



**Unaudited Interim Financial Statements of Helix BioPharma Corp.
For the three months ended October 31, 2023 and 2022**

Notice to Reader

The accompanying unaudited interim financial statements for the three-month periods ended October 31, 2023 and 2022 have been prepared by management in accordance with International Financial Reporting Standards and approved by the Board of Directors of Helix BioPharma Corp. (the "Company"). These interim financial statements have not been reviewed by the Company's independent auditor.

HELIX BIOPHARMA CORP.
Interim Statements of Financial Position
In thousands of Canadian dollars

As at:	October 31, 2023	July 31, 2023
ASSETS		
Current assets		
Cash	\$ 1,641	\$ 808
Accounts receivable (note 9)	69	62
Prepaid expenses	144	126
	1,854	996
Non-current assets		
Property, plant and equipment (note 4)	41	33
Total assets	\$ 1,895	\$ 1,029
LIABILITIES AND SHAREHOLDERS' (DEFICIENCY) / EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 1,273	\$ 876
Subscription receipts (Note 14)	-	998
Total liabilities	1,273	1,874
Shareholders' (deficiency) / equity		
Share capital (note 5)	154,754	152,068
Warrants (note 5)	2,866	3,539
Stock options (note 5)	853	819
Contributed surplus	44,810	44,137
Accumulated deficit	(202,661)	(201,407)
Shareholders' (deficiency) / equity	622	(844)
Total liabilities and shareholders' (deficiency) / equity	\$ 1,895	\$ 1,029

Going concern (note 1)
Commitments (note 7)

The accompanying notes are an integral part of these annual financial statements.

Approved on behalf of the Board of Directors – December 14, 2023

/s/ Jacek Antas

Jacek Antas
Director

/s/ Janusz Grabski

Janusz Grabski
Director

HELIX BIOPHARMA CORP.**Interim Statements of Net Loss and Comprehensive Loss**

In thousands of Canadian dollars, except per share amounts

Three months ended October 31,	2023	2022
Expenses		
Research (note 11)	\$ 949	\$ 1,300
Operating, general, and administration (note 12)	303	285
Net loss before finance items	(1,252)	(1,585)
Other income and expense		
Finance income	13	10
Finance expense	(3)	(4)
Foreign exchange (loss) gain	(12)	(26)
	(2)	(20)
Net loss and comprehensive loss	(1,254)	(1,606)
Loss per common share		
Basic and diluted - total	\$ (0.01)	\$ (0.01)
Weighted average number of common shares used in the calculation of basic and diluted loss per share	212,830,825	173,941,529

The accompanying notes are an integral part of these annual financial statements.

HELIX BIOPHARMA CORP.

Interim Statements of Changes in Shareholders' Equity (Deficiency)

In thousands of Canadian dollars, except common share and warrant figures

	Common shares		Share purchase warrants			Contributed surplus		Total shareholders' equity / (deficiency)	
	Amount	Number	Amount	Number	Options	surplus	Deficit		
July 31, 2022	\$ 147,511	171,794,753	\$ 8,433	45,381,231	\$ 1,902	\$ 37,590	\$ (195,117)	\$ 319	
Net loss for the year	-	-	-	-	-	-	(1,606)	(1,606)	
Common stock, issued	406	2,507,329	-	-	-	-	-	406	
Warrants, expired unexercised	-	-	(828)	(1,904,000)	-	828	-	(0)	
Stock-based compensation	-	-	-	-	16	-	-	16	
Options, expired unexercised	-	-	-	-	(145)	145	-	-	
October 31, 2022	\$ 147,917	174,302,082	\$ 7,605	43,477,231	\$ 1,773	\$ 38,563	\$ (196,723)	\$ (865)	
Net loss for the period	-	-	-	-	-	-	(4,684)	(4,684)	
Common stock, issued:								-	
Private Placement	4,628	25,716,777	-	-	-	-	-	4,628	
Issuance cost	(477)	-	-	-	-	-	-	(477)	
Warrants, expired unexercised	-	-	(4,066)	(7,709,000)	-	4,068	-	2	
Stock-based compensation	-	-	-	-	552	-	-	552	
Options, expired unexercised	-	-	-	-	(1,507)	1,507	-	-	
July 31, 2023	\$ 152,068	200,018,859	\$ 3,539	35,768,231	\$ 819	\$ 44,137	\$ (201,407)	\$ (844)	
Net loss for the year	-	-	-	-	-	-	(1,254)	(1,254)	
Common stock, issued:									
Private placement	2,998	16,655,556	-	-	-	-	-	2,998	
Issuance cost	(312)	-	-	-	-	-	-	(312)	
Warrants, expired unexercised	-	-	(673)	(1,743,675)	-	673	-	-	
Stock-based compensation	-	-	-	-	34	-	-	34	
October 31, 2023	\$ 154,754	216,674,415	\$ 2,867	34,024,556	\$ 852	\$ 44,811	\$ (202,661)	\$ 622	

The accompanying notes are an integral part of these annual financial statements.

