

StageZero Life Sciences Ltd.

Three-month periods ended March 31, 2024 and 2023

Unaudited, condensed consolidated interim financial statements and associated notes

[Expressed in US dollars, unless otherwise noted]

StageZero Life Sciences Ltd.

Unaudited Condensed Consolidated Interim Financial Statements
Three-month periods ended March 31, 2024 and 2023
[Expressed in US dollars, unless otherwise noted]

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STAGEZERO LIFE SCIENCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
[EXPRESSED IN US DOLLARS]

	Notes	March 31, 2024	December 31, 2023
		\$	\$
ASSETS			
Current			
Cash		5,536	26,353
Trade and other receivables		96,260	88,594
Inventories	4	22,570	22,570
Short-term portion of prepaid expenses and deposits		59,368	90,015
Total current assets		183,734	227,532
Non-current assets			
Property, plant and equipment, net		195,732	214,009
Right of use assets		-	-
Total non-current assets		195,732	214,009
Total assets		379,466	441,541
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current			
Trade and other payables	5	8,078,132	7,851,681
Deferred revenues	15	60,176	40,541
Fair value of convertible debenture	6[c]	54,950	54,950
Short-term loan	6[d]	367,239	428,925
Short-term liabilities		67,340	67,340
Short-term portion of warrant liability	7	-	181
Short-term portion of notes payable	6[a][b]	542,097	437,764
Total current liabilities		9,169,934	8,881,382
Non-current liabilities			
Long-term portion of warrant liability	7	604,996	554,821
Long-term loan		44,544	44,544
Long-term portion of notes payable	6[b]	760,052	727,610
Total non-current liabilities		1,409,592	1,326,975
Total liabilities		10,579,526	10,208,357
Shareholders' equity (deficiency)			
Share capital	8[b]	102,436,020	102,436,020
Contributed surplus	8[d]	13,315,493	13,303,549
Accumulated other comprehensive income		1,234,743	1,234,743
Deficit		(127,186,316)	(126,741,128)
Total shareholders' deficiency		(10,200,060)	(9,766,816)
Total liabilities and shareholders' deficiency		379,466	441,541
Commitments and contingencies	16		
Subsequent event	17		

See accompanying notes to the consolidated financial statements.

Approved by the Company's board of directors and authorized for issue on May 15, 2024:

(signed) James R. Howard-Tripp, Director

(signed) Garth MacRae, Director

STAGEZERO LIFE SCIENCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
[EXPRESSED IN US DOLLARS]

	<i>Notes</i>	Three-month period ended March 31	
		2024	2023
		\$	\$
REVENUES	<i>15</i>	521,921	778,515
Direct costs	<i>9</i>	221,378	429,068
Gross profit		301,543	349,447
EXPENSES			
Research and development	<i>9</i>	-	61,010
Sales and marketing	<i>9</i>	-	76,133
General and administrative	<i>9</i>	596,148	1,467,506
Total Expenses		596,148	1,604,649
Loss from operations		(295,605)	(1,255,203)
Loss from fair valuation of warrants	<i>7</i>	49,994	408,678
Change in fair value of convertible debenture	<i>6[c]</i>	-	8,178
Finance and transaction costs	<i>14</i>	40,750	139,841
		90,744	556,697
Net loss before income taxes		(386,349)	(1,811,900)
Current income taxes		-	-
Deferred income taxes		-	-
Net loss after income taxes		(386,349)	(1,811,900)
Other comprehensive (loss) income: foreign translation adjustment			
Total loss and comprehensive loss for the quarter		(386,349)	(1,811,900)
Basic and diluted loss per common share	<i>8</i>	(0.00)	(0.02)

See accompanying notes to the consolidated financial statements.

