization of the acquired intangible assets. Depending on the results of the evaluation, the Company generally commences amortization of the assets over a period of three to five years.

Intangible assets are amortized over the useful economic life and assessed for impairment at the end of each reporting period. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life of the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

d) Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment losses. Each component of an item of property and equipment with a cost that is significant related to the total cost of the item is depreciated separately. Repair and maintenance expenditures that do not improve or extend the life are expensed in the period incurred.

Depreciation is recognized to write off the cost of property and equipment less its residual value over its useful life, using the straight-line method or declining balance. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal or retirement of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statements of loss and comprehensive loss.

The annual rates for the principal asset categories are as follows:

Computer and equipment	Declining balance – 30%
Furniture and fixtures	Declining balance – 30%
Office equipment	Declining balance – 30%
Manufacturing and research development equipment	Declining balance – 30%
Leasehold improvements	Straight-line over the lease term

e) Impairment of non-financial assets

Non-financial assets are comprised of property and equipment. The Company assesses at each reporting date, whether there is an indication that a non-financial asset may be impaired. If any indication exists, the Company estimates the recoverable amount. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs of disposal, and its value in use.

Fair value less costs of disposal is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in the consolidated statements of loss and comprehensive loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of the recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

f) Leases

At inception, the Company assesses whether a contract is, or contains, a lease. The assessment involves the exercise of judgment about whether the lease depends on a specified asset, whether the Company obtains substantially all of the economic benefits for the use of that asset during the lease term, and whether the Company has the right to direct the use of the asset. If the lease contains an extension option that the Company considers reasonably certain to be exercised, the term of the lease becomes the base lease plus renewal option, including any associated costs. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and a lease liability at the commencement date.

The right-of use asset is initially measured at cost, which includes the initial amount of the liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimates of costs to remove or dismantle the underlying asset or to restore the underlying asset or site on which the asset is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid as of the lease commencement date, discounted using the rate implicit in the lease or, if the implicit rate cannot be readily determined, the Company's incremental borrowing rate.

The measurement of lease liabilities includes the following types of lease payments:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as of the commencement date;
- Amount expected to be payable under any residual value guarantees; and
- Exercise price of options that the Company is reasonably certain to exercise for an extension or option to buy, and penalties for early termination of a lease unless the Company is reasonably certain that it will not terminate the lease early.

The lease liability is measured at amortized cost using the effective interest method.

Lease liabilities are remeasured in the following circumstances:

- If there is a change in the future lease payments resulting from a change in index or rate;
- If there is a change in the Company's estimation of the amount expected to be payable under a residual guarantee; and
- If the Company changes its assessment of whether it will exercise an option to purchase, extend or terminate.

When the Company subleases a right-of-use asset, the Company classifies the sublease as an operating lease if the head lease is a short-term lease. Otherwise, the sublease is classified as a finance lease. When the sublease is classified as a finance lease, the lessor derecognizes the right-of-use asset pertaining to the head lease that it transfers to the sublessee, at the commencement date, but continues to account for the original lease liability. The sublessor recognizes a net investment in sublease and evaluates it for impairment and may use the discount rate in the head lease to measure the net investment in sublease. The Company recognizes finance income on the net investment in sublease, and also records income relating to variable lease payments not included in the measurement of the net investment in the lease.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

g) Financial instruments

Financial assets within the scope of IFRS 9 are classified at amortized cost, at fair value through other comprehensive income (FVOCI) or fair value profit or loss (FVTPL). The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus or minus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. The Company's financial assets include cash, other receivable and an investment in OQP Bio bonds. Financial assets and liabilities are offset and the net amount is presented in the financial statements when and only when the Company has legal rights to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss include all financial assets unless measured at amortized cost or at fair value through other comprehensive income. The Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. The Company may irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis.

The Company has designated the investment in OQP Bio bonds as a financial asset at fair value through profit or loss.

<u>Amortized cost</u>

Financial asset measurement at amortized cost is permitted by IFRS 9 if the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has designated cash and other receivable at amortized cost.

<u>Fair value through other comprehensive income</u>

Financial asset measurement at fair value through other comprehensive income is permitted by IFRS 9 if the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has no financial asset designated at fair value through other comprehensive income.

Note 3 – MATERIAL ACCOUNTING POLICIES (continued)

Fair value through other comprehensive income (continued)

g) Financial instruments (continued)

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value plus or minus, in the case of financial liabilities not at FVTPL, directly attributable transaction costs. The Company's financial liabilities include accounts payable and accrued liabilities, and the short-term loan.

Subsequent Measurement
The subsequent measurement of financial liabilities depends on their classification as follows:

Financial Liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate ("EIR").

The Company has designated accounts payable, accrued liabilities and short-term loan as measured at amortized cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities measured at fair market value and financial liabilities designated at fair value through profit or loss.

Financial liabilities are classified as measured at fair market value if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities at fair market value are recognized in the income statement. Nothing is designated here in this classification.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs due performance of the debtor. Financial guarantee contracts consist of common share instruments which guarantee a dividend in kind if additional common shares are issued to other investors below a stated price. Financial guarantee contracts are recognized initially as a liability at fair value and adjusted for transaction costs that are directly attributable to the issuance of the guarantee and are subsequently measured at fair market value.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices without any deduction for transaction costs or using a valuation technique where no active market exists.

Note 3 – MATERIAL ACCOUNTING POLICIES (continued)

h) Impairment of financial asset

Under IFRS 9, the Company is required to apply an expected credit loss ("ECL") model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred or not as at the date of Statement of Financial Position. For other receivable, the Company has applied the simplified approach under IFRS 9 and has calculated ECLs based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions.

Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It is becoming probable that the borrower will enter bankruptcy or reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of other receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statements of loss and comprehensive loss.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statements of loss and comprehensive loss for the period to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

i) Research and development

Research and development expenses are expensed as incurred. Upfront and milestone payments made to third parties in connection with specified research and development projects are expensed as incurred.

j) Investment tax credits

Investment tax credits relating to qualifying scientific research and experimental development expenditures that are recoverable in the current year are accounted for as other income. Investment tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization.

k) Government grants

Government grants are not recognized until there is reasonable assurance that they will be received and that the Company will be in compliance with any conditions associated with the grant. Grants that compensate the Company for expenses are recognized in the consolidated statements of loss and comprehensive loss with the same classification as the related expense and in the same period in which the expense is recognized.

Note 3 – MATERIAL ACCOUNTING POLICIES (continued)

l) Share-based compensation

The Company accounts for share-based payment transactions granted to employees and non-employees using the fair value method. Fair value is calculated using the Black-Scholes option pricing model with the assumptions described in note 9 and is recognized for employees over the vesting period of the options granted, and for non-employees as goods are received or services rendered. The amount of share-based compensation recognized in each period is also based on the number of share options ultimately expected to vest to each participant. As a result, the Company is required to estimate forfeiture rates, which are typically based on historical employee turnover data and trends. Changes in estimated forfeiture rates will impact the recognition of share-based compensation expense from period to period. Consideration paid on the exercise of share-based payments is credited to share capital and the amount in contributed surplus related to the share-based payments exercised is reclassified to share capital.

Under the fair value-based method, share-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measured. The cost of share-based payments to non-employees is recognized over the vesting period. For fully vested share-based payments, the cost is measured and recognized at the grant date.

m) Foreign currency translation

The functional currency of the Company is the currency of the primary economic environment in which it operates. The Company's consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at the exchange rate in effect at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Differences arising on settlement or translation of monetary items are recognized in the consolidated statements of loss and comprehensive loss.

n) Income taxes

Income tax expense is comprised of current and deferred tax. Income tax is recognized in the consolidated statements of loss and comprehensive loss. Current income tax expense represents the amount of income taxes payable based on tax law that is enacted or substantively enacted at the reporting date and is adjusted for changes in estimates of tax expense recognized in prior periods. A current tax liability is recognized for income tax payable and a current tax asset is recognized for income tax paid but recoverable in respect of all periods to date.

The Company uses the deferred tax method of accounting for income taxes. Accordingly, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the consolidated financial statements carrying amounts of assets and liabilities, and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the consolidated statements of loss and comprehensive loss in the period in which the enactment or substantive enactment occurs..

Note 3 – MATERIAL ACCOUNTING POLICIES (continued)

n) Income taxes (continued)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available to utilize such amounts. Deferred tax assets are reviewed at each reporting date and are adjusted to the extent that it is no longer probable that the related tax benefits will be realized. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis

o) Basic and diluted loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is computed using the treasury stock method. Under this method, options, warrants and convertible securities are assumed to be exercised at the beginning of the period (or at the time of issuance, if later). Proceeds from the exercise are assumed to be used to purchase common shares at the average market price during the period. Incremental shares [the difference between the number of shares assumed issued and the number of shares assumed purchased] are included in the denominator of the diluted loss per share computation.

p) Revenue recognition

The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

Revenue associated with the sale of intellectual property is recognized when the assets have been transferred and collection is reasonably assured. Revenue associated with interest and other income is recorded when earned. Non-refundable government assistance towards current expenses is included in the determination of income for the period as a reduction of the expenses to which it relates. Amounts received for future expenditures are recorded as a current liability.

q) Contributed surplus

Contributed surplus includes the amount of share-based compensation in the form of share options granted to Company employees and non-employees.

r) Other comprehensive income (losses)

Other comprehensive income (losses) is comprised of gains/losses on conversion of US dollar denominated non-controlling interests in subsidiaries to the Company's functional currency. In addition, other comprehensive losses include gains/losses on the redemption or conversion of preferred shares.

Note 3 – MATERIAL ACCOUNTING POLICIES (continued)

s) Accounting pronouncements adopted

The following are new standards, amendments and interpretations have been issued which are effective for the fiscal year ended January 31, 2024 and, accordingly, have been applied in preparing these consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

IAS 12: Amendment to IAS 12, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued targeted amendments to IAS 12 – Income Taxes to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations transactions for which companies recognize both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments help companies provide useful accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

Note 3 – MATERIAL ACCOUNTING POLICIES (continued)

t) Accounting pronouncements not yet effective

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended January 31, 2024 and, accordingly, have not been applied in preparing these consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

On January 23, 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1). The amendments address inconsistencies with how entities classify current and non-current liabilities. The amendments serve to address whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current in the Balance Sheets. The amendments are effective on January 1, 2024. The Company intends to adopt the amendments in its consolidated financial statements or the annual period beginning January 1, 2024. The Company is currently assessing the impact of the amendment.

Amendments to IAS 1: Non-current Liabilities with Covenants

In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1). The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2024. The Company is currently assessing the impact of the amendment.

NOTE 4 – MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the periods and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ from these estimates.

Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectations of future events believed to be reasonable. Judgments and estimates are often interrelated. The Company's judgments and estimates are continually re-evaluated to ensure they remain appropriate. Revisions to accounting estimates are recognized in the period in which they are revised and in future periods affected by the application of accounting policies.

The following are the accounting policies that are subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in these consolidated financial statements.

a) Estimated useful lives and depreciation of property and equipment

Depreciation of property and equipment is dependent upon estimates of useful lives, residual values and patterns in which the assets' future economic benefits are expected to be consumed, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

b) Impairment of non-financial assets

Non-financial assets are reviewed for an indication of impairment at each consolidated statement of financial position date upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable, which requires significant judgement.

