SERNOVA CORP.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2024 AND 2023

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102 Continuous Disclosure Obligations, if a reporting issuer engaged an auditor to perform a review of the interim financial statements and the auditor was unable to complete the review, the interim financial statements must be accompanied by a notice indicating that the auditor was unable to complete a review of the interim financial statements and the reasons why the auditor was unable to complete the review.

The accompanying unaudited interim condensed consolidated financial statements ("interim financial statements") of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor was engaged to perform a review of the interim financial statements but such review has not been completed due to additional procedures required as a result of the Board's investigations into alleged misconduct as disclosed in the news release disseminated on March 11, 2024. None of the allegations, if substantiated, are expected to materially change or impact the Company's interim financial statements. Upon completion of these additional procedures, the Company will refile these interim financial statements. The Company is not expecting any changes in any material respect to be required and thus the refiling is expected to be limited to the disclosure of the completion of the auditor's review.

SERNOVA CORP.
Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	Note	**As at January 31, 2024**	As at October 31, 2023
ASSETS			
Current assets			
Cash		**$ 6,509,561**	$ 8,721,835
Marketable securities		**9,040,000**	11,084,000
Amounts receivable		**1,029,091**	1,052,991
Prepaid expenses		**500,057**	164,664
Total current assets		**17,078,709**	21,023,490
Non-current assets			
Deposits		**223,860**	259,164
Property and equipment, net		**372,516**	393,224
Intangible assets, net		**266,710**	316,719
Right-of-use asset, net	4	**630,734**	114,218
Total non-current assets		**1,493,820**	1,083,325
TOTAL ASSETS		**$ 18,572,529**	$ 22,106,815
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**$ 14,104,144**	$ 9,456,157
Lease liabilities	4	**88,162**	136,123
Total current liabilities		**14,192,306**	9,592,280
Non-current liabilities			
Lease liabilities	4	**546,468**	–
Total liabilities		**14,738,774**	9,592,280
SHAREHOLDERS' EQUITY			
Common shares	5	**110,987,766**	110,987,766
Contributed surplus	5	**20,756,095**	19,693,776
Deficit		**(127,910,106)**	(118,167,007)
Total shareholders' equity		**3,833,755**	12,514,535
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 18,572,529**	$ 22,106,815

Commitments and Contingencies (Note 8)

See accompanying notes to the interim condensed consolidated financial statements.

SERNOVA CORP.
Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Note	**Three months ended January 31, 2024**	Three months ended January 31, 2023
EXPENSES			
Research and development	7	**$ 7,241,004**	$ 6,911,250
General and administrative	7	**2,786,678**	1,697,155
Total expenses		**10,027,682**	8,608,405
OTHER EXPENSE (INCOME)			
Interest income		**(166,327)**	(461,170)
Finance costs		**10,458**	9,941
Foreign exchange gain		**(109,852)**	(141,790)
Gain on disposal of right-of-use asset and lease liabilities		**(18,862)**	–
Net other income		**(284,583)**	(593,019)
LOSS AND COMPREHENSIVE LOSS		**$ 9,743,099**	$ 8,015,386
Weighted average number of common shares outstanding – basic and diluted		**303,332,686**	303,332,686
Basic and diluted loss per common share	9	**$ 0.03**	$ 0.03

See accompanying notes to the interim condensed consolidated financial statements.