STAGEZERO LIFE SCIENCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
[EXPRESSED IN US DOLLARS]

	Share capital		Contributed surplus	Accumulated other comprehensive income	Deficit	Total
	Shares	Amount				
	#	\$	\$	\$	\$	\$
	<i>[note 8[b]]</i>		<i>[note 8]</i>			
Balance at January 1, 2024	123,553,050	102,436,020	13,303,549	1,234,743	(126,799,968)	(9,825,656)
Net loss for the year	-	-	-	-	(386,349)	(386,349)
Share-based compensation	-	-	11,944	-	-	11,944
Balance at March 31, 2024	123,553,050	102,436,020	13,315,493	1,234,743	(127,186,317)	(10,200,060)
	Share capital		Contributed surplus	Accumulated other comprehensive income	Deficit	Total
	Shares	Amount				
	#	\$	\$	\$	\$	\$
	<i>[note 8[b]]</i>		<i>[note 8]</i>			
Balance at January 1, 2023	105,464,611	101,392,225	12,909,025	1,234,743	(123,039,330)	(7,503,337)
Net loss for the year	-	-	-	-	(3,760,638)	(3,760,638)
Share-based compensation	-	-	394,524	-	-	394,524
Issuance of common shares in capital commitment	4,088,892	286,337	-	-	-	286,337
Issuance of option exercise	1,469,409	68,287	-	-	-	68,287
Issuance of warrant exercise	215,354	10,593	-	-	-	10,593
Share issuance costs	642,436	41,962	-	-	-	41,962
Issuance of common shares in convertible debenture conversion	11,672,348	636,616	-	-	-	636,616
Balance at December 31, 2023	123,553,050	102,436,020	13,303,549	1,234,743	(126,799,968)	(9,825,654)

See accompanying notes to the consolidated financial statements.

STAGEZERO LIFE SCIENCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
[EXPRESSED IN US DOLLARS]

	<i>Notes</i>	Three-month period ended March 31	
		2024	2023
OPERATING ACTIVITIES			
Net profit (loss) for the period		(386,348)	(1,811,900)
Non-cash adjustments			
Share-based compensation	<i>8[d]</i>	11,944	65,163
Depreciation	<i>9</i>	18,277	59,576
Change in fair value of convertible debenture		-	8,178
Non-cash interest expense		23,581	126,459
Non-cash change in interest on lease liability		-	6,244
Foreign exchange		(20,581)	(32,307)
(Gain)/loss on revaluation of warrants		49,994	408,678
		(303,133)	(1,169,909)
Changes in non-cash working capital balances related to operations			
Trade and other receivables		(7,666)	(41,205)
Deferred revenue		19,635	60,249
Prepaid expenses and deposits		30,647	16,470
Inventory		-	12,678
Trade and other payables		167,580	898,478
Cash used in operating activities		(92,937)	(223,239)
FINANCING ACTIVITIES			
Short-term loan proceeds		36,775	254,318
Payment of principal to Health Diagnostic Laboratories Inc.	<i>6[a]</i>	-	-
Repayment of lease liability		-	(67,651)
Proceeds from note payables		100,000	50,000
Payment of note payable and interest		(64,686)	7,183
Cash provided by financing activities		72,089	243,850
INVESTING ACTIVITIES			
Leasehold improvements and lab Equipment		-	-
Proceed from disposal of property, plant and equipment		-	-
Proceed from disposal of property, plant and equipment		-	-
Cash used in investing activities		-	-
Net decrease in cash during the period		(20,848)	20,611
Cash, beginning of period		26,384	15,684
Cash, end of period		5,536	36,295

See accompanying notes to the consolidated financial statements.

STAGEZERO LIFE SCIENCES LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2024 AND 2023
[EXPRESSED IN US DOLLARS]

1. NATURE OF OPERATIONS AND GOING CONCERN

StageZero Life Sciences, Limited (“StageZero Life Sciences”, the “Company”, “we”, “us”, “our”) is a vertically integrated healthcare company at the nexus of three of the fastest growing and most exciting sectors of healthcare today; Early Cancer Detection, Liquid Biopsy, and Global Telehealth. The Company is focused on minimizing the risk of cancer and other chronic diseases through early detection and intervention.

In its laboratory business the company continues to develop and commercialize proprietary molecular diagnostic tests for early detection of diseases and personalized health management, with a primary focus on cancer-related indications. The Company has developed a proprietary platform technology, the Sentinel Principle®, to identify novel biomarkers from whole blood. The Company’s lead product, Aristotle®, is a blood-based molecular diagnostic assessment that can detect an individual’s current risk for potentially having a variety of cancers.