HELIX BIOPHARMA CORP.
Interim Statements of Cash Flows
In thousands of Canadian dollars

Three months ended October 31,	2023		2022	
Cash flows from operating activities				
Net loss and total comprehensive loss	\$	(1,254)	\$	(1,606)
Adjustments to net cash provided by operations:				
Items not involving cash:				
Amortization of property, plant and equipment		4		3
Stock-based compensation		34		16
Foreign exchange gain / loss		12		26
Change in non-cash working capital:				
Accounts receivable		(7)		168
Prepaid expenses		(18)		(91)
Accounts payable		399		61
Accrued liabilities		-		32
Subscription receipts		(998)		-
Net cash used in operating activities		(1,852)		(1,390)
Cash flows from financing activities				
Net proceeds from the issuance of common shares and share purchase warrants, net of issue costs		2,686		406
Proceeds from subscription receipts		-		4,629
Convertible debenture repayment		-		(2,468)
Net cash provided by financing activities		2,686		2,567
Cash flows from investing activities				
Purchase of property, plant, and equipment		(12)		(6)
Net cash used in investing activities		(12)		(6)
Foreign exchange gain / (loss) on cash		(12)		(26)
Net decrease in cash	\$	832	\$	1,145
Cash, beginning of period		808		3,252
Cash, end of period	\$	1,641	\$	4,397

The accompanying notes are an integral part of these annual financial statements.

HELIX BIOPHARMA CORP.

Notes to unaudited interim financial statements

For the three months ended October 31, 2023 and 2022

Tabular dollar amounts in thousands of Canadian dollars, except per share figures

Helix BioPharma Corp. (the "Company"), incorporated under the *Canada Business Corporations Act*, is an immune-oncology company primarily focused in the areas of cancer prevention and treatment. The Company has funded its research and development activities, mainly through the issuance of common shares and warrants. The Company expects to incur additional losses and therefore will require additional financial resources, on an ongoing basis. It is not possible to predict the outcome of future research and development activities or the financing thereof.

The Company is a Canadian corporation domiciled in Canada. Its shares are publicly traded on the Toronto Stock Exchange (the "TSX") under the symbol "HBP". The Company's principal place of business is located at 401 Bay Street, Suite 2704, Toronto, Ontario, Canada.

1. Basis of presentation and going concern

These annual financial statements have been prepared on a going-concern basis, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern is dependent mainly on obtaining additional financing. The Company does not have sufficient cash to meet anticipated cash needs for working capital and capital expenditures through the next twelve months.

The Company reported a net loss and total comprehensive loss of \$1,254,000 for the three months ended October 31, 2023 (October 31, 2022 –\$1,606,000). As at October 31, 2023, the Company had working capital of \$580,000, shareholders' equity of \$622,000, cash of \$1,641,000 and an accumulated deficit of \$202,661,000. As at July 31, 2023, the Company had working deficiency of \$877,000, shareholders' deficiency of \$844,000, cash of \$808,000 and an accumulated deficit of \$201,407,000. The Company will require additional financing in the immediate near term and in the future to see the current research and development initiatives through to completion. There can be no assurance, however, that additional financing can be obtained in a timely manner, or at all.

Not raising sufficient additional financing on a timely basis may result in delays and possible termination of all or some of the Company's research and development initiatives, and as a result, material uncertainties exist which casts significant doubt as to the ability of the Company to operate as a going concern and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. These annual financial statements do not include any adjustments to the carrying amount and classification of reported assets, liabilities and expenses that might be necessary should the Company not be successful in its aforementioned initiatives. Any such adjustments could be material. The Company cannot predict whether it will be able to raise the necessary funds it needs to continue as a going concern.

Statement of compliance

The Company's annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee.

The unaudited interim financial statements of the Company were approved and authorized for issue by the Board of Directors on December 14, 2023.

Basis of Measurement

These financial statements have been prepared on a going concern basis, under the historical cost convention except for certain financial assets and liabilities that are presented at fair value. These financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Use of estimates and critical judgments

The preparation of the Company's financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. On an ongoing basis, management evaluates its judgments, estimates and assumptions using historical experience and various other factors it believes to be reasonable under the given circumstances. Actual outcomes may differ from these estimates that could require a material adjustment to the reported carrying amounts in the future.

The most significant critical estimates and judgments made by management include the following:

- a) Going Concern

Significant judgments related to the Company's ability to continue as a going concern are disclosed in the first paragraph above in Note 1.

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b) Clinical study expenses

Clinical study expenses are accrued based on services received and efforts expended pursuant to contracts with contract research organizations ("CROs"), consultants, clinical study sites and other vendors. In the normal course of business, the Company contracts with third parties to perform various clinical study activities. The financial terms of these agreements vary from contract to contract and are subject to negotiations that may result in uneven payment outflows. Payments under the contracts depend on various factors such as the achievement of certain events, the successful enrollment of patients or the completion of portions of the clinical study and/or other similar conditions. The Company determines the accruals by reviewing contracts, vendor agreements and purchase orders, and through discussions with internal personnel and external providers as to the progress or stage of completion of the clinical studies or services and the agreed-upon fee to be paid for such services. However, actual costs and timing of the Company's clinical studies is uncertain, subject to risk and may change depending upon a number of factors, including the Company's clinical development plans and trial protocols.