An impairment loss is recognized for the amount by which an asset's or CGU's carrying amount exceeds its recoverable amount, which is the higher of fair value less cost of disposal and value in use.

An intangible asset and related equipment that are not yet available for their intended use are tested for impairment at least annually, which also requires significant judgement. To determine the recoverable amount (value in use or fair value less cost to dispose of these assets), management estimates expected future cash flows from the asset or CGU and determines a suitable interest rate in order to calculate the present value of those cash flows using a discounted cash flow model. In the process of measuring expected future cash flows for intangible and tangible assets not yet available for their intended use, management makes assumptions about future operating results using the estimated forecasted prices obtained from various market sources. These key assumptions relate to future events and circumstances. The actual results will vary and may cause adjustments to the Company's assets in future periods. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and to asset-specific risk factors.

By their nature, assets not yet available for intended use have a higher estimation uncertainty, as they depend on future market development and the Company's ability to commercialize and manufacture new products to realize forecasted earnings. For example, new manufacturing processes may not be scalable to the industrial level within the expected timeframe and new products might not receive sufficient market penetration. Management believes that the following assumptions are the most susceptible to change and impact the valuation of these assets in time: a) expected growth of the market for different renewable energy products (demand), b) selling prices which have an impact on revenues and margins (pricing), c) the discount rate associated with new processes and products

c) Investments in OncoQuest

Investments in another company, involve several judgments to be exercised, particularly concerning the classification, recognition, and measurement of the investment under International Financial Reporting Standards (IFRS). The nature of these judgments largely depends on the type of investment, the influence or control over the investee, and the purpose of the investment.

d) Investments in OQP Bio Bonds

The Company uses judgment, estimates and third-party valuation experts to estimate the fair value of its investment in OQP Bio bonds. The most critical judgment in bond valuation is the choice of the discount rate, the allocated weight to the weighted probability approach and the loss recovery % methods used, which are influenced by macroeconomic factors. The issuers credit risk significantly influences bond pricing and estimating credit risk involves assessing the issuers credit worthiness. Estimating the timing and the amount of cash flows from a bond also requires judgment. Judgment about market liquidity of the bonds can be based on trading volume and the availability of buyers and sellers. Liquidity of the bond in the market affects its fair value.

e) Share-based compensation

The Company uses estimates, including but not limited to, the fair value of the Company, estimates of forfeitures, share price volatility at the time of issuance, the risk-free interest rates and expected lives of the options and warrants granted in the calculation of the Share-based compensation and issuance related costs, respectively.

NOTE 4 – MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements and estimates (continued)

f) Income tax

The Company estimates an income tax provision in accordance with the applicable income tax laws. However, actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements. Additionally, estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period.

The income tax provision is based on estimates of full-year earnings. The average annual effective income tax rates are re-estimated at the end of each reporting period. To the extent that forecasts differ from actual results, adjustments are recorded in subsequent periods.

The company recognizes deferred tax assets and liabilities based on expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including those arising from tax loss carryforwards, are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits can be utilized.

g) Going concern

These financial statements have been prepared on a going concern basis which presumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of its operations.

h) Collectability of other receivables

The company assesses the collectability of other receivables by evaluating various factors, including the creditworthiness of debtors, past transaction history, and any subsequent events that may impact the ability of debtors to settle their obligations. Judgment is required in the estimation of expected credit loss and management considers the current economic conditions and industry-specific factors that may affect the debtor's ability to pay and in management’s opinion, are reasonable.

NOTE 5 – SALE OF INVESTMENT IN BIOCELTRAN CO., LTD.

In September 2022, the Company sold its ownership interest in Bioceltran for proceeds of $300,000. $90,000 cash was paid on execution of the sale agreement and $10,000 was received in December 2023. The remaining balance of $200,000 (included in other receivable) is receivable in monthly installments commencing from July 30, 2024 and ending on January 30, 2025 and subject to interest at the rate of 5% per annum commencing from January 1, 2024. The Company has also recorded an expected credit loss of $100,000 (2023: Nil) at the rate of 50% on the amount receivable, recorded under general and administrative expenses in the statements of loss and comprehensive loss for the year ended January 31, 2024. As part of the transaction, the Company also terminated the exclusive license for the Photodynamic Therapy technology.

Expressed in Canadian Dollars except otherwise noted

NOTE 6 – PROPERTY AND EQUIPMENT

Cost:	**Computer**	**Manufacturing and research and development equipment**	**Total**
	$	$	$
January 31, 2022	**96,357**	**457,983**	**554,340**
Additions	—	—	—
January 31, 2023	**96,357**	**457,983**	**554,340**
Additions	—	—	—
January 31, 2024	**96,357**	**457,983**	**554,340**

Accumulated Depreciation:	**Computer**	**Manufacturing and research and development equipment**	**Total**
	$	$	$
January 31, 2022	**94,495**	**455,662**	**550,157**
Depreciation for the year	518	693	1,251
January 31, 2023	**95,013**	**456,355**	**551,368**
Depreciation for the year	1,344	1,628	2,972
January 31, 2024	**96,357**	**457,983**	**554,340**

Net Book Value	**Computer**	**Manufacturing and research and development equipment**	**Total**
	$	$	$
January 31, 2023	1,344	1,628	2,972
January 31, 2024	—	—	—

Expressed in Canadian Dollars except otherwise noted

NOTE 7 – INVESTMENT IN ONCOQUEST INC. AND OQP BIO BONDS

Investment in OncoQuest

The movement in the Company's equity investment in OncoQuest is as follows:

	Amount
	$
Balance – January 31, 2022	**10,495,335**
Equity method loss	(3,096,272)
Other comprehensive loss – foreign exchange	(64,155)
Balance – January 31, 2023	**7,334,908**
Equity method loss	(516,276)
Other comprehensive income – foreign exchange	3,826
Receipt of dividends	(684,723)
Balance – January 31, 2024	**6,137,735**

As of January 31, 2024, the Company has a 42.52% ownership interest in OncoQuest.