The Company acquired the CareOncology businesses of Health Clinics Ltd, and Health Clinics USA Corp (“CareOncology”) in the third quarter of 2021 (Note 3). CareOncology operates virtual clinics as well as a physical clinic in the UK, that operate on a global telehealth platform and provide clinical consultations, interventions and monitoring services for patients diagnosed with cancer through the CareOncology Protocol (TREAT Program). CareOncology has also developed the AVRT program, which evaluates a patient’s potential risk of developing cancer and a variety of other chronic illnesses. AVRT provides monitoring/interventions that are intended to target the inflammatory and metabolic pathways that underlie the progression of many diseases.

In 2023 and the first quarter of 2024, the Company focused on its CareOncology businesses and has also recently re-focused on the development and commercialization of Aristotle.

The Company is incorporated under the laws of the Province of Ontario and is domiciled in Ontario, Canada. Its shares are publicly traded under the stock symbol SZLS on the Toronto Stock Exchange. The Company’s registered office is located at Unit 30, 70 East Beaver Creek Road, Richmond Hill, Ontario, L4B 3B2.

StageZero Life Sciences Ltd. has wholly owned subsidiary companies, StageZero Holdings Inc., which owns 100% of StageZero Life Sciences Inc. (“Inc.”), Care Oncology, Inc, and SZ Physician Holdings, Inc, all in the United States, and Clinics Operations, Ltd. (also referred to as CareOncology UK).

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the future operations will allow for the realization of assets and the discharge of liabilities in the normal course of business. These consolidated financial statements do not include any adjustments to the carrying value and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material. The Company reported a consolidated net loss of \$0.4 million for the three months ended March 31, 2024 [March 31, 2023 – loss of 1.8 million]. As at March 31, 2024, the Company had a working capital deficit of \$9.0 million [December 31, 2023, working capital deficit of \$8.7 million] and a deficit of \$127.2 million [December 31, 2023 – \$126.7 million].

These circumstances create material uncertainties that cast significant doubt as to the ability of the Company to continue as a going concern and, hence, as to the appropriateness of the use of accounting principles applicable to a going concern. The Company is actively pursuing additional financing to further develop certain of the Company’s commercial and scientific initiatives; but there is no assurance these initiatives will be successful, timely or sufficient.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments. The Company’s principal accounting policies outlined below have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

STAGEZERO LIFE SCIENCES LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2024 AND 2023
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Statement of compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022 and the unaudited consolidated financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company’s consolidated financial statements for the year ended December 31, 2022 and 2023. These condensed consolidated interim financial statements were approved and authorized for publication by the Board of Directors on May 15, 2024.

Accounting standards, amendments, and interpretations not yet adopted or effective

As discussed in the notes to the Company’s audited financial statements for the year ended December 31, 2023 certain new standards, amendments, and interpretations have been issued which are not yet effective for the Company’s consolidated financial statements for the periods presented. The Company has not early adopted any standards, amendments, or interpretations, which are issued but not yet effective.

3. ACQUISITION OF CARE ONCOLOGY BUSINESS

On September 2, 2021, the Company acquired 100% of the shares of Clinics Operations Limited (“COL”), a company incorporated in England and, through the Company’s newly incorporated subsidiaries, Care Oncology Inc. (“COI”) and Care Oncology Physicians (“COP”), the operating assets of Health Clinics USA Corp. Both were acquired from Health Clinics Limited (“HCL”), the ultimate parent of both entities, for consideration with a fair value of \$7,283,827.

The consideration was comprised of: 12,500,000 shares issued on the date of closing, September 2, 2021; 2,500,000 shares that were issued upon the successful acquisition of a Care Quality Commission (“CQC”) license by COL (the “CQC Consideration”), October 22, 2021; and contingent consideration consisting of 8,000,000 common shares, pending approval by the Company’s shareholders. The 12,500,000 shares were valued based on the share price at issuance, September 2, 2021, being Cdn\$ 0.42, or \$4,160,625. These shares were subject to a Lock Up Agreement that restricted the Holders’ ability to sell those shares, releasing one third four months from the closing date, one third eight months from the closing date, and the final third on the anniversary of the closing date. On December 10, 2021 the shareholders elected to award the issuance of the 8,000,000 common shares upon achieving the Earn Out Consideration. Since the Earn Out Consideration revenue target was not attained in a continuous 12-month period between September 2021 and December 31, 2022, the 8,000,000 shares were not earned and are no longer due..