c) Valuation of share-based compensation and warrants

Management measures share-based compensation and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, future employee turnover rates, and future exercise behaviours. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based payments and warrants.

d) Income taxes

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate future taxable income in future years in order to utilize any deferred tax asset which has been recognized. Estimates of future taxable income are based on forecasted cash flows. At the current statement of financial position date, no deferred tax assets have been recognized in these annual financial statements.

e) Fair value of convertible note payable

In determining the fair values of the convertible note payable for the initial recognition the Company used a Black-Scholes model with the following assumptions: volatility rate, risk-free rate and the remaining expected life. The inputs used in the model are taken from observable markets. In particular, changes in the fair value of the convertible note payable can have a material impact on the reported loss and comprehensive loss for the applicable reporting period. See note 6.

f) Research and development costs

Judgment is required to distinguish the research phase and the development phase to correctly identify costs that qualify for capitalization.

g) Functional currency assessment

In determining its functional currency, the Company considers the currency that mainly influences sales and the cost of providing goods and services in each jurisdiction in each the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained.

Functional and presentation currency

The functional and presentation currency of the Company is the Canadian dollar.

2. Significant accounting policies

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

Cash and cash equivalents

The Company considers cash on hand, bank deposits and bank term deposits with maturities of 90 days or less as cash.

Property, plant and equipment

Property and equipment ("PPE") are recorded at cost less accumulated depreciation and accumulated impairment charges, if any.

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, borrowing costs directly associated with the item and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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Depreciation is provided using the following methods and estimated useful life:

Asset	Basis	Rate
Computer equipment and software	Straight line	3 years
Furniture and fixtures	Straight line	5 years
Research and manufacturing equipment	Straight line	4-10 years
Leasehold improvements	Straight line	Lease term

Leases

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost. Subsequent to initial application, the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. In comparison, the lease liability is increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Research and development costs

Research costs are expensed as incurred. Expenditures during the development phase are capitalized as internally generated intangible assets if the Company can demonstrate each of the following criteria: the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention to complete the intangible assets and use or sell it; how the asset will generate future economic benefits; the availability of resources to complete the asset; and the ability to measure reliably the expenditure during development.

Investment tax credits

The Company is entitled to Canadian federal and provincial investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Investment tax credits are accounted for as a reduction of the related expenditure for items of a current nature and a reduction of the related asset cost for items of a capital nature, provided that the Company has reasonable assurance that the tax credits will be realized.

Stock-based compensation

The Company accounts for stock-based compensation and other stock-based payments awarded to employees in accordance with the fair value method. The fair value of stock options granted is determined at the appropriate measurement date using the Black-Scholes option pricing model, and generally expensed over the options' vesting period for employee awards. Awards with graded vesting are considered multiple awards for fair value measurement and stock-based compensation calculation. In determining the expense, the Company accounts for forfeitures using an estimate based on historical trends. When stock-based compensation and other stock-based payments are awarded to persons other than non-employees, share capital is increased for the fair value of goods and services received.

Foreign currency translation

The Company's currency of presentation is the Canadian dollar, which is also the Company's functional currency. Foreign currency-denominated items are translated into Canadian dollars. Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the rates of exchange in effect at the balance sheet dates. Non-monetary items are translated at historical exchange rates. Revenue and expenses are translated at the exchange rates prevailing at their respective transaction dates. Exchange gains and losses arising on translation are included in income.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused

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tax credits, and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at end of reporting year. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the statements of loss.

The carrying amount of deferred tax assets is reviewed at the end of the reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Financial instruments

The Company recognizes a financial asset or financial liability when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-offs occur when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

The Company determines the classification of its financial instruments at initial recognition. Financial assets are classified according to the following measurement categories:

- i) amortized cost; or
- ii) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI").

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i) amortized cost; or
- ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives).

The Company reclassifies financial assets only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company classifies its financial instruments by category according to their nature and their characteristics. Management determines the classification when the instruments are initially recognized, which is normally the date of the transaction. The Company classifies its financial assets and financial liabilities as outlined below:

Asset / Liability	Classification
Cash	Amortized Cost
Account receivable	Amortized Cost
Accounts payable	Amortized Cost
Accrued liabilities	Amortized Cost
Convertible note payable	FVTPL

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk

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of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

An embedded derivative is separated from the host contract and recognized separately if the economic characteristics and risks of the embedded derivative are not closely related to those of the host, if a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and if the combined instrument is not measured at fair value, with changes in fair value recognized in profit or loss.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined based on prevailing market rates for instruments with similar characteristics and risk profiles.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 – unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.

Level 2 – observable inputs other than quoted prices included in level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 – significant unobservable inputs that are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value

Basic and diluted loss per common share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share, except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. The inclusion of the Company's stock options and warrants in the computation of diluted loss per share has an anti-dilutive effect on the loss per share and, therefore, they have been excluded from the calculation of diluted loss per share.

Government grants

Government grant funds are recognised in income when there is reasonable assurance that the Company has complied with the conditions attached to them and that the grant funds will be received. Grant funds receivable are recognized in income over the periods in which the entity recognizes as expenses, the related costs for which the grant is intended to compensate. As at the date of these annual financial statements, the Company has received no government assistance.