SERNOVA CORP.
Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Note	**Three months ended January 31, 2024**	Three months ended January 31, 2023
OPERATING ACTIVITIES			
Loss for the period		**$ (9,743,099)**	$ (8,015,386)
Adjustments for items not affecting cash:			
Amortization and depreciation		**104,250**	106,975
Share-based compensation	5	**1,062,319**	941,267
Interest income accrued on marketable securities		**(333,283)**	(465,068)
Interest on lease liabilities		**10,459**	9,942
Gain on disposal of right-of-use asset and lease liabilities	8	**(18,862)**	
Changes in non-cash working capital balances:			
Amounts receivable		**357,183**	532,416
Prepaid expenses		**(335,393)**	(163,266)
Accounts payable and accrued liabilities		**4,647,988**	1,582,528
Cash used in operating activities		**(4,248,438)**	(5,470,592)
INVESTING ACTIVITIES			
Purchase of marketable securities		**–**	(4,044,000)
Redemption of marketable securities		**2,044,000**	28,000,000
Deposits		**35,304**	–
Purchase of property and equipment		**–**	(71,835)
Cash provided by investing activities		**2,079,304**	23,884,165
FINANCING ACTIVITIES			
Grant contribution receipts	8	**–**	347,908
Lease liabilities payments		**(43,140)**	(42,840)
Cash (used in) provided by financing activities		**(43,140)**	305,068
Net increase (decrease) cash during the period		**(2,212,274)**	18,718,641
Cash, beginning of period		**8,721,835**	3,776,054
CASH, END OF PERIOD		**$ 6,509,561**	$ 22,494,695
SUPPLEMENTAL CASH FLOW DISCLOSURES			
Income taxes paid		**$ –**	$ –
Interest received		**$ 152,295**	$ 358,392
Right-of-use asset additions		**$ 641,424**	$ –

See accompanying notes to the interim condensed consolidated financial statements.

SERNOVA CORP.
Interim Condensed Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Common Shares (Note 5)		Warrants (Note 5)	Contributed Surplus (Note 5)	Deficit	Total
Balance, October 31, 2023	303,332,686	$ 110,987,766	$ –	$ 19,693,776	$(118,167,007)	$ 12,514,535
Loss and comprehensive loss for the period	–	–	–	–	(9,743,099)	(9,743,099)
Transactions with owners of the Company, recognized directly in equity:						
Share-based compensation	–	–	–	1,062,319	–	1,062,319
Balance, January 31, 2024	**303,332,686**	**$ 110,987,766**	**$ –**	**$ 20,756,095**	**$(127,910,106)**	**$ 3,833,755**
Balance, October 31, 2022	303,332,686	$ 110,987,766	$ 3,296,332	$ 12,494,054	$ (79,169,487)	$ 47,608,665
Loss and comprehensive loss for the period	–	–	–	–	(8,015,386)	(8,015,386)
Transactions with owners of the Company, recognized directly in equity:						
Share-based compensation	–	–	–	941,267	–	941,267
Balance, January 31, 2023	303,332,686	$ 110,987,766	$ 3,296,332	$ 13,435,321	$ (87,184,873)	$ 40,534,546

See accompanying notes to the interim condensed consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Sernova Corp. (the "Company") is a clinical stage cell therapeutics company focused on developing and commercializing its proprietary Cell Pouch System™ platform and associated technologies, including Cell Pouch™ and immune-protected therapeutic cells. The Cell Pouch™ is a scalable, implantable medical device designed to create a highly vascularized organ-like environment for the transplantation and engraftment of therapeutic cells, which then release proteins, hormones or other factors into the bloodstream for the long-term treatment of multiple chronic diseases such as type 1 diabetes, hypothyroid disease, and rare diseases such as hemophilia A.

Sernova Corp. was incorporated under the Company Act (British Columbia) on August 19, 1998. Effective May 29, 2001, the Company was continued under the Canada Business Corporations Act.

The Company's head office is located at 700 Collip Circle, Suite 114, London, Ontario, N6G 4X8. The Company's registered address is Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 2N7. The Company's common shares are listed and trade on the Toronto Stock Exchange (the "Exchange") under the symbol SVA. The Company's shares are also listed on the OTCQB Venture Market under the symbol SEOVF and on the Frankfurt and Xetra Exchanges under the symbol PSH.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Accordingly, these interim condensed consolidated financial statements do not include all disclosures required for annual financial statements.

These interim condensed consolidated financial statements were approved and authorized for issue by the Company's Audit Committee on March 14, 2024.

(b) Basis of measurement

These interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Sernova (US) Corp. The financial statements of the subsidiary is prepared for the same reporting period as the Company using consistent accounting policies. Intercompany transactions, balances and gains and losses on transactions between the Company and its subsidiary are eliminated.

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value though profit or loss, which are stated at their fair value, or at amortized cost.

These interim condensed consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

(c) Going concern

These interim condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred losses and generated negative cashflow since inception. A loss and comprehensive loss of $9,743,099 was incurred during the three months ended January 31, 2024 (2023 - $8,015,386). As at January 31, 2024, the Company had an accumulated deficit of $127,910,106 (October 31, 2023 – $118,167,007) and working capital of $2,886,403 (October 31, 2023 – $11,431,210).