Company issued the additional 2,500,000 common shares on December 2, 2021, upon Clinic Operations Limited obtaining a Care Quality Commission license in England and accordingly, the related shares were valued using the same closing price, at \$832,125.

4. INVENTORIES

Inventories comprise of lab supplies and test kits.

	At March 31, 2024	At December 31, 2023
Inventory	22,570	22,570
Impairment of inventory	-	-
Total Inventory	22,570	95,621

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5. TRADE AND OTHER PAYABLES

The Company's exposure to liquidity and currency risks related to trade and other payables is presented in note 12.

	At March 31, 2024	At December 31, 2023
	\$	\$
Trade payables	3,927,004	3,811,413
Accrued directors' compensation	540,000	540,000
Accrued salary related expenses	2,858,172	2,783,255
Other accrued liabilities	752,956	716,840
Total trade payables and accrued liabilities	8,078,132	7,851,508

6. NOTES PAYABLE AND CONVERTIBLE DEBENTURES

Notes payable consists of:

	At March 31, 2024	At December 31, 2023
	\$	\$
Note payable to HDL [a]	880,052	847,610
Note payable to shareholders and a director [b]	422,097	317,764
Total	1,302,149	1,165,374
Less: current portion of notes payable	(542,097)	(437,764)
Long-term portion of notes payable	760,052	727,610

Convertible debenture held at fair value consists of:

	At March 31, 2024	At December 31, 2023
	\$	\$
Convertible debenture [c]	54,950	54,950

Term loans consist of:

	At March 31, 2024	At December 31, 2023
	\$	\$
Other loans [d] (short-term)	367,239	428,925
CEBA Loan [d] (long-term)	44,544	44,544

[a] Note payable to HDL

In May 2015, StageZero Holdings issued a note payable in the amount of \$1.0 million to Health Diagnostic Laboratories (HDL) to purchase additional shares of StageZero Life Sciences Inc. (formerly Innovative Diagnostic Lab) increasing its share from 33⅓% to 50% and in March 2016, StageZero Holdings assumed an additional \$1.0 million note payable to HDL to own 100% of StageZero Life Sciences Inc. Effective March 1, 2017, the Company agreed to pay principal of \$2,095,843.

On March 1, 2017 the Company and HDL's representative reached an agreement pursuant to which StageZero Holdings would pay the principal amount of \$2,095,843, to be paid in a \$25,000 upfront payment and monthly

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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payments of \$15,000 beginning March 1, 2017 to July 1, 2017, followed by monthly payments of \$10,000 until the outstanding debt has been paid in full.

The note payable was initially recognized at fair value, and subsequently measured at amortized cost using the effective interest rate method. The initial fair values were calculated with a valuation technique that uses parameters obtained from observable markets, including credit spread and interest rate volatility. The prevailing interest rate used in the valuations was 16% at initial recognition. The loan is unsecured, and the balance of the note is expected to be repaid in full by 2034. During three months ended March 31, 2024, the Company paid nil [2023 - nil]

[b] Notes payable to shareholders and director

At March 31, 2024, the convertible notes payable balance is \$422,097 including accrued interest payable, which approximates the fair value. The notes are secured by a security interest in the Company’s patents and trademarks.

[c] Convertible debenture

Convertible Debenture Private Placement in August 2022

The Company closed a private placement of convertible debentures for gross proceeds of Cdn\$177,000 in August, 2022 (the “Offering”). Each Unit is composed of (i) a \$1,000 unsecured convertible debenture , bearing interest at a rate of 8% per annum, having a term of eighteen (18) months from the date of issuance and is convertible into common shares of the Company, at a conversion price of \$0.11 per Common Share, and (ii) 9090 Common Share purchase warrants . Each Warrant is exercisable into one (1) Common Share of the Company at an exercise price of CAD\$0.15 per Common Share for a period of eighteen (18) months from the date of issuance of the Units. Securities issued pursuant to the Offering are subject to a statutory hold period lasting four (4) months and a day after the issuance of the securities.