Provisions

A provision is recognized in the statements of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties, which may be individuals or corporate entities, are also considered to be related if they are subject to common control or common significant influence. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

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3. New accounting standards and pronouncements not yet adopted

There are no new accounting standards and pronouncements issued but not yet effective up to the date of issuance of these annual financial statements that are expected to have a material impact on the Company.

4. Property, plant and equipment

The movement and carrying amounts of the Company's right-of-use assets and lease liabilities during the three-month period ended October 31, 2023 are as follows:

	Property and equipment	
Balance, July 31, 2022	\$	36
<u>Additions</u>		
Research equipment		-
Leasehold improvements		-
Computer equipment		10
Computer software		-
Furniture and fixtures		-
Balance, July 31, 2023	\$	46
<u>Additions</u>		
Research equipment		12
Leasehold improvements		-
Computer equipment		-
Computer software		-
Furniture and fixtures		-
Balance, October 31, 2023	\$	58
Depreciation - Fiscal year 2023		(13)
Depreciation - This quarter		(4)
Net book value	\$	42

5. Shareholders' equity (deficiency)

i) Preferred shares

The Company is authorized to issue 10,000,000 preferred shares. As at October 31, 2023 the Company had nil preferred shares issued and outstanding (July 31, 2023 – nil).

ii) Common shares and share purchase warrants

The Company is authorized to issue an unlimited number of common shares without par value. As at October 31, 2023 the Company had 216,674,415 common shares issued and outstanding (July 31, 2023 – 200,018,859).

On May 11, 2021, the Company entered into a definitive convertible security funding agreement ("the Funding Agreement") with Lind Global Macro Fund, LP, a New York based institutional investment fund managed by The Lind Partners, LLC (collectively "Lind"). The Company closed the first tranche under the Funding Agreement on May 13, 2021 for gross proceeds of \$3,500,000 (the "First Tranche"). In connection with the closing of the First Tranche, the Company issued (i) an 8.75% convertible note (a "Convertible Security") with a two-year term and a face value of \$4,112,500 and (ii) an aggregate of 1,957,056 common share purchase warrants exercisable into 1,957,056 common shares until May 12, 2025 at an exercise price of \$1.0283 per common share and classified as equity instruments. The approximate residual fair value of the share purchase warrants was estimated at approximately \$30,000. In connection with the closing of the First Tranche, the Company paid Lind a 3% commitment fee of the amount funded under the First tranche. The Funding Agreement also contemplates the issuance of a second Convertible Debentures upon the mutual agreement of the Company and Lind for gross proceeds to the Company of up to \$6,500,000 (the "Second Tranche").

As of August 26, 2022, Lind has converted an aggregate of \$2,050,625 of the face value of the Convertible Security issued under the First Tranche into an aggregate of 9,272,127 common shares of the Company at an average deemed price of \$0.2212 per common share. See Note 6 – Convertible note payable for additional information.

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Date	Lind Conversion	Share price	Shares	Amount of conversion
September 13, 2021	Conversion 1	\$ 0.6686	307,545	\$ 205,625
October 11, 2021	Conversion 2	\$ 0.4014	512,269	\$ 205,625
December 3, 2021	Conversion 3	\$ 0.3967	518,338	\$ 205,625
January 11, 2022	Conversion 4	\$ 0.2368	868,348	\$ 205,625
February 22, 2022	Conversion 5	\$ 0.2076	990,486	\$ 205,625
April 12, 2022	Conversion 6	\$ 0.1791	1,148,101	\$ 205,625
May 12, 2022	Conversion 7	\$ 0.1661	1,237,959	\$ 205,625
June 27, 2022	Conversion 8	\$ 0.1740	1,181,752	\$ 205,625
August 2, 2022	Conversion 9	\$ 0.1652	1,244,703	\$ 205,625
August 26, 2022	Conversion 10	\$ 0.1584	1,262,626	\$ 200,000
			9,272,127	\$ 2,050,625

On March 11, 2022, the Company closed a private placement financing for gross proceeds of \$1,001,000 from the issuance of 3,850,000 common share at a price of \$0.26 per common share. On April 21, 2022, the Company closed a private placement financing for net proceeds of \$2,002,000 from the issuance of 7,700,000 common shares at a price of \$0.26 per common share.

On April 13, 2022, the Company announced that it had received conditional approval from the Toronto Stock Exchange to extend its previously announced Early Warrant Exercise Incentive Program from April 28, 2022, to May 31, 2022. The Incentive Program is a period during which holders of the Company's eligible common share purchase warrants ("Eligible Warrants") may take advantage of a temporary reduction in the exercise price of the Eligible Warrants to a price of C\$0.26. The Eligible Warrants included an aggregate of 49,806,469 warrants that if exercised at the Incentive Exercise Price would have resulted in the Company receiving gross proceeds of up to \$12,949,682. During the three months ended October 31, 2022, 12,346,938 warrants were exercised for a total subscription amount of \$3,210,204. As the modified equity warrants were originally accounted for under IAS 32 and remain equity classified after modification, the Company has elected to not record accounting entries that would have been within equity.