2. BASIS OF PRESENTATION (cont'd…)

(c) Going concern (cont'd…)

Until the Company's biotechnology therapeutic products are approved and available for sale and profitable operations are developed, the Company's liquidity requirements will be dependent on its ability to continue to secure additional funding as required to cover research and development expenditures focused on advancing work planned for the next twelve months. Failure to do so could have a material adverse effect on the Company's financial condition. Until sufficient financing is obtained, the Company plans to defer or reduce planned expenditures. At this time, no assurance can be given that such financing will be available or that, if available, it can be obtained on favorable terms. As a result, material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. To address this uncertainty, Management's plans include seeking additional funding through sources such as loans and strategic alliances, and or equity financings, but there can be no assurance as to when or whether the Company will secure additional funding or complete any strategic alliances.

Expenditures related to the Company's iPSC program, including its strategic partnership with Evotec, have a significant impact on the Company's working capital and cash and marketable securities balances. The Company continues to review the latest project costs, forecasts and timelines provided by Evotec, with a plan to renegotiate selected terms of the agreement. If these negotiations are not successful and adequate financing is not obtained, the Company's cash and marketable securities will enable the support of planned operations through the second quarter of the current fiscal year. Excluding expenditures related to the Evotec partnership, the Company's current cash and marketable securities will enable the support of current planned operations into the fourth quarter of the current fiscal year. Refer to Note 8 – *Commitments and Contingencies* of these interim condensed consolidated financial statements for further information on the iPSC program and Evotec partnership.

If the going concern assumption was not appropriate for these interim condensed consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses, and the classifications used in the interim condensed consolidated statements of financial position, which could be material. The interim condensed consolidated financial statements do not include adjustments that would be necessary if the going concern assumption was not appropriate.

(d) Use of significant estimates and judgments

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

3. MATERIAL ACCOUNTING POLICIES

The Company's material accounting policies are outlined in the Company's audited consolidated financial statements for the years ended October 31, 2023 and 2022, and have been applied consistently in these interim condensed consolidated financial statements.

(a) New accounting standards and interpretations adopted during the current period

None

(b) New accounting standards and interpretations issued but not yet effective

None

(Expressed in Canadian Dollars)

4. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

Right-of-use asset and lease liabilities carrying amounts and changes during the period were as follows:

	Right-of-use asset	Lease liabilities
Balance, October 31, 2022	$ 251,280	$ 275,979
Depreciation	(137,062)	–
Interest expense	–	32,075
Payments	–	(171,931)
Balance, October 31, 2023	114,218	136,123
Derecognition on early termination	(91,374)	(110,236)
Additions	641,424	641,424
Depreciation	(33,534)	–
Interest expense	–	10,459
Payments	–	(43,140)
Balance, January 31, 2024	$ 630,734	$ 634,630

	January 31, 2024	October 31, 2023
Lease liabilities – short term portion	$ 88,162	$ 136,123
Lease liabilities – long term portion	546,468	–
	$ 634,630	$ 136,123

5. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares, without par value.

(b) Share capital changes

During the three months ended January 31, 2024 and 2023, there were no changes to the Company's share capital.

(c) Incentive Plan

The Company initiated its incentive plan in 2015, with the latest amendments thereto approved by shareholders of the Company on June 30, 2021 (the "Incentive Plan"). Under the Incentive Plan, the Board of Directors may grant stock options to directors, officers, employees or consultants of the Company and deferred share units to directors and officers of the Company up to an aggregate fixed maximum of 38,746,536 of the Company's issued and outstanding common shares, representing approximately 12.8% of the common shares outstanding as at January 31, 2024. The remaining balance available for grant under the Incentive Plan as of January 31, 2024 is 819,673 which is reserved for the issuance of stock options.