	Fair value of convertible debenture
	\$
At January 1, 2024	54,950
Issuance during the period	-
Revaluation during the period	-
Less: Conversion	-
At March 31, 2024	54,950

[d] Short-term and long-term loans

During 2020 and second quarter of 2021, the Company received a Cdn\$60,000 Canada Emergency Business Account (“CEBA”) loan from the Government of Canada via its commercial bank. The loan was interest free until January 18, 2024. If Cdn\$40,000 of the loan had been repaid by January 18, 2024, the remaining balance (maximum Cdn\$20,000) would have been forgiven. Since the loan was not repaid by December 31, 2022, interest at 5% per annum is being charged from January 1, 2023 until maturity on December 31, 2025. The loan is unsecured.

In 2023 and the first quarter of 2024, the Company received a loan \$16,030 from a former employee and \$351,209 from a third party. The loan from the third party is secured by a security interest in the Company’s accounts receivable.

STAGEZERO LIFE SCIENCES LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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[EXPRESSED IN US DOLLARS]

7. WARRANT LIABILITY

	#	\$
At January 1, 2023	48,356,982	794,360
Warrant issued on April 13, 2023	4,419,922	126,111
Warrant issued on April 21, 2023	291,304	8,332
Warrant issued May 9, 2023	270,143	7,770
Warrant issued on June 16, 2023	897,797	26,121
Warrant issued on July 12, 2023	612,951	18,003
Warrant issued on July 28, 2023	423,942	12,595
Warrant Exercised on July 13, 2023	-215,354	-
Warrant expired during the year	-14,622,744	-
Fair value changes	-	-438,290
At December 31, 2023	40,434,943	555,002
Warrant expired during the year	-7,862,554	-
Fair value changes	-	49,994
At March 31, 2024	32,572,389	604,996

No warrants were issued during the first three months 2024 and above warrants are Long-term warrant liability.

The weighted average exercise price for total outstanding warrants as at March 2024 is Cdn\$ 0.22.
The exchange rate of USD to Cdn\$ was 1.3574 at March 31, 2024.

Warrants issued to GEM in 2023

In conjunction with the financing in note 6(b)[iii], the Company issued 6,916,059 warrants with an exercise price of Cdn\$0.14 in 2023.

Financial liability accounting

Because such warrants were denominated in Cdn\$ [a currency different from the Company's functional currency], they were recognized as a financial liability at fair value through profit or loss, except for broker warrants issued to Hampton Security Company, National Bank Financial Inc., Fidelity Clearing Canada ULC, and H.C. Wainwright & Co., LLC. which were compensation warrants and were recorded as contributed surplus in accordance with IFRS 2, Share-based Payments. The fair value of each warrant is estimated on the date of grant and on the valuation date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires four subjective assumptions, including future stock price volatility of the Company's common shares which trade on the TSX ("Expected volatility"), the risk-free interest rate (sourced to Government of Canada Bond Yields for the noted term); expected dividend yield and expected time until exercise ("Expected life"), which greatly affect the calculated values.

The fair values of the warrants, except for broker warrants issued to Hampton Security Company, National Bank Financial Inc., Fidelity Clearing Canada ULC and H.C. Wainwright, was computed at March 31, 2024 using the Black-Scholes option pricing model with the following assumptions (all with dividend yield of nil):

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	Expiry date (mm/dd/yy)	Expected volatility	Risk-free interest rate	Expected life	Weighted- average fair value at measurement date (in Cdn\$)
Date issued:					
26-Nov-21	11/26/2025	108%	3.81%	1 years and 8 months	0.01182
2-Mar-22	3/2/2026	108%	3.81%	1 years and 11 months	0.02262
22-Nov-22	11/22/2027	108%	3.81%	2 years and 8 months	0.03797
13-Apr-23	4/13/2028	108%	3.81%	4 years and 0.5 months	0.03958
21-Apr-23	4/21/2028	108%	3.81%	4 years and 0.5 months	0.03966
9-May-23	5/9/2028	108%	3.81%	4 years and 1 months	0.03984
16-Jun-23	6/16/2028	108%	3.81%	4 years and 2.5 months	0.04022
12-Jul-23	7/12/2028	108%	3.81%	4 years and 3.5 months	0.04047
28-Jul-23	7/28/2028	108%	3.81%	4 years and 3.5 months	0.04062

The exchange rate of USD to Cdn\$ was Cdn\$ 1.3574 at March 31, 2024.