On August 2, 2022, Lind converted \$205,625 of the face value of the Convertible Security issued under the First Tranche into 1,244,703 common shares of the Company at a deemed price of \$0.1652 per common share. On August 26, 2022, Lind further converted \$200,000 of the face value of the Convertible Security into 1,262,626 common shares of the Company at a deemed price of \$0.1584 per common share.

On August 30, 2022, the Company announced that it had completed the buyback of the outstanding amount of the convertible security funding agreement with Lind Global Macro Fund, LP. As of that date, Lind had converted an aggregate of \$2,050,625 of the face value of the Convertible Security issued under the First Tranche into an aggregate of 9,272,127 common shares. The Company also repaid the amount outstanding of the Convertible Security which was \$2,061,875. The Agreement stands terminated with the completion of the buyback.

On September 12, 2022, the Company applied to the TSX to price protect a proposed \$5 million financing of common shares at a price of \$0.18 per share. The TSX granted a price protection letter on September 14, 2022, and the conditional approval of the placement on September 26, 2022. On November 3, 2022, the Company closed a private placement financing for gross proceeds of CAD \$4,629,020 from the issuance of 25,716,777 common shares at a price of \$0.18 per common share. The common shares issued pursuant to the Private Placement are subject to a statutory hold period of four months and one day ending on March 4, 2023, in accordance with applicable securities law. In connection with the closing, the Company paid a cash fee of 10% of gross proceeds raised to an eligible finder, being \$477,651.

On July 19, 2023, the Company applied to the TSX to price protect a proposed \$3 million financing of common shares at a price of \$0.18 per share. The TSX granted the conditional approval of the placement on July 19, 2023. On August 15, 2023, the Company announced that it had closed the private placement financing for gross proceeds of CAD \$2,998,000 from the issuance of 16,655,557 common shares at a price of \$0.18 per common share. In connection with the closing, the Company paid a cash fee of 10% of gross proceeds raised to an eligible finder.

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The following table summarizes warrant activities from August 1, 2022 to the current period:

	Number of warrants
Balance at August 1, 2022	45,381,231
Warrants exercised	-
Warrants expired	(9,613,000)
Issued on private placements	-
Balance at July 31, 2023	35,768,231
Warrants exercised	-
Warrants expired	(1,743,675)
Issued on private placements	-
Balance at October 31, 2023	34,024,556

The following table provides information on common share purchase warrants of the Company outstanding as at:

Exercise Price	October 31, 2023		July 31, 2023	
	Weighted average remaining contractual life (in years)	Number of share purchase warrants outstanding	Weighted average remaining contractual life (in years)	Number of share purchase warrants outstanding
\$ 0.70	2.15	8,200,000	2.4	8,200,000
\$ 0.72	0.73	17,707,500	0.98	17,707,500
\$ 1.03	2.53	1,957,056	2.78	1,957,056
\$ 1.43	1.20	2,940,000	1.45	2,940,000
\$ 1.50	0.14	3,220,000	0.32	4,319,000
\$ 1.92	-	-	0.05	644,675
Outstanding, end of period	1.16	34,024,556	1.35	35,768,231

iii) Stock options

The Company's equity compensation plan reserves up to 10% of the Company's outstanding common shares from time to time for granting to directors, officers and employees of the Company or any person or company engaged to provide ongoing management or consulting services. Based on the Company's current issued and outstanding common shares. As at October 31, 2023, options to purchase up to 21,667,441 common shares (July 31, 2023 – 20,001,886) may be granted under the plan. As at October 31, 2023, options to purchase a total of 5,725,000 common shares (July 31, 2023 – 5,775,000) were issued and outstanding under the equity compensation plan.

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The following table provides information on options of the Company outstanding and exercisable as at:

Exercise price	October 31, 2023			July 31, 2023		
	Weighted average remaining contractual life (in years)	Number of options outstanding	Number of vested and exercisable options	Weighted average remaining contractual life (in years)	Number of options outstanding	Number of vested and exercisable options
\$0.26	4.37	4,725,000	2,458,334	4.62	4,775,000	2,408,334
\$0.35	-	-	-	-	-	-
\$0.51	0.57	100,000	100,000	0.82	100,000	100,000
\$0.53	1.78	800,000	800,000	2.03	800,000	800,000
\$1.30	1.11	100,000	100,000	1.37	100,000	100,000
Outstanding, end of period	3.88	5,725,000	3,458,334	4.14	5,775,000	3,408,334

The following table summarized activity under the Company's stock option plan for the three months ended:

	October 31, 2023		July 31, 2023	
	Number	Weighted average exercise price (\$)	Number	Weighted average exercise price (\$)
Outstanding, beginning of period	5,775,000	0.32	9,050,000	0.53
Granted	-	0.00	4,775,000	0.26
Cancelled/expired	(50,000)	0.26	(8,050,000)	0.52
Outstanding, end of period	5,725,000	0.32	5,775,000	0.52
Vested and exercisable, end of period	3,458,334	0.36	3,408,334	0.36

No stock options were exercised during the three months ended October 31, 2023 (July 31, 2023 - \$nil). During the three months ended October 31, 2023, Nil options were granted (July 31, 2023 - 4,775,000) and 50,000 options vested (July 31, 2023 - 2,945,834) with a fair value of \$6,815 (July 31, 2023 - \$569,000).

