

PreveCeutical Medical Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

Unaudited - Expressed in Canadian Dollars

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accomplished by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of PreveCeutical Medical Inc. (the "Company") have been prepared by management and approved by the Audit Committee and Board of Directors (the "Board") of the Company. They include appropriate accounting principles, judgments and estimates in accordance with International Financial Reporting Standards ("IFRS") for unaudited condensed interim consolidated financial statements.

The Company's independent auditors have not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditors.

PreveCeutical Medical Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at March 31, 2024 and December 31, 2023

Expressed in Canadian Dollars

	Note	March 31, 2024 (unaudited)	December 31, 2023 (audited)
ASSETS			
Current assets			
Cash		\$ 2,811	\$ 1,432
Accounts receivable		5,504	5,349
Prepaid and deposits		62,650	56,992
		70,965	63,773
Equipment	4	2,607	961
Intangible assets	5	112,579	116,776
TOTAL ASSETS		\$ 186,151	\$ 181,510
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	\$ 2,164,448	\$ 2,065,508
Callable debt	6,11	535,034	470,853
Convertible debt - short term	7,11	3,438,052	3,363,319
Loan	8	-	60,000
		6,137,534	5,959,680
Loan - long term	8	60,592	-
TOTAL LIABILITIES		6,198,126	5,959,680
SHAREHOLDERS' DEFICIENCY			
Share capital	9	19,308,453	19,308,453
Share-based compensation reserve		1,313,011	1,313,011
Reserves		1,827,880	1,827,880
Accumulated other comprehensive income		183,198	181,601
Deficit		(28,644,517)	(28,409,115)
TOTAL SHAREHOLDERS' DEFICIENCY		(6,011,975)	(5,778,170)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		\$ 186,151	\$ 181,510

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

Approved on behalf of the Board of Directors

"Stephen Van Deventer" signed _____ Director

"Linnéa Olofsson" signed _____ Director

PreveCeutical Medical Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the three months ended March 31, 2024 and 2023

Unaudited - Expressed in Canadian Dollars

		Three months ended March 31,	
	Notes	2024	2023
EXPENSES			
Amortization	4,5	\$ 2,499	\$ 2,489
Business development and investor relations		25,322	27,018
Office and general		1,891	7,195
Professional fees	11	46,013	107,145
Rent, utilities, repair and maintenance		758	1,991
Research and development	11	20,284	20,233
Salaries and wages	11	33,760	39,587
Share-based compensation	10	-	77,363
Transfer agent and filing fees		11,582	11,722
Total expenses		142,109	294,743
LOSS FROM OPERATIONS			
		(142,109)	(294,743)
Foreign exchange loss		(12,349)	(13,083)
Interest expense	6,7,8	(80,944)	(73,363)
NET LOSS		(235,402)	(381,189)
Foreign currency translation adjustment		1,597	460
NET LOSS AND COMPREHENSIVE LOSS		\$ (233,805)	\$ (380,729)
Basic and diluted loss per common share		\$ (0.000)	\$ (0.001)
Weighted average number of outstanding shares		535,303,359	535,303,359

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

PreveCeutical Medical Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

For the three months ended March 31, 2024 and 2023

Unaudited - Expressed in Canadian Dollars

	Share capital		Share-based compensation reserve	Reserves	Accumulated other comprehensive income	Deficit	Total
	Number of shares	Amount					
Balance, December 31, 2022	535,303,359	\$19,308,453	\$ 1,306,639	\$ 1,827,880	\$181,608	\$(27,259,717)	\$(4,635,137)
Share-based compensation	-	-	77,363	-	-	-	77,363
Fair value of expired options	-	-	(56,400)	-	-	56,400	-
Net loss and comprehensive loss for the period	-	-	-	-	460	(381,189)	(380,729)
Balance, March 31, 2023	535,303,359	\$19,308,453	\$ 1,327,602	\$ 1,827,880	\$182,068	\$(27,584,506)	\$(4,938,503)
Balance, December 31, 2023	535,303,359	\$19,308,453	\$ 1,313,011	\$ 1,827,880	\$181,601	\$(28,409,115)	\$(5,778,170)
Net loss and comprehensive loss for the period	-	-	-	-	1,597	(235,402)	(233,805)
Balance, March 31, 2024	535,303,359	\$19,308,453	\$ 1,313,011	\$ 1,827,880	\$183,198	\$(28,644,517)	\$(6,011,975)