8. SHARE CAPITAL

[a] Authorized

An unlimited number of non-voting preference shares, issuable in one or more series. Issued: none (2023: none). An unlimited number of voting special shares, entitling the holder to a dividend if and when declared by the Board in parity with the common shares and convertible into common shares. Issued: none (2023: none).

An unlimited number of voting common shares. Issued: 123,553,050 common shares.

[b] Financings

Capital commitment agreement

On November 21, 2022, the Company announced that it had entered into a capital commitment agreement with GEM Global Yield Fund LLC SCS (“GEM”) for a Cdn\$25 million Capital Commitment. Proceeds raised from the investment will be used for working capital and general corporate purposes, but especially to expand collaborations with employers, clinic and healthcare systems, and the insurers who support them. In December 2022, the Company issued 4,731,328 common shares and 4,731,328 warrants and received \$206,004 (Cdn\$280,000) under the agreement. The commitment by GEM will provide funding up to CDN\$25 million. The fee charged by GEM for the \$25 million commitment is 2% or \$500,000, which can be paid to them over the period that the funding is drawn down.

In 2023, the Company issued 4,711,226 common shares and 6,916,059 warrants and received \$360,550 (Cdn\$483,137) under the agreement.

[c] Weighted-average number of shares

On September 18, 2020 the Company announced that trading of the common shares on the TSX on a post-Consolidation basis commenced at market opening on September 18, 2020. The Company’s options, warrants, including its TSX-listed warrants, and convertible debentures have also proportionately been adjusted in accordance with their terms effective September 18, 2020. All shares and purchase amounts in these consolidated financial statements have been retroactively restated to reflect the 1 for 8 consolidation. The weighted-average number of shares

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outstanding (post-consolidation) for period ended March 31, 2024, is 123,553,050 [December 31, 2023 – 116,078,242].

The Company has not adjusted its weighted-average number of shares outstanding for the purpose of calculating the diluted loss per share, as any adjustment would be antidilutive. All issued and outstanding stock options at March 31, 2024 of 14,514,219 [December 31, 2023 – 14,514,219] and warrants of 32,572,389 (post-consolidation) [December 31, 2023 – 40,434,943] are deemed anti-dilutive such that the basic and net loss per share are equal.

[d] Employee stock option plan

On May 25, 2000, the Company adopted a stock option plan (the “Plan”) pursuant to which the Board may grant stock options to directors, officers, employees or consultants of the Company. The current terms of the Plan, approved by the Company’s shareholders on June 30, 2016, provide that the maximum number of common shares available for issuance under the Plan does not exceed 15% of the Company’s issued and outstanding shares at any time. All options granted have a term of five years from the date of grant. The vesting schedule of all granted options is determined at the discretion of the Board. The exercise price of an option must be not less than the closing price of the Company’s common shares on the TSX on the trading day immediately preceding the date the option is granted. As at March 31, 2024, there were 14,514,219 [December 31, 2023 – 14,514,219] options outstanding, representing 12% [2023 – 12%] of the Company’s issued and outstanding common shares. All exercised options are settled by the issuance of the Company’s common shares.

There were no option cancellations or modifications to the Plan during the three-month periods ended March 31, 2024 and 2023.

In compliance with current accounting standards, the fair value of each stock option is estimated on the date of grant using the Black-Scholes option pricing model. The Black-Scholes model requires four subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. The following assumptions were used to calculate the weighted-average fair values of the stock options granted during the years ended:

	March 31, 2024	March 31, 2023
Expected option life in years	4.1	4.2
Expected volatility	149%	167%
Risk-free interest rate	3.34%	3.50%
Vesting period in years	0.5	0.5

The following table summarizes the measurement date weighted-average fair value of stock options granted during the periods ended March 31, 2024 and 2023:

	Number of options granted	Grant date weighted-average fair value
	#	(In Cdn\$)
Three months ended March 31, 2023	6,717,000	0.065
Three months ended March 31, 2024	-	-

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The following is a summary of the status of the Plan at March 31, 2024 and 2023, and changes during the periods then ended:

	Three month period ended March 31,			
	2024		2023	
	Number of options #	Weighted-average exercise price Cdn\$	Number of options #	Weighted-average exercise price Cdn\$
Outstanding, beginning of period	14,514,219	0.315	6,865,524	0.56
Granted	-	-	6,817,000	0.065
Exercised	-	-	-	-
Expired or forfeited	-	-	-66,250	0.59
Outstanding, end of period	14,514,219	0.315	13,616,274	0.282
Exercisable, end of period	14,514,219	0.315	12,466,247	0.282