OncoQuest summarized financial Information:

	January 31, 2024	January 31, 2023
	USD	USD
Current assets	1,398,864	7,784,120
Non-current assets	11,262,579	17,816,682
Current liabilities	2,753,291	13,592,029
Non-current liabilities	—	—

	January 31, 2024	January 31, 2023
	USD	USD
Revenue	—	—
Cost of goods sold	—	—
Gross Profit	—	—
Expenses	(639,149)	(839,170)
Other expenses	(261,472)	(4,738,643)
Loss before tax	(900,621)	(5,577,813)
Net loss and comprehensive loss	(900,621)	(5,567,655)

Investment in OQP Bio Bonds

OQP Bio Bonds received as a dividend:

	Face value	Fair value	Fair value	Maturity date
	KRW	KRW	$	$
OQP Bio Bond # 10	20,415,802,312	148,379,614	149,270	February 6, 2050
OQP Bio Bond # 12/13	19,406,110,515	129,026,345	129,801	March 20, 2050
OQP Bio Corporate Bond	89,268,108,367	17,114,917,438	17,217,607	February 24, 2022
Balance – January 31, 2024	129,090,021,194	17,392,323,397	17,496,677	

NOTE 7 – INVESTMENT IN ONCOQUEST INC. AND OQP BIO BONDS (continued)

During the current year, the Company entered into a non-binding agreement in principle with OQP Bio Inc. (the "Agreement in Principle"), to exchange the Company's OQP Bio bonds for 77.5 billion KRW (Cdn$83,855,000) in cash and 64.6 billion KRW (Cdn$69,897,200) in bonds of Canaria Bio M (K-OTC – 118970) ("CABM"). The CABM bonds, if issued, are contemplated to carry a feature that would permit the Company to convert its CABM bonds into 20.5 million CABM shares and following a business restructuring, the CABM shares are contemplated to be converted into 2.51 million shares of Canaria Bio ("CAB"), a KOSDAQ traded company (KOSDAQ trading symbol – 016790). The Agreement in Principle is indicative and non-binding. The Company's receipt of cash for a portion of its OQP Bio bonds was to be provided by third-party purchasers to be arranged by OQP Bio, none of which have been identified to date. The Company has not entered into a binding definitive agreement with OQP Bio regarding the proposed transactions contemplated by the Agreement in Principle nor received any cash payments under the Agreement in Principle with OQP Bio. A binding definitive agreement had not been entered into by the deadline specified in the Agreement in Principle (May 19, 2023) nor had one been entered into during the current year. The terms and conditions of the Agreement in Principle are indicative and subject to change. There can be no assurance that a definitive agreement will be entered into, and even if entered into, the Company will be subject to significant performance risk of the counterparties, liquidity risk and price volatility risk for any securities received. Until a buyer is identified, none of the cash payments contemplated under the Agreement in Principle will be received.

Conversion of the remaining bonds into shares of CAB is dependent on further restructuring of OQP Bio, CABM and CAB, none of which has occurred to date nor have any legal commitments to effect such restructurings been entered into. The OQP Bio bonds represent an illiquid investment and there can be no assurance that the Company will be able to find a buyer for or be able to monetize all or any part of its OQP Bio bonds.

The estimated fair value of the OQP Bio Bonds was determined to be $17.5 million at January 31, 2024 (2023: $18.8 million) , with the Company recording a fair value loss of $1.34 million for the year ended January 31, 2024 (2023: $61.4 million). The full amount of the bonds, $17.5 million, are classified as long term due to the timing of receipt of the bond consideration.

Bond Valuation Methodology

The Company's independent valuator utilized the probability-weighted average return model ("PWERM") approach to calculate the fair value of the OQP Bio bonds, calculating the expected future cash flows from the convertible bonds and corporate bonds comprising the OQP Bio bonds, and discounting them at an appropriate rate to reflect the probability of different outcomes. This method involves a forward-looking analysis of the potential future outcomes; it also estimates the ranges of future and present value under each outcome and applies a probability factor to each outcome as of the valuation date. Each scenario is evaluated with a corresponding percentage to represent the probability of its occurrence. These probabilities are estimated to the best of management's ability, taking into account the data, information, and circumstances available as of the valuation date.

Bond Valuation Assumptions

In valuing the convertible bonds comprising part of the OQP Bio bonds, the valuator assumed that the bonds will be held until maturity in 2050 and the Company will receive the principal payments at that time. The fair value of the debt component of such bonds was calculated based on an assumed market rate of interest for similar instruments estimated at 21.4% based on market data, the fact that the issuer of the bonds is not revenue generating and the current default status of the corporate bond comprising part of the OQP Bio bonds.

Expressed in Canadian Dollars except otherwise noted

NOTE 7 – INVESTMENT IN ONCOQUEST INC. AND OQP BIO BONDS (continued)

Bond Valuation Assumptions (continued)

The fair value of the conversion feature for Bond #10 was estimated at KRW19,858,486 (C$19,978) and for Bond #13 was estimated at KRW9,239,441 (C$9,295).