The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Grant Date	Number of options granted	Volatility factor	Risk free interest rate	Dividend rate	Expected life	Vesting period	Fair value of options granted
May 27, 2019	4,625,000	66.76%	1.49%	nil	5 years	2 years	\$ 666
December 12, 2019	550,000	73.81%	1.67%	nil	5 years	2 years	\$ 397
August 11, 2020	2,150,000	80.36%	0.32%	nil	5 years	2 years	\$ 655
December 20, 2021	2,000,000	90.14%	1.10%	nil	4 years	3 years	\$ 446
January 9, 2023	2,300,000	92.12%	3.22%	nil	5 years	2 years	\$ 313
May 12, 2023	2,475,000	91.86%	3.00%	nil	5 years	2 years	\$ 356

6. Convertible note payable

On May 11, 2021, the Company entered into the Funding Agreement with Lind. Each Convertible Security issuable under the Funding Agreement will have a two-year term from the date of issuance and will accrue simple interest rate obligation of 8.75% per annum. The face value of the Convertible Security issued under the First Tranche was \$4,112,500 to maturity. The Company agreed to pay Lind a 3% commitment fee of the amounts funded under the First Tranche and Second Tranche and due upon closing of each such tranche.

Lind is entitled to convert the Convertible Securities into common shares in the capital of the Company over the term of the applicable Convertible Security, subject to certain limitations, at a conversion price equal to 85% of the five-day trailing volume-

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weighted average price ("VWAP") of the common shares prior to the date a notice of conversion is provided to the Company by Lind. The aggregate conversion amount shall not exceed 1/20th of the face value of the Convertible Security per month.

In respect to the First Tranche, the Company issued 1,957,056 common share purchase warrants exercisable into 1,957,056 common shares at an exercise price of CAD\$1.0283 for a period of 48 months from the date of issuance.

In addition, the Company has the option to buy-back 66.7% of the Convertible Securities in cash at any time with no penalty, subject to the option of Lind to convert up to one-third of the face value of the applicable Convertible Security into common shares at the time such option is exercised by the Company.

The Convertible Security issued under the First Tranche has characteristics of a hybrid compound financial instrument with both an equity component and a financial liability component.

On May 13, 2021, the closing date of the First Tranche, the monthly debt conversion amount of \$205,625 was discounted using a risk adjusted discount rate and comparable bond option-adjusted spreads with ratings ranging from CCC to CC. The common share purchase warrants were valued using a Black-Scholes model. A liquidity discount was also incorporated to equate the debt, conversion options and warrants to the total gross proceeds received of \$3,500,000. Total transaction costs associated with the Convertible Security issued under the First Tranche were \$340,982 of which \$2,947 was allocated to common share purchase warrants.

The Funding Agreement contains certain ongoing covenants of the Company typical of an agreement of its nature. In the event of certain defaults by the Company under the Funding Agreement, Lind has the right, upon notice to the Company, to accelerate the conversion of the face value of any outstanding Convertible Security or demand repayment of such face value in cash and terminate the Funding Agreement. No such notice has been delivered to the Company as at the date of these annual financial statements. A copy of the Funding Agreement is available on SEDAR at www.sedar.com.

As of July 31, 2022, Lind has, so far, converted an aggregate of \$1,645,000 of the face value of the Convertible Security issued under the First Tranche into an aggregate of 6,764,798 common shares. As of July 31, 2022, the fair value of the Convertible Security was measured at its face value less all converted amounts, which approximated fair value.

On August 2, 2022, Lind converted \$205,625 of the face value of the Convertible Security issued under the First Tranche into 1,244,703 common shares of the Company at a deemed price of \$0.1652 per common share. On August 26, 2022, Lind further converted \$200,000 of the face value of the Convertible Security into 1,262,626 common shares of the Company at a deemed price of \$0.1584 per common share.

On August 30, 2022, the Company announced that it had completed the buyback of the outstanding amount of the convertible security funding agreement with Lind Global Macro Fund, LP. As of that date, Lind had converted an aggregate of \$2,050,625 of the face value of the Convertible Security issued under the First Tranche into an aggregate of 9,272,127 common shares. The Company also repaid the amount outstanding of the Convertible Security which is \$2,061,875. The Agreement stands terminated with the completion of the buyback.