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

PreveCeutical Medical Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2024 and 2023

Unaudited - Expressed in Canadian Dollars

	Three months ended March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (235,402)	\$ (381,189)
Adjustments for net loss:		
Amortization	2,499	2,489
Share-based compensation	-	77,363
Accrued interest	79,064	73,783
	(153,839)	(227,554)
Change in cash on working capital items:		
Accounts receivable	(232)	13,707
Prepaid and deposits	(6,367)	8,136
Accounts payable and accrued liabilities	102,020	110,251
Net cash used in operating activities	(58,418)	(95,460)
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property and equipment	(779)	-
Acquisition of intangible assets	-	(3,282)
Net cash used by investing activities	(779)	(3,282)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term debt and loans	60,441	99,850
Net cash provided by financing activities	60,441	99,850
Effect of change in foreign currency	135	(653)
Change in cash, during the period	1,379	455
Cash, beginning of period	1,432	5,624
Cash, end of period	\$ 2,811	\$ 6,079

Supplemental Cash Flow Information (Note 12)

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

PreveCeutical Medical Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

Unaudited - Expressed in Canadian Dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

PreveCeutical Medical Inc. (the "Company") was incorporated on December 15, 2014, under the laws of British Columbia. The Company's principal business activity is the development of innovative options for preventive and curative therapies utilizing organic and nature identical products.

The Company is located at 5428 Marine Drive, West Vancouver, British Columbia, V7W 2R2, Canada and its registered office is at 595 Howe Street, 10th Floor, Vancouver, British Columbia, V6C 2T5, Canada.

The Company incorporated a subsidiary, PreveCeutical (Australia) Pty Ltd. ("PreveCeutical (Australia)") in Australia on March 12, 2018. The Company's research programs are managed by PreveCeutical (Australia).

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue in operations for the foreseeable future and be able to realize assets and satisfy liabilities in the normal course of business. If the going concern assumption were not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary for the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

Several conditions exist that may cast significant doubt about the ability of the Company to continue as a going concern. The Company does not have significant revenue to date and has incurred operating losses since inception. As at March 31, 2024, the Company had a deficit that is being funded by debt and issuance of equity. Management anticipates that the Company will meet its obligations and maintain its operations to support its payments to creditors and realize profits from future business activities. The Company is dependent on its ability to raise further capital through equity financing and funding from certain officers and shareholders to meet its commitments and fund its ongoing operations.

As at March 31, 2024 and December 31, 2023, the Company reported the following:

	Three months ended March 31, 2024	Year ended December 31, 2023
Net loss for the period	\$ 235,402	\$ 1,274,471
Working capital deficiency	\$ 6,127,161	\$ 5,895,907
Deficit	\$ 28,644,517	\$ 28,409,115

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using accounting policies consistent with IFRS, as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements do not include all the information required for full annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2023. These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on July 5, 2024.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are stated at their fair values. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of PreveCeutical (Australia) is Australian dollars.

Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, PreveCeutical (Australia). Subsidiaries are consolidated from the date of acquisition being the date that the Company obtains control. A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investees. All intercompany transactions and balances have been eliminated on consolidation.