In valuing the fair value of the conversion feature of the convertible bonds, the valuator used a Black-Scholes option pricing model, using the following assumptions:

	January 31, 2024	**January 31, 2023**
Price of issuer's shares	KRW 2.10	KRW 3.61
Time to maturity	26.13 and 26.24 years	27.13 and 27.24 years
Expected volatility	126.80%	124.39%
Risk free interest rate	3.31%	3.18%
Discount rate	21.40%	21.27%

In valuing the (non-convertible) corporate bond, three scenarios for realization were assumed each with the probability of occurrence assigned to them: Scenario 1: Restructuring of bond (20% probability assigned); Scenario 2: Legal proceeding and Recovery (40% probability assigned); and Scenario 3: Default and no recovery (40% probability assigned). For Scenario 1; it was assumed that the bond would be restructures as a 10-year corporate bond with the same accrued interest and principal payable at maturity. For Scenario 2; a 40% recovery rate was assumed. For Scenarios 1 and 2, an assumed market rate of interest of 21.4% was used in the fair value calculations.

Other input variables (including market interest rates and risk-free interest rates) have significant impact on the estimated fair value of the OQP Bio bonds. While the above analysis includes factors that are quantifiable in nature, the valuation of the OQP Bio bonds are also influenced by changes in unobservable inputs. For instance, systemic market risks have a direct impact on valuation of financial assets. Geopolitical risks such as potential aggression or a flare up in tensions from North Korea towards South Korea may have adverse impacts in the valuation of financial assets such as OQP Bio bonds. Other idiosyncratic entity risks that encompass and not limited to company specific events, management decisions, industry specific factors and/or regulatory changes and drug marketing approval decisions have a direct bearing on the valuation of OQP Bio Bonds.

NOTE 8 – SHARE CAPITAL

Authorized:
Unlimited number of common shares without nominal or par value
Unlimited number of first preferred shares
Unlimited number of second preferred shares

The first and second preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

Expressed in Canadian Dollars except otherwise noted

NOTE 8 – SHARE CAPITAL (continued)

Issued:

	Number of Shares	Amount
	#	$
Balance – January 31, 2022	**168,239,247**	**30,616,716**
Add: Shares issued pursuant to exercise of share options	890,000	124,600
Balance – January 31, 2023	**169,129,247**	**30,741,316**
	-	-
Balance – January 31, 2024	**169,129,247**	**30,741,316**

NOTE 9 – STOCK OPTIONS

Movements in the number of stock options outstanding and their related weighted average exercise prices are as follows:

	Number of Options	Weighted Average Exercise Price
	#	$
Balance – January 31, 2022	**18,745,000**	**0.15**
Granted	1,700,000	0.11
Expired	(1,025,000)	1.10
Exercised	(890,000)	—
Balance – January 31, 2023	**18,530,000**	**0.15**
Granted	5,250,000	0.09
Expired	(4,075,000)	0.16
Exercised	—	—
Balance – January 31, 2024	**19,705,000**	**0.14**

Stock options outstanding and exercisable as at January 31, 2024 are as follows:

Exercise Prices	Number of Options Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price	Number of Options Exercisable
$	#	Years	$	#
0.08	1,550,000	0.74	0.08	1,550,000
0.09	1,400,000	0.60	0.09	1,400,000
0.10	7,150,000	1.20	0.10	7,150,000
0.12	2,050,000	0.76	0.12	2,050,000
0.15	3,025,000	0.50	0.15	3,025,000
0.18	1,250,000	0.32	0.18	1,250,000
0.23	1,720,000	0.61	0.23	1,720,000
0.25	1,560,000	0.38	0.25	1,560,000
	19,705,000	**0.80**	**0.14**	**19,705,000**

Expressed in Canadian Dollars except otherwise noted

NOTE 9 – STOCK OPTIONS (continued)

Stock options outstanding and exercisable as at January 31, 2023 are as follows:

Exercise Prices	Number of Options Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price	Number of Options Exercisable
$	#	Years	$	#
0.09	1,400,000	0.72	0.09	1,400,000
0.10	5,775,000	0.65	0.10	5,775,000
0.12	2,050,000	0.92	0.12	2,050,000
0.15	3,225,000	0.70	0.15	3,225,000
0.18	1,250,000	0.40	0.18	1,250,000
0.23	1,720,000	0.74	0.23	1,720,000
0.25	3,110,000	0.51	0.25	3,110,000
	18,530,000	**0.66**	**0.15**	**18,530,000**

During the year, the Company recorded $471,534 (2023 - $153,000 - $100,800 G&A / $38,500 R&D) of share-based compensation expenses within research and development, based on the vesting terms of the previously granted options.

The fair value of the options granted was determined using the Black-Scholes option pricing model using the following assumptions:

	January 31, 2024	January 31, 2023
Stock price	$0.09	$0.09
Expected life (in years)	5 & 10	10
Expected annual volatility	265% & 419%	265%
Expected dividend yield	0%	0%
Risk-free interest rate	3.34% to 3.68%	2.81%
Expected forfeiture rate	0%	0%

NOTE 10 – RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company defines key management personnel as being the directors and key officers.

The compensation awarded to key management personnel recorded under general and administration expenses in the statements of loss and comprehensive loss, is as follows:

	January 31, 2024	January 31, 2023
	$	$
Management fees	375,789	370,167
Director fees	20,000	93,000
Total compensation	**395,789**	**463,167**

Expressed in Canadian Dollars except otherwise noted

NOTE 10 – RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Cost Recovery - Executive Services Agreement

In July 2020, the Company entered into an Executive Services Agreement with OncoQuest whereby the Company's officers render executive services to OncoQuest for a fee of $10,000 per month, which increased to $15,000 per month effective July 1, 2023. The Company received $155,000 (January 31, 2023: $150,000) under this arrangement during the year ended January 31, 2024. In addition, the Company received $149,500 in advance payments for fiscal 2025.These advances are included in accounts payables and accrued liabilities.