The table below summarizes the components of the Convertible Security:

	Credit Spread	Liquidity Discount	Debt	Conversion Option	Note Payable	Warrant
At July 31, 2020			\$ –	\$ –	\$ –	\$ –
Fair value on issuance	15.21%	97.16%	3,449	21	3,470	30
Revaluation			66	76	142	–
At July 31, 2021	16.15%	86.63%	\$ 3,515	\$ 97	\$ 3,612	\$ 30
Converted to common shares			(1,645)	–	(1,645)	–
Revaluation			598	(97)	501	–
At July 31, 2022	0%	0%	\$ 2,468	\$ –	\$ 2,468	\$ 30
Converted to common shares			(406)	–	(406)	–
Share buyback			(2,062)	–	(2,062)	–
At July 31, 2023	0%	0%	\$ –	\$ –	\$ –	\$ 30

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7. Commitments

The Company's commitments are summarized as follows:

	2024	2025	2026	2027	2028	2029+	Total
Clinical research organizations	\$ 2,766	\$ 3,090	\$ -	\$ -	\$ -	\$ -	\$ 5,856
Collaborative Research Organizations	966	-	-	-	-	-	966
Royalty and in-licensing	20	20	10	10	10	50	120
Operating leases	13	-	-	-	-	-	13
	\$ 3,765	\$ 5,134	\$ 10	\$ 10	\$ 10	\$ 50	\$ 6,955

Clinical Research Organization ("CRO") Commitments

The Company has CRO supplier agreements in place for clinical research services related to the management of the Company's clinical stage programs. As at October 31, 2023, the associated amount included in accounts payable and accrued liabilities was \$621,720 (July 31, 2023 – \$240,027).

Royalty and in-licensing commitments

Pursuant to an agreement dated April 28, 2005 with the National Research Council of Canada (the "NRC"), the Company is required to pay a royalty to the NRC of 3% of net sales, with a minimum royalty of \$10,000 per annum generated from the use of a certain antibody to target cancerous tissues of the lung. In addition to the royalty payments, the Company is also required to make certain milestone payments: \$25,000 upon successful completion of Phase I clinical trials; \$50,000 upon successful completion of Phase IIb clinical trials; \$125,000 upon successful completion of Phase III clinical trials; and \$200,000 upon receipt of market approval by regulatory authority.

Pursuant to an agreement dated February 20, 2017 with the NRC, the Company is required to pay a royalty to the NRC of 3% of net sales, with a minimum royalty of \$10,000 per annum generated from the use of a certain antibody to target cancerous tissues of the lung. In addition to the royalty payments, the Company is also required to make certain milestone payments for the first licensed product: \$25,000 upon successful completion of Phase I clinical trials; \$50,000 upon successful completion of Phase IIb clinical trials; \$150,000 upon successful completion of Phase III clinical trials; \$200,000 upon receipt of first regulatory approval by a regulatory authority; and \$200,000 upon receipt of a second regulatory approval by a regulatory authority. For the development of each subsequent licensed product: \$200,000 upon receipt of first regulatory approval by a regulatory authority; and \$200,000 upon receipt of a second regulatory approval by a regulatory authority. As it relates to sub-licensing arrangements, the Company is required to pay the NRC 33% of any sub-licensing revenues received. The anti-CEACAM6 single domain antibody 2A3 is subject to this agreement. As at October 31, 2023 the Company has accrued \$nil (July 31, 2023 – \$nil). Subsequent to year end, the company terminated the agreement with NRC.

Collaborative Research Organizations

In Fiscal 2022, the Company signed two collaboration agreements to research new and additional insights into the therapeutic response of L-DOS47; the first with the University of Tübingen for € 900,000 and the second with Moffitt Cancer Center and Research Inc. for US\$479,630. As at October 31, 2023, €150,000 and US\$359,723 have so far been paid to the University of Tübingen and Moffitt Cancer Center and Research Inc. respectively.

Operating lease commitments

The Company is committed to paying \$13,000 under two month to month facility lease agreements with notice periods of no longer than two months.

8. Capital risk management

The Company's main objectives when managing capital are to ensure sufficient liquidity to finance research and development activities, clinical trials, ongoing administrative costs, working capital and capital expenditures. The Company includes cash in the definition of capital. The Company endeavours not to unnecessarily dilute shareholders when managing the liquidity of its capital structure.

Since inception, the Company has financed its operations from public and private sales of equity, credit facilities, the exercise of warrants and stock options, and, to a lesser extent, from interest income from funds available for investment, government grants and investment tax credits. Since the Company does not have net earnings from its operations, the Company's long-term liquidity

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depends on its ability to access capital markets, which depends substantially on the success of the Company's ongoing research and development programs, as well as capital market conditions and availability.

The Company does not currently have enough cash reserves to fully fund its clinical trials nor does the Company have sufficient cash reserves to meet anticipated cash needs for working capital and capital expenditures through at least the next twelve months.

There have been no changes to management's approach to managing its capital during the three months ended October 31, 2023.

9. Financial instruments and risk management

Financial risk management

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency and interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management (the identification and evaluation of financial risk) is carried out by the finance department, in close cooperation with management. The finance department is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies. The Board has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed.

Fair value of financial instruments

Convertible note payable was recognized at fair value, both at the date of issuance on May 13, 2021 and subsequently at July 31, 2022. On August 30, 2022, the Company completed the buyback of the outstanding amount of the convertible note. See Note 6 – *Convertible note payable* for further information.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's income or the value of its financial instruments.

Currency risk

The Company has international transactions and is exposed to foreign exchange risks from various currencies, primarily the Euro and U.S. dollar. In addition, foreign exchange risks arise from purchase transactions, as well as recognized financial assets and liabilities denominated in foreign currencies.