PreveCeutical Medical Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

Unaudited - Expressed in Canadian Dollars

3. MATERIAL ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2023.

4. EQUIPMENT

COST		Computer Equipment
Balance, December 31, 2022 and December 31, 2023	\$	18,769
Additions		1,799
Balance, March 31, 2024	\$	20,568
ACCUMULATED AMORTIZATION		
Balance, December 31, 2022	\$	17,397
Additions		411
Balance, December 31, 2023		17,808
Additions		153
Balance, March 31, 2024	\$	17,961
Net book value, December 31, 2023	\$	961
Net book value, March 31, 2024	\$	2,607

5. INTANGIBLE ASSETS

COST	Trademarks		License		Total
Balance, December 31, 2022	\$	37,394	\$	109,025	\$ 146,419
Additions		3,896		-	3,896
Translation		-		(2,312)	(2,312)
Balance, December 31, 2023		41,290		106,713	148,003
Translation		-		(2,063)	(2,063)
Balance, March 31, 2024	\$	41,290	\$	104,650	\$ 145,940
ACCUMULATED AMORTIZATION					
Balance, December 31, 2022	\$	16,426	\$	5,451	\$ 21,877
Additions		4,129		5,316	9,445
Translation		-		(95)	(95)
Balance, December 31, 2023		20,555		10,672	31,227
Additions		1,032		1,314	2,346
Translation		-		(212)	(212)
Balance, March 31, 2024	\$	21,587	\$	11,774	\$ 33,361
Net book value, December 31, 2023	\$	20,735	\$	96,041	\$ 116,776
Net book value, March 31, 2024	\$	19,703	\$	92,876	\$ 112,579

Trademark costs include costs for registering and filing the Company's trademarks, which included filing in the United States, Australia, and Europe.

PreveCeutical Medical Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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5. INTANGIBLE ASSETS (Continued)

During the year ended December 31, 2021, the Company entered into a license agreement for the exclusive rights to the delivery of cannabinoids using sol-gel technology. In accordance with the agreement, the Company must pay a license fee totaling US\$80,000 in two separate installments. \$51,592 (US\$40,000) was paid during the year ended December 31, 2021. The second installment of \$56,471 (US\$40,000), due in the year ended December 31, 2022, remains outstanding. Per the terms of the agreement, the Company will pay an annual royalty equal to the greater of US\$40,000 or 5% of net sales derived from the license, commencing January 1, 2024.

6. CALLABLE DEBT

On May 29, 2019, the Company entered into a short-term loan agreement with its Chief Executive Officer for \$300,000 with a maturity date of November 29, 2019. The loan is unsecured, at an interest rate of 5% per annum, compounded semi-annually and payable on the maturity date. On February 21, 2020, the maturity date was amended from November 29, 2019, to May 29, 2020. On March 5, 2021, the term of the debt was amended to due on demand.

As at March 31, 2024, the Company has drawn \$300,000 (December 31, 2023 - \$300,000) on this loan and has accrued \$77,197 (December 31, 2023 - \$73,457) of interest.

During the three months ended March 31, 2024, the Company's Chief Executive Officer lent the Company \$60,441 in advances, which are unsecured, payable on demand, and bear no interest. Total outstanding on March 31, 2024 was \$157,837 (December 31, 2023 - \$97,396). Reconciliation of the callable debt is as follows:

Balance, December 31, 2022	\$	361,457
Cash item		
Advance		94,396
Non-cash items		
Interest expense		15,000
Balance, December 31, 2023	\$	470,853
Cash item		
Advance		60,441
Non-cash item		
Interest expense		3,740
Balance, March 31, 2024	\$	535,034

7. CONVERTIBLE DEBT

On July 18, 2022, the Company entered into a convertible credit facility agreement (the "July 18, 2022 Credit Facility") with the Company's Chief Executive Officer and the Company's past President (collectively, the "Lenders") in the principal amount of \$3,000,000 with a simple annual interest rate of 10%. The outstanding loan and interest are payable on demand by giving at least fifteen business days written notice to the Company. Per the July 18, 2022 Credit Facility, any outstanding principal and accrued interest can be converted into fully paid and non-assessable common shares in the capital of the Company at a conversion price of \$0.025 per share.