The following table summarizes information about stock options outstanding at March 31, 2024:

Year issued	Year of expiry	Range of exercise prices per share Cdn\$	Number outstanding #	Number exercisable #	Weighted-average exercise price Cdn\$	Weighted-average remaining contractual life years
2023	2028	\$0.07	8,221,195	8,221,195	\$0.07	4.00
2022	2027	\$0.15	2,740,000	2,740,000	\$0.15	3.72
2020	2025	\$0.44	1,681,250	1,681,250	\$0.44	1.52
2019	2024	\$0.80	1,862,399	1,862,399	\$0.80	0.56
2017	2027	\$1.52	9,375	9,375	\$1.52	3.41
			14,514,219	14,514,219		

9. EXPENSES BY NATURE

Expenses included in the consolidated statements of loss for nine months period ended March 31, 2024 and 2023, are as follows:

	For three months period ended March 31,					
	2024			2023		
	Direct costs \$	General and administrative \$	Total \$	Direct costs \$	General and administrative \$	Total \$
Salaries and benefits	221,378	325,553	546,931	332,545	612,023	944,568
Share-based compensation	-	11,943	11,943	-	65,163	65,163
Rent and facilities		30,777	30,777		40,256	67,151

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Depreciation	-	18,277	18,277		8,625	8,625
Professional fee	-	118,566	118,566	-	261,174	261,174
Public entity costs	-	11,010	11,010	-	68,060	68,060
Lab supplies and equipment maintenance	-	-	-	96,523		96,523
Officer equipment and maintenance	-	28,958	28,958	-	72,047	72,047
Shipping and courier		3,549	3,549		4,073	4,073
Other		68,096	68,096		368,392	368,392
Foreign exchange (gain)	-	(20,581)	(20,581)	-	(32,307)	(32,307)
		221,378	596,048	817,526	429,068	1,467,506
						1,923,469

10. RELATED-PARTY TRANSACTIONS

The key management personnel of the Company at March 31, 2024 and 2023 are the directors, including the Chairman and Chief Executive Officer and the Interim CFO and Corporate Secretary.

Compensation for key management personnel of the Company is detailed below for three months ended March 31, 2024 and 2023:

	Three Months Ended March 31	
	2024	2023
	\$	\$
Salaries, fees and short-term benefits	97,500	97,500
Share-based compensation	-	-
	97,500	97,500

As at March 31, 2024, key management personnel controlled 11.2% (2023-11.2%) of the issued and outstanding common shares of the Company and \$793,958 (2023-\$881,873) of compensation remains unpaid to current and former key management personnel which is included in trade and other payables. Such amounts are unsecured, non-interest bearing with no fixed terms of repayment.

Stock options held by key management personnel to purchase common shares have the following expiry dates and exercise prices:

Year issued	Year of expiry	Range of exercise prices per share	Number outstanding	
			At March 31, 2024	At December 31, 2023
		\$	#	#
2019	2024	0.8	1,371,357	1,371,357
2020	2025	0.44	1,187,500	1,187,500
2022	2027	0.15	2,740,000	2,740,000
2023	2028	0.065	4,467,000	-
			9,765,857	5,298,857

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11. SEGMENT INFORMATION

During the first quarter 2024, management has re-focused on its operations respecting cancer testing and care. Consequently, the Company has one reportable operating segment, operating in two major geographic areas, North America and Western Europe.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK-MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to liquidity, credit and market risk, the management of which is overseen by the Company's senior management.

The reader is cautioned that audited financial statements for the year ended December 31, 2023 have not been completed. Accordingly, changes to the opening balance sheet as at January 1, 2024 may necessitate changes to the financial statements for the 3 month period ended March 31, 2024.

[a] Financial instruments

The fair value of warrants is estimated using the Black-Scholes option pricing model incorporating various inputs including the underlying price volatility and discount rate, [see *note 7*]. All other notes payable were initially recognized at fair value, and subsequently were measured at amortized cost using the effective interest rate method, whereby the fair value of the notes payable approximates their carrying value. As at March 31, 2024, the Company's warrant liability and notes payable, are carried on the consolidated statements of financial position at fair value, warrant liability has been classified as Level 2, and notes payable have been classified as Level 3, in the fair value hierarchy.