Balances in foreign currencies are as follows, as at:

	October 31, 2023		July 31, 2023	
	USD	EUR	USD	EUR
Cash	2	347	2	18
Accounts payable	(394)	(210)	(305)	–
Accruals	(26)	–	(85)	–
Net foreign currencies	(418)	137	(388)	18
Closing exchange rate	1.3831	1.4681	1.3225	1.4580
Impact of 1% change in exchange rate	+/- 5	+/- 2	+/- 4	+/- 1

Any fluctuation in the exchange rates of the foreign currencies listed above could have an impact on the Company's results from operations; however, they would not impair or enhance the ability of the Company to pay its foreign-denominated expenses.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates, which are affected by market conditions. The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash and cash equivalents. The Company is not subject to any debt related interest rate risk.

The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct its operations on a day-to-day basis. Any investment of excess funds is limited to risk-free financial instruments. Fluctuations in the market rates of interest do not have a significant impact on the Company's results of operations due to the relatively short-term maturity of any investments held by the Company at any given point in time and the low global interest rate environment. The Company does not use derivative instruments to reduce its exposure to interest rate risk.

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Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

The table below breaks down the various categories that make up the Company's accounts receivable balances as at:

	October 31, 2023	July 31, 2023
Government related – GST/HST	\$ 36	\$ 29
Research and development investment tax credits	18	18
Patent costs recoverable from HIO	15	15
	\$ 69	\$ 62

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. Since inception, the Company has mainly relied on financing its operations from public and private sales of equity. The Funding Agreement is subject to certain ongoing covenants of the Company that could affect the Company's liquidity. See *Note 6 – Convertible note payable*.

The Company manages its liquidity risk by continuously monitoring forecasts and actual cash flow from operations and anticipated investing and financing activities.

The Company's cash reserves of \$1,641,000 As at October 31, 2023 are insufficient to meet anticipated cash needs for working capital and capital expenditures through the next twelve months, nor are they sufficient to see the current research and development initiatives through to completion. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, management considers securing additional funds primarily through equity arrangements to be of utmost importance.

The Company's long-term liquidity depends on its ability to access the capital markets, which depends substantially on the success of the Company's ongoing research and development programs, as well as economic conditions relating to the state of the capital markets generally. Accessing the capital markets is particularly challenging for companies that operate in the biotechnology industry.

The following are the contractual maturities of the undiscounted cash flows of financial liabilities as at:

	October 31, 2023			July 31, 2023		
	Carrying amount	Less than one year	Greater than one-year	Carrying amount	Less than one year	Greater than one-year
Accounts payable	\$ 984	\$ 984	\$ -	\$ 493	\$ 493	-
Accrued liability	289	289	-	383	383	-
	\$ 1,273	\$ 1,273	\$ -	\$ 876	\$ 876	-

This table only covers liabilities and obligations relative to financial instruments and does not anticipate any income associated with assets.

10. Related party transactions

During the three months ended October 31, 2023, the Company entered into various transactions with related parties. The related parties consist of officers, directors and shareholders or companies controlled directly or indirectly by them. Details of the transactions and balances owing, or receivables for the three months ended October 31, 2023 are as follows:

(i) The Company recorded management fees to the executive officers of \$25,000 (October 31, 2022 - \$38,000) as well as consulting fees paid to the directors of the company in the amount of \$Nil (October 31, 2022 – \$Nil).

(ii) Since June 2021, the Company has retained Grove Corporate Services Ltd. ("Grove") to provide accounting, governance, and administrative services (the "Services"), including those provided by the Chief Financial Officer ("CFO"). During the three months ended October 31, 2023, the Company recorded the CFO fees to Grove in the amount of \$77,000.

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The following table summarizes key management personnel compensation for the three months ended October 31:

	2023	2022
Salary and management consulting	\$ 102	\$ 38
Stock-based compensation	18	-
	\$ 120	\$ 38

The following table summarizes non-management directors' compensation for the three months ended October 31:

	2023	2022
Directors' fees	\$ -	\$ -
Stock-based compensation	6	2
	\$ 6	\$ 2

11. Research

Included in research expenditures are costs directly attributable to the various research and development functions and initiatives the Company has underway and include: salaries; bonuses; benefits; stock-based compensation; depreciation of property, plant and equipment; patent costs; consulting services; third party contract manufacturing, third party clinical research organization services; and all overhead costs associated with the Company's research facilities.

The following table outlines research and development costs expensed and investment tax credits for the Company's significant research and development projects for the three months ended October 31:

	2023	2022
Research and development programs, excluding the below items	\$ 803	\$ 1,016
Salaries and benefits	235	266
Stock-based compensation expense	14	14
Amortization of property plant and equipment	4	3
Research and development investment tax credits	(106)	-
	\$ 949	\$ 1,300

12. Operating, general and administration

The following table outlines operating, general and administration costs expensed for the three months ended October 31:

	2023	2022
Operating, general and administration, excluding below items	\$ 135	\$ 272
Salaries and benefits	12	-
Director fees and Investor relations	136	11
Stock-based compensation	20	2
	\$ 303	\$ 285