As per the July 18, 2022 Credit Facility, the Lenders consolidated outstanding principal and accrued interest for certain convertible debts (described under each debt) and transferred the aggregate amount of \$2,448,786 to this facility. The Lenders transferred short-term advances at July 18, 2022, in the amount of \$107,307 and outstanding accounts payables at that date in the amount of \$346,056 to this facility.

On November 11, 2022, the Company entered into an assignment agreement whereby a certain arm's length assignee (the "Assignee") acquired all of the Lenders' rights, title, interests and obligations in and under a convertible credit facility agreement dated effective July 18, 2022, as to the aggregate principal amount of \$240,000 and the accrued interest thereon in the aggregate amount of \$60,000 (the "Assigned Amount"). The Assignee has elected to convert the Assigned Amounts into an aggregate of 12,000,000 shares at a price of \$0.025 per share.

During the three months ended March 31, 2024, \$Nil (December 31, 2023 - \$199,228) was drawn from this credit facility. As at March 31, 2024, the principal outstanding was \$2,997,526 (December 31, 2023 - \$2,997,526) and accrued interest was \$440,526 (December 31, 2023 - \$365,793).

PreveCeutical Medical Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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7. CONVERTIBLE DEBT (Continued)

Reconciliation of the short-term convertible debt is as follows:

Balance, December 31, 2022	\$	2,870,100
Cash item		
Issuance of convertible debt		199,228
Non-cash items		
Interest expense accrued		293,991
Balance, December 31, 2023	\$	3,363,319
Non-cash items		
Interest expense accrued		74,733
Balance, March 31, 2024	\$	3,438,052

8. LOAN

On April 14, 2020, the Company received a loan of \$40,000 under the Canada Emergency Business Account (“CEBA”) program. On December 15, 2020, the Company received an additional \$20,000 under the program. This is an interest-free loan up to December 31, 2022, \$20,000 of which is eligible for complete forgiveness if \$40,000 is fully repaid on or before December 31, 2022. If the loan cannot be repaid by December 31, 2022, it will be converted into a three-year term loan charging an interest rate of 5%. On January 12, 2022, the repayment deadline was extended to December 31, 2023, and the repayment deadline to qualify for partial forgiveness of up to \$20,000 was extended to December 31, 2023. As of September 14, 2023, the deadline for qualifying CEBA loan holders to achieve partial loan forgiveness was further extended to January 18, 2024. For those submitting a refinancing loan application by this date and needing a grace period for finalizing the loan payout, partial loan forgiveness remains possible if the outstanding principal and applicable interest are fully paid by March 28, 2024.

On January 18, 2024, the Company had not fully repaid the CEBA loan, and as a result, it no longer qualifies for the forgiveness incentive offered by the government. Therefore, the outstanding amount of the loan will be subject to the terms outlined, with the loan converting to a three-year term loan at a five percent per annum interest rate starting on January 19, 2024, and the repayment deadline extended to December 31, 2026. No principal payments are required until the maturity date.

As of March 31, 2024, no repayments had been made. The Company accrued interest of \$592 during the three months ended March 31, 2024 (December 31, 2023 - \$Nil).

9. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common Class “A” voting shares without par value. As at March 31, 2024, there were 535,303,359 common shares of the Company issued and outstanding.

Issuance

There were no share issuances during the three months ended March 31, 2024 or March 31, 2023.

10. STOCK OPTIONS

Stock Option Plan

Stock options to purchase common shares have been granted to directors, employees, contractors, and consultants at exercise prices determined by reference to the market value on the date of the grant. The number of shares available for options to be granted under the Company’s rolling stock option plan is 10% of the number of shares outstanding (the “Plan”). Options granted under the Plan vest immediately or over a period of time at the discretion of the Board of Directors.