Short term loan

Effective during the year ended January 31, 2021, the Company entered in a loan agreement with OncoQuest Inc for a short term, unsecured, 2% interest bearing debt , with no fixed term of repayment and repayable on demand.. The funding is for drug development and operational purposes. The Company recorded interest expense of $18,667 for the year ended January 31, 2024 (2023 - $18,657) recorded under finance expenses in the statement of loss and comprehensive loss. The accrued loan interest is included in accounts payable and accrued liabilities on the statement of financial position.

The table below shows the movement of the principal and accrued interest balance:

	Principal balance	Accrued interest balance
	$	$
Balance – January 31, 2022	1,000,000	6,721
Principal balance loan	—	—
Interest expense	—	18,657
Balance – January 31, 2023	1,000,000	25,378
Principal balance repayment	(200,000)	—
Principal balance loan	200,000	—
Interest expense	—	18,667
Balance – January 31, 2024	**1,000,000**	**44,045**

NOTE 11 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are mainly comprised of cash, other receivable, investment in OQP Bio bonds, accounts payable and accrued liabilities and short-term loan.

Fair values

When measuring the fair value of a financial asset and a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Expressed in Canadian Dollars except otherwise noted

NOTE 11 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair values (continued)

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy:

Financial assets			January 31, 2024	January 31, 2023
			$	$
Cash	FVTPL	Level 1	716,963	374,658
Other receivable	Amortized cost		100,000	221,311
Investment in OncoQuest	FVTPL	Level 3	6,137,735	7,334,908
Investment in OQP Bio Bonds	FVTPL	Level 3	17,496,677	18,832,271
			24,451,375	**26,763,148**

Financial liabilities		January 31, 2024	January 31, 2023
		$	$
Accounts payable and accrued liabilities	Amortized cost	322,777	106,406
Short term loan	Amortized cost	1,000,000	1,000,000
		1,322,777	**1,106,406**

Investment valuations are affected by various factors including financial position, results from operations and foreseeable future cash flows from operations of investees. Investees have a limited history of operations and there is no certainty that their strategic objectives and goals will be achieved, and there is no guarantee that shareholders' value will increase or be sustained even if these strategic objectives and goals are achieved. Management recognizes and monitors the performance of investees and makes appropriate adjustments to the assumptions and valuation model, if necessary. Investment valuations are susceptible to high volatilities and actual fair values may significantly differ from management's estimates.

<u>Fair value of OQP Bio bonds</u>

In valuing the convertible bonds comprising part of the OQP Bio bonds, the valuator assumed that the bonds will be held until maturity in 2050 and the Company will receive the principal payments at that time. The fair value of the debt component of such bonds was calculated based on an assumed market rate of interest for similar instruments estimated at 21.4% based on market data, the fact that the issuer of the bonds is not revenue generating and the current default status of the corporate bond comprising part of the OQP Bio bonds. The fair value of the conversion feature for Bond #10 was estimated at KRW19,858,486 (C$19,978) and for Bond #13 was estimated at KRW9,239,441 (C$9,295).In valuing the fair value of the conversion feature of the convertible bonds, the valuator used a Black-Scholes option pricing model, using the following assumptions:

	January 31, 2024	January 31, 2023
Price of issuer's shares	KRW 2.10	KRW 3.61
Time to maturity (years)	26.13 & 26.24	27.13 & 27.24
Expected volatility	126.80%	124.39%
Risk free interest rate	3.31%	3.18%
Discount rate	21.40%	21.27%

Expressed in Canadian Dollars except otherwise noted

NOTE 11 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair values (continued)

In valuing the (non-convertible) corporate bond, three scenarios for realization were assumed each with the probability of occurrence assigned to them: Scenario 1: Restructuring of bond (20% probability assigned); Scenario 2: Legal proceeding and Recovery (40% probability assigned); and Scenario 3: Default and no recovery (40% probability assigned). For Scenario 1; it was assumed that the bond would be restructures as a 10-year corporate bond with the same accrued interest and principal payable at maturity. For Scenario 2; a 40% recovery rate was assumed. For Scenarios 1 and 2, an assumed market rate of interest of 21.4% was used in the fair value calculations.

As a result, the estimated fair value of the OQP Bio Bonds was determined to be $17.5 million at January 31, 2024, with the Company recording a fair value loss of $1.35 million for the year ended January 31, 2024. The full amount of the bonds, $17.5 million, are classified as long term due to the timing of receipt of the bond consideration.

A sensitivity analysis on the estimated fair value of the OQP Bio bonds at January 31, 2024 provided a range as noted below: The base case valuation is Cdn$17,496,677.

Probability of			Estimated fair value
Scenario 1 (Restructuring)	Scenario 2 (Legal Proceedings and Recovery)	Scenario 3 (Default and no recovery	Cdn$
10%	45%	45%	17,868,246
15%	42.50%	42.50%	17,682,462
20%	***40%***	***40%***	**17,496,677**
25%	37.50%	37.50%	17,310,894
30%	35%	35%	17,125,110
35%	32.50%	32.50%	16,939,326
40%	30%	30%	16,753,542
45%	27.50%	27.50%	15,855,504

A sensitivity analysis of recovery rate to determine the estimated fair value of the OQP Bio bonds for the base case of a 20 % probability of Scenario 1 (restructuring), a 40% probability of Scenario 2 (Legal Proceedings and Recovery) and 40% probability of Scenario 3 (Default and no recovery) are noted below:

The base case valuation of the OQP Bio Bonds is Cdn$17,496,677.