[b] Liquidity risk

Liquidity risk represents the contingency that the Company is unable to gather the funds required with respect to its financial obligations at the appropriate time and under reasonable conditions. The Company attempts to manage this risk in order to ensure that it has sufficient liquidity to be able to honour its current and future financial obligations under normal conditions and in exceptional circumstances. Financing strategies to ensure the management of this risk include resorting to the capital markets through the issuance of equity or debt securities.

The Company's ability to continue as a going concern depends upon its ability to achieve profitable operations and raise additional capital. In the past three years, the Company has earned limited revenue. During 2024 and 2023, the Company completed a series of common share, structured notes payable, capital commitment, common share and warrant and convertible debenture financings. The Company expects to continue to pursue further financings as or until operations become profitable.

The tables below summarize the maturity profile of the Company's financial instruments as at March 31, 2024 and December 31, 2023:

	1 year or less	1 to 5 years	5 years or more	Total
At March 31, 2024	\$	\$	\$	\$
Financial assets				
Cash	5,536	-	-	5,536
Trade and other receivables	96,260	-	-	96,260
Financial liabilities				
Trade and other payables	8,078,132	-	-	8,078,132

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Notes payable	542,097	480,000	735,844	1,757,941
Short-term loans	367,239	-	-	367,239
Long-term loans	-	44,544	-	44,544
Short-term liabilities	67,340	-	-	67,340

	1 year or less	1 to 5 years	5 years or more	Total
At December 31, 2023	\$	\$	\$	\$
Financial assets				
Cash	26,353	-	-	26,353
Trade and other receivables	88,594	-	-	88,594
Financial liabilities				
Trade and other payables	7,851,681	-	-	7,851,681
Notes payable	437,764	480,000	735,844	1,653,608
Short-term loans	428,925	-	-	428,925
Long-term loans	-	44,544	-	44,544
Short-term liabilities	67,340	-	-	67,340

[c] Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and other receivables.

[d] Market risk

Market risk is comprised of foreign exchange rate risk and interest rate risk.

Foreign exchange rate risk

The Company operates in Canada, the United States, and United Kingdom, and transacts business primarily with US partners and suppliers. During the nine month period ended March 31, 2024, a 5% appreciation (depreciation) in the Cdn\$ to US dollar foreign exchange rate, with all else being equal, would have affected net income by approximately \$134,834 [December 31, 2023 – \$216,823]; in the UK GBP to US dollar foreign exchange rate, with all else being equal, would have affected net income by approximately \$13,715 [December 31, 2023 – \$14,670].

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

13. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard its accumulated capital in order to maintain the ability to continue as a going concern and provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of issues of notes payable, common shares and warrants totaling \$104,343million as at March 31, 2024

To address this risk, the Company manages its capital structure and makes adjustments to it in light of economic conditions. Upon approval of the Board, the Company balances its overall capital structure through new share or debt issuances, or by undertaking other activities as deemed appropriate in the circumstances.

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The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the Toronto Stock Exchange (“TSX”) which requires adequate working capital or financial resources such that, in the opinion of TSX, it will be able to continue as a going concern.

The Company’s ability to continue as a going concern depends upon its ability to achieve profitable operations and raise additional capital. From 2019 to 2023, the Company completed a series of common share, structured notes payable, capital commitment, common share and warrant and convertible debenture financings.

14. FINANCE AND TRANSACTION COSTS

	Three-month period ended March 31	
	2024	2023
	\$	\$
Interest on note payable to HDL	32,442	29,411
Interest on note payable to shareholder and director	4,243	3,042
Interest on convertible debenture	2,210	7,138
Interest costs on lease liability	-	6,244
Other interest costs	1,855	94,006
Total	40,750	139,841

15. REVENUE

Revenue and deferred revenue:

	Three-month period ended March 31	
	2024	2023
	\$	\$
Revenue	521,921	778,515
Deferred Revenue	60,176	8,575

16. COMMITMENTS AND CONTINGENCIES

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of our business. As at March 31, 2024 and 2023, there was no pending or threatened material litigation related to the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.