Under the Plan, the number of shares reserved for issuance to any one optionee will not exceed 5% of the then issued and outstanding shares. The options are non-assignable and non-transferable and will be exercisable up to 10 years from the date of grant. The minimum exercise price of an option granted under the Plan must not be less than the discounted market price, as such term is defined in the policies of the Canadian Securities Exchange (“CSE”) and other applicable regulatory authorities.

PreveCeutical Medical Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

Unaudited - Expressed in Canadian Dollars

10. STOCK OPTIONS (Continued)

The changes in stock options outstanding are as follows:

	Number of Stock Options Vested	Weighted Average Exercise Price
Balance at December 31, 2022	18,500,000	\$ 0.027
Granted	6,900,000	\$ 0.030
Expired	(3,500,000)	\$ 0.034
Forfeited	(2,000,000)	\$ 0.025
Balance at December 31, 2023 and March 31, 2024	19,900,000	\$ 0.027

As at March 31, 2024, the Company had the following stock options outstanding and exercisable:

Date of Expiry	Number Outstanding	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Life in Years
May 31, 2025	1,000,000	\$0.025	1,000,000	1.17
July 18, 2024	2,000,000	\$0.025	2,000,000	0.30
July 18, 2027	8,000,000	\$0.025	8,000,000	3.30
October 19, 2025	2,000,000	\$0.025	2,000,000	1.55
February 17, 2027	3,000,000	\$0.030	3,000,000	2.88
March 16, 2027	1,000,000	\$0.030	1,000,000	2.96
April 21, 2027	500,000	\$0.030	500,000	3.06
September 11, 2027	150,000	\$0.030	150,000	3.45
December 11, 2027	2,250,000	\$0.030	2,250,000	3.70
Total	19,900,000	\$0.027	19,900,000	2.67

As at December 31, 2023, the Company had the following stock options outstanding and exercisable:

Date of Expiry	Number Outstanding	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Life in Years
May 31, 2025	1,000,000	\$0.025	1,000,000	1.42
July 18, 2024	2,000,000	\$0.025	2,000,000	0.55
July 18, 2027	8,000,000	\$0.025	8,000,000	3.55
October 19, 2025	2,000,000	\$0.025	2,000,000	1.80
February 17, 2027	3,000,000	\$0.030	3,000,000	3.13
March 16, 2027	1,000,000	\$0.030	1,000,000	3.21
April 21, 2027	500,000	\$0.030	500,000	3.31
September 11, 2027	150,000	\$0.030	150,000	3.70
December 11, 2027	2,250,000	\$0.030	2,250,000	3.95
Total	19,900,000	\$0.027	19,900,000	2.92

PreveCeutical Medical Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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10. STOCK OPTIONS (Continued)

When the Company issues stock options, it records a share-based compensation in the year or period in which the options are granted and/or vested. The expense is estimated using the following assumptions:

- The risk-free interest rate is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the stock options.
- The Company used historical data to estimate option exercise, forfeiture and employee termination within the valuation model.
- The Company has not paid and does not anticipate paying dividends on its common shares. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period.
- Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the share-based compensation recorded in the accompanying condensed interim consolidated financial statements of operations and comprehensive loss.

No options were issued in the three months ended March 31, 2024. The Company used the Black-Scholes option pricing model to determine the fair value of 4,000,000 options granted and vested during the three months ended March 31, 2023, with a weighted average fair value of \$0.019.

The following weighted average assumptions were used:

Three months ended March 31,	2024	2023
Risk-free interest rate	-	3.45%
Expected dividend yield	-	0.00%
Expected stock price volatility	-	119.75%
Expected option life in years	-	4.00
Forfeiture rate	-	0.00%

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these input assumptions can materially affect the fair value estimate. For the three months ended March 31, 2024, the Company recorded \$Nil (three months ended March 31, 2023 - \$77,363) in relation to the vesting of the stock options.