Recovery Rate %	Scenario 1 (Restructuring)	Scenario 2 (Legal Proceedings and Recovery)	Scenario 3 (Default and no recovery)	Estimated fair value ($Cdn)
30%	3,143,205	11,766,799	-	13,934,174
35%	3,143,205	13,727,933	-	15,730,249
40%	***3,143,205***	***15,689,066***	**-**	**17,496,677**
45%	3,143,205	17,650,199	-	19,322,397
50%	3,143,205	19,611,332	-	21,118,472
55%	3,143,205	21,572,465	-	22,914,546
60%	3,143,205	23,533,599	-	24,710,620
65%	3,143,205	25,494,732	-	26,506,695
70%	3,143,205	27,455,865	-	28,302,769

Expressed in Canadian Dollars except otherwise noted

NOTE 11 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair values (continued)

Sensitivity analysis January 31, 2023

A sensitivity analysis on the estimated fair value of the OQP Bio bonds at January 31, 2023 provided a range as noted below: The base case valuation is Cdn$18,832,271.

Probability of		Estimated fair value
Scenario 1 (Restructuring)	Scenario 2 (Legal Proceedings and Recovery)	($Cdn)
10%	45%	19,221,802
15%	42.50%	19,027,036
20%	***40%***	***18,832,271***
25%	37.50%	18,637,506
30%	35%	18,442,740
35%	32.50%	18,247,975
40%	30%	18,053,210
45%	27.50%	17,858,444

A sensitivity analysis of recovery rate to determine the estimated fair value of the OQP Bio bonds for the base case of a 20 % probability of Scenario 1 (restructuring), a 40% probability of Scenario 2 (Legal Proceedings and Recovery) and 40% probability of Scenario 3 (Default and no recovery) are noted below:

The base case valuation of the OQP Bio Bonds is Cdn$18,832,271.

Recovery Rate %	**Scenario 1 (Restructuring)**	**Scenario 2 (Legal Proceedings and Recovery)**	**Scenario 3 (Default and no recovery)**	**Estimated fair value ($Cdn)**
30%	3,143,205	11,766,799	-	14,910,005
35%	3,143,205	13,727,933	-	16,871,138
40%	***3,143,205***	***15,689,066***	***-***	***18,832,271***
45%	3,143,205	17,650,199	-	20,793,404
50%	3,143,205	19,611,332	-	22,754,537
55%	3,143,205	21,572,465	-	24,715,671
60%	3,143,205	23,533,599	-	26,676,804
65%	3,143,205	25,494,732	-	28,637,937
70%	3,143,205	27,455,865	-	30,599,070

Other input variables (including market interest rates and risk-free interest rates) had limited impact on the estimated fair value of the OQP Bio bonds. While the above analysis includes factors that are quantifiable in nature, the valuation of the OQP Bio bonds are also influenced by changes in unobservable inputs. For instance, systemic market risks have a direct impact on valuation of financial assets. Geopolitical risks such as potential aggression or a flare up in tensions from North Korea towards South Korea may have adverse impacts in the valuation of financial assets such as OQP Bio bonds. Other idiosyncratic entity risks that encompass and not limited to company specific events, management decisions, industry specific factors and/or regulatory changes and drug marketing approval decisions have a direct bearing on the valuation of OQP Bio Bonds.

NOTE 11 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Investments and risk management

The Company considers it Level 3, as the fair value techniques used the lowest level of input which was unobservable. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Change in assumptions could significantly affect the estimates.

Capital and risk management

The Company's objective and policies for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may issue new equity instruments or raise additional debt financing.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk, and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the period. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. The finance department identifies and evaluates financial risks in close cooperation with management.

Credit risk

Financial instruments that subject the Company to credit risk consist primarily of other receivables and the OQP Bio bonds. The Company's exposure to credit risk, including for other receivable amounts, is considered to be significant which is assessed through an expected credit loss model ("ECL"). The Company's estimate of allowances is based on an ECL approach that employs an analysis of historical data, economic indicators and experience of delinquency and default. The Company has applied an ECL of 50% to the other receivable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to market interest rate risk.

NOTE 11 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on external financing or key management to provide sufficient liquidity to meet budgeted operating requirements.

The following tables set forth details of the payment profile of financial liabilities based on their undiscounted cash flows:

January 31, 2024	**Total carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
	$	$	$	$	$
Trade payables and accrued liabilities	322,777	322,777	322,777	–	–
Short term loan	1,000,000	1,000,000	1,000,000	–	–
Total	1,322,777	1,322,777	1,322,777	–	–

January 31, 2023	**Total carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
	$	$	$	$	$
Trade payables and accrued liabilities	106,406	106,406	106,406	–	–
Short term loan	1,000,000	1,000,000	1,000,000	–	–
Total	1,106,406	1,106,406	1,106,406	–	–

Taking into consideration the Company's current cash position, volatile equity markets, global uncertainty in the capital markets and increasing cost pressures, the Company is actively seeking new financing opportunities in accordance with its capital risk management strategy.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains financial instruments and enters transactions denominated in foreign currencies, which exposes the Company to fluctuating balances and cash flows due to various in foreign exchange rates.

The table below indicates the foreign currencies to which the Company has significant exposure in Canadian dollar terms:

	January 31, 2024	**January 31, 2023**
	$	$
Cash	682	2,787
Investments in OQP Bio bonds	17,496,677	18,832,271
Net monetary assets	**17,497,359**	**18,835,058**

Assuming all other variables remain constant, a fluctuation of +/- 5.0% in the exchange rate between CAD and USD would impact the net loss by approximately $34 during the year ended January 31, 2024 (January 31, 2023 - $2,088).

Assuming all other variables remain constant, a fluctuation of +/- 5.0% in the exchange rate between CAD and KRW would impact the net loss by approximately $874,834 during the year ended January 31, 2024 (January 31, 2023 - $13,967,819).

Expressed in Canadian Dollars except otherwise noted

NOTE 12 – CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued common shares, contributed contribution, retaining earnings, and accumulated other comprehensive loss.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy for with respect to capital risk management has not changed during the year ended January 31, 2024.