11. RELATED PARTIES

Key Management Compensation

The Company's key management consist of the following executive officers and directors:

Name	Position	Nature of transaction
Stephen Van Deventer	CEO, interim CFO and Chairman	Management services
Makarand Jawadekar	President, Director, Chief Scientific Officer	Management services
Harendra Parekh	Chief Research Officer	Management services
Keith Anderson	Former Director	Directors fees
Mark Lotz	Former Director	Directors fees
James Henderson	Director, PreveCeutical (Australia)	Directors fees
Linnea Olofsson	Director	Directors fees
Kathleen Rokita	Director	Directors fees
C. Evan Ballantyne	Director	Directors fees

The remuneration of key management is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

Three months ended March 31,	2024	2023
Salaries and wages	\$ 32,429	\$ 31,733
Management consulting	21,455	41,902
Directors' fees	1,330	1,386
	\$ 55,214	\$ 75,021

PreveCeutical Medical Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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11. RELATED PARTIES (Continued)

For the three months ended March 31, 2024 and 2023, management consulting fees payable to the Chief Science Officer were recorded as research and development consulting expenses. Director fees are included in salaries and wages on the condensed interim consolidated statements of operations and comprehensive loss.

Related Party Transactions

Other related transactions for the three months ended March 31, 2024 and 2023 included wages, benefits, and interest cost from a related company.

Related party transactions for the three months ended March 31, 2024 and 2023 are as follows:

Three months ended March 31,	2024	2023
Wages, benefits and consulting fees to employees and consultants related to certain officers	\$ 21,000	\$ 27,468
Accrued loan interest payable to certain officer and past officer	78,473	103,549
Stock options and warrants issued to certain officers and directors	-	58,330
	\$ 99,473	\$ 189,347

Related Party Payable

As at March 31, 2024, \$1,321,615 (December 31, 2023 - \$1,486,923) was payable to related parties for wages, services, and reimbursement of expenses. All balances are unsecured, non-interest bearing, have no fixed repayment terms and are due on demand. These amounts are included in accounts payable and accrued liabilities, and do not include the loans from certain officers (Notes 6 and 7).

12. SUPPLEMENTAL CASH FLOW INFORMATION

For the three months ended March 31,	2024	2023
	\$	\$
Interest – paid to vendors and bank	1,880	107
Intangible assets included in accounts payable	59,183	59,858
Equipment included in accounts payable	1,020	-

13. MANAGEMENT OF CAPITAL

The Company manages its shareholders' deficiency as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, or acquire or dispose of assets.

In order to maximize ongoing efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

As at March 31, 2024, the shareholders' deficiency was \$6,011,975 (December 31, 2023 - \$5,778,170). The Company did not change its approach to capital management during the three months ended March 31, 2024. The Company is not subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS

The Company's financial instruments classified as level 1 in the fair value hierarchy are cash, callable debt, loan and accounts payable and accrued liabilities as their carrying values approximate the fair values. The convertible debt is classified as level 3.

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk, and other market risk.

PreveCeutical Medical Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

Unaudited - Expressed in Canadian Dollars

14. FINANCIAL INSTRUMENTS (Continued)

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on cash. The Company's cash is held through large Canadian and Australian financial institutions. The carrying amount of cash represents the maximum exposure to credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's convertible debt (Note 7) currently provide for interest at 5% per annum. There was no interest on the short-term advances made by the Company's officers and employees. Interest rate on the short-term loan of \$300,000 was 5% per annum compounded semi-annually. On January 19, 2024, the CEBA loan was converted into a three-year term loan at a 5% per annum interest rate with maturity date of December 31, 2026.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

As at March 31, 2024, the Company had a working capital deficiency of \$6,127,161 compared to a working capital deficiency of \$5,895,907 at December 31, 2023. This includes cash of \$2,811 (December 31, 2023 - \$1,432) available to meet short-term business requirements and current liabilities of \$6,037,423 (December 31, 2023 - \$5,860,169). The current liabilities include the July 18, 2022 Credit Facility with the Lenders being the current CEO and past President. The Company will require additional financing in the future to meet its obligations. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at March 31, 2024:

	On demand	Less than 1 year	1 to 3 years	Total
Accounts payable and accrued liabilities	\$ -	\$ 2,164,448	\$ -	\$ 2,164,448
Callable debt	535,034	-	-	535,034
Convertible debt - short term	3,438,052	-	-	3,438,052
Loan	-	-	60,592	60,592
	\$ 3,973,086	\$ 2,164,448	\$ 60,592	\$ 6,198,126

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at December 31, 2023:

	On demand	Less than 1 year	1 to 3 years	Total
Accounts payable and accrued liabilities	\$ -	\$ 2,065,508	\$ -	\$ 2,065,508
Callable debt	470,853	-	-	470,853
Convertible debt - short term	3,363,319	-	-	3,363,319
Loan	-	60,000	-	60,000
	\$ 3,834,172	\$ 2,125,508	\$ -	\$ 5,959,680

Other Market Risk

Other market risks that the Company is exposed to include currency risk. Currency risk is the risk of loss due to the fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities.

The Company is exposed to currency risk with its monetary assets and liabilities which are held in a currency other than the functional currency. The Company does not invest in derivatives to mitigate these risks.

PreveCeutical Medical Inc.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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14. FINANCIAL INSTRUMENTS (Continued)

As at March 31, 2024 and December 31, 2023, the Company's net exposure to foreign currency risk on its financial instruments is as follows:

	March 31, 2024		December 31, 2023	
	US Dollars		US Dollars	
Cash	\$	8	\$	25
Accounts payable and accrued liabilities		(282,802)		(272,802)
	\$	(282,794)	\$	(272,777)

Based on the above, assuming all other variables remain constant, a 10% weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of approximately \$37,402 (December 31, 2023 - \$27,278) in net income (loss).

15. SEGMENTED INFORMATION

The Company has one reportable segment being the licensing, branding, and marketing nutraceutical and wellness products.

As at March 31, 2024 and December 31, 2023, the Company's long-term assets were located in Canada and Australia as follows:

	March 31, 2024			December 31, 2023		
	Canada	Australia	Total	Canada	Australia	Total
Computer equipment	\$ 2,607	\$ -	\$ 2,607	\$ 961	\$ -	\$ 961
Intangible assets	19,702	92,877	112,579	20,734	96,042	116,776
Total	\$ 22,309	\$ 92,877	\$ 115,186	\$ 21,695	\$ 96,042	\$ 117,737

16. EVENTS AFTER THE REPORTING DATE

D&O assets

On April 1, 2024, the Company entered into a term sheet for a merger involving its diabetes and obesity (D&O) assets with a newly formed private company. The agreement entails merging these assets into the newly formed company, which will aim to go public on a US national exchange within nine to twelve months. It will be initially funded with USD \$250,000 to cover public listing expenses. Preveceutical will own 85% of the newly formed company, with 75% of these shares distributed to the Company's shareholders. The merger includes plans to raise up to USD \$3 million within 90-180 days, followed by a direct listing and additional capital raising efforts.

Private placement

On May 29, 2024, the Company closed its first tranche of a non-brokered private placement for gross proceeds of \$115,000 through the issuance of 4,600,000 Units at a price of \$0.025 per Unit. Each unit consists of one common share (a "Common Share") and one-half Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one common share at an exercise price of \$0.05 until May 29, 2026. In connection with the non-brokered private placement, the Company issued 368,000 finders warrants to acquire one Common Share at an exercise price of \$0.05 unit May 29, 2026.

Loans

Subsequent to March 31, 2024, the Company's Chief Executive Officer lent the Company \$142,893 in advances which are unsecured, payable on demand and bear no interest.