NOTE 13 – LOSS PER SHARE

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of shares outstanding. Diluted loss per share is calculated in a similar manner, except that the weighted average number of shares outstanding is increased to include potentially issuable shares from the assumed exercise of share purchase options and warrants, if dilutive. The diluted loss per share calculation excludes any potential conversion of options, warrants, and convertible debt that would increase earnings per share or decrease loss per share.

	January 31, 2024	**January 31, 2023**
	#	#
Weighted average share	169,129,247	168,395,468
	$	$
Net loss	(3,018,007)	(64,888,153)
Basic and diluted loss per share	(0.018)	(0.384)

The following share options could potentially dilute basic earnings per common share in the future. These securities are not included in the computation of diluted earnings per share and would have reduced the loss per common share (anti-dilutive) for the years presented:

	January 31, 2024	**January 31, 2023**
	#	#
Share based payments	19,705,000	18,530,000
	19,705,000	**18,530,000**

Expressed in Canadian Dollars except otherwise noted

NOTE 14 – INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	January 31, 2024	January 31, 2023
	$	$
Loss before income tax	(3,018,007)	(64,888,153)
Statutory tax rate	23%	23%
Expected income tax recovery	(694,142)	(14,924,275)
Non-deductible expenses	(11,025)	(12,400)
Equity method (income) loss booked on investment in OncoQuest Inc.	118,743	712,143
Fair value adjustment loss booked on investment in bonds of OQP Bio, Inc.	307,187	14,118,766
Book to return adjustments, change in tax rates and others	—	105,767
Potentail deferred tax assets not recognized	279,237	—
Total income tax expense (recovery)	—	—

The significant components of the Company's deferred tax assets and liabilities are as follows:

	January 31, 2024	January 31, 2023
	$	$
Non-capital loss carryforwards	3,238,976	3,050,009
Tax cost of property and equipment in excess of book values	85,636	85,636
Scientific research and experimental development expenditure pool	806,942	806,942
	4,131,554	3,942,587
Valuation allowance	(4,131,554)	(3,942,587)
	—	—

At January 31, 2024, the Company and its subsidiaries have non-capital losses for income tax purposes of approximately $14,082,505 (2023 – $13,260,907), and scientific research and experimental development expenses of approximately $2,807,018 (2023 – $2,807,018), that can be applied against future taxable income. The benefit of these deductible temporary differences has not been recognized.

The Company also has investment tax credits ("ITCs") of $679,212 (2023 – $701,426) that can be applied against future tax liability for which no deferred tax asset has been recognized. Also, the Company has capital losses for income tax purposes of approximately $3,086,384 (2023 - $2,936,346) which can be carried forward indefinitely and applied against future taxable capital gains for which no deferred tax asset has been recognized.

Expressed in Canadian Dollars except otherwise noted

NOTE 14 – INCOME TAXES (continued)

The non-capital losses and investment tax credits (“ITCs”) available for carry forward will expire as follows:

Expiry	Non-capital losses	ITC
	$	$
2026	2,440,282	–
2027	1,137,273	91,338
2028	614,800	98,937
2029	97	198,878
2030	122	48,693
2031	809,406	63,741
2032	524,854	41,489
2033	727,483	50,201
2034	98	53,160
2035	1,344,512	32,775
2036	48	–
2037	1,381,038	–
2038	1,156,433	–
2039	467,426	–
2040	1,007,607	–
2041	833,260	–
2042	344,347	–
2043	535,977	–
2044	757,442	–
Total	14,082,505	679,212

NOTE 15 – INVESTMENT IN ONCOVENT CO.,LTD.

As part of the preferred share agreement, on March 4, 2016, the Company’s former subsidiary, OncoQuest, signed a joint venture contract with Shenzhen Hepalink. The agreement results in the creation of a new company in China called OncoVent Co., Ltd. (“OncoVent”), to focus on the research and development of Cancer Immunotherapy Products for the Chinese market. Under the agreement, OncoQuest licensed the greater China rights to the Immunotherapy Technologies and provided US$1,000,000 for 46% of the shares of OncoVent. Shenzhen Hepalink contributed US$5,000,000 for 54% of the shares of OncoVent. As part of the agreement, OncoQuest transferred a portion of its shares in OncoVent to Quest and to another party such that Quest owns 11% and the other party owns 6%, respectively, of the shares of OncoVent. Management believes the creation of OncoVent will provide additional resources for product development that OncoQuest can access to accelerate its worldwide product registration strategy. OncoVent will focus on the development, manufacturing and commercialization of Cancer Immunotherapy Products within China with pancreatic cancer as its first target. On October 31, 2016, Shenzhen Hepalink contributed US$5,000,000 to OncoVent. On November 1, 2016, OncoQuest contributed $1,337,900 (US$1,000,000) to OncoVent. For financial statement purposes, the Company accounts for its investment in this affiliated entity under the equity method. OncoVent began operations in November 2016.

	January 31, 2024	January 31, 2023
Investment in OncoVent Co.,Ltd.	$	$
Opening balance	–	–
Equity method share of loss for the year	–	–
Closing balance	–	–

NOTE 16 – SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to May 28, 2024, the date consolidated financial statements were issued and determined the following events to report:

As mentioned in Note 1, management restated its 2023 annual financial statements to change the valuation methodology used to value Quest's OQP Bio bonds to present a more reasonable and appropriate fair value. The change in valuation methodology resulted in a decrease in bond value for Quest's OQP Bio bonds held at January 31, 2023 from $76.4 million to $18.8 million. The audited financial statements of the Company for the year ended January 31, 2023 were reissued and the comparative figures represent those restated amounts.