Options granted under the Incentive Plan have a term of up to ten years from the date of grant. The vesting schedule of all granted options is determined at the discretion of the Board of Directors. The exercise price of any stock options granted is no less than the price pursuant to the policies of the Exchange.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (cont'd…)

(c) Incentive Plan (cont'd…)

Changes in the number of stock options outstanding during the three months ended January 31 were as follows:

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance outstanding, beginning of period	30,074,182	$ 0.92	22,770,984	$ 0.92
Granted	–	–	120,000	0.80
Conditionally granted	200,000	0.80	–	–
Cancelled	(24,585)	(1.30)	(225,000)	(0.22)
Balance outstanding, end of period	30,249,597	$ 0.92	22,665,984	$ 0.93
Options exercisable, end of period	21,263,747	$ 0.88	16,243,083	$ 0.78

Stock options outstanding by range of exercise prices as at January 31, 2024:

Range of exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
$ 0.21 to $ 0.26	8,130,000	4.2	$ 0.23	8,130,000	$ 0.23
$ 0.74 to $ 1.20	8,368,613	8.2	0.93	1,765,330	1.06
$ 1.32 to $ 1.42	13,750,984	2.8	1.32	11,368,417	1.32
$ 0.21 to $ 1.42	30,249,597	4.7	$ 0.92	21,263,747	$ 0.88

Option grants vest either i) immediately or ii) quarterly or annually over periods of up to four years.

The Black-Scholes option pricing model is used to estimate fair value for the purpose of recording share-based compensation expense. Historical data is used to estimate the expected dividend yield and volatility of the Company's common shares in determining the fair value of the stock options. The risk-free interest rate is based on the Government of Canada benchmark bond yield rates in effect at the time of grant and the expected life of the options represents the estimated length of time the options are expected to remain outstanding.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (cont'd…)

(c) Incentive Plan (cont'd…)

For the stock options granted during the three months ended January 31, the share-based compensation expense was determined based on the fair value of the stock options on the grant date (date of measurement) using the Black-Scholes option pricing model using the following weighted average assumptions:

	2024	2023
Dividend yield	0%	0%
Expected volatility	62.8%	92.5%
Risk free interest rate	4.7%	3.8%
Expected life of options	1.5 years	3.4 years

For the three months ended January 31, 2024 and 2023, the Company issued stock options with weighted average grant date fair values of $0.20 and $0.53 per stock option, respectively.

The Company's Incentive Plan allows for the issuance of DSUs to directors and officers of the Company and settlement in the form of a cash payment or issuance of shares at the time the DSU holder leaves the Company. Since the method of settlement of the DSUs is at the discretion of the Company, it has been accounted for as an equity-settled plan. There were no DSUs granted, cancelled, or equity settled during the three months ended January 31, 2024 and 2023. DSUs have generally vested over a three-year period after the date of grant.

As at January 31, 2024, a total of 5,510,001 DSUs were outstanding (October 31, 2023 – 5,510,001) of which 5,466,669 had vested (October 31, 2023 – 5,455,836).

6. RELATED PARTY TRANSACTIONS

The key management personnel of the Company are the Directors, Executive Officers and Vice Presidents. Amounts due to related parties, including amounts due to key management personnel, at the end of the reporting period are unsecured, interest free and settlement generally occurs in cash. Included in accounts payable and accrued liabilities at January 31, 2024, was $625,263 due to key management personnel (October 31, 2023 – $662,261).

Compensation to key management personnel for the reporting period:

	Three months ended January 31,	
	2024	2023
Personnel costs	$ 793,919	$ 269,631
Director fees and costs	80,110	83,761
Share-based compensation	999,248	770,749
	$ 1,873,277	$ 1,124,141

(Expressed in Canadian Dollars)

7. STATEMENTS OF LOSS AND COMPREHENSIVE LOSS SUPPLEMENTARY INFORMATION

Research and Development Expenses

	Three months ended January 31,	
	2024	2023
Personnel costs	$ 864,999	$ 555,542
Research and clinical development	5,678,538	5,535,788
Manufacturing costs	41,979	145,668
Patent fees and costs	32,386	109,683
Other costs	74,651	86,735
Amortization and depreciation	96,063	99,383
Share-based compensation - options	512,388	423,451
	7,301,004	6,956,250
Less: grants, contributions and tax credits	(60,000)	(45,000)
Total research and development expenses	$ 7,241,004	$ 6,911,250

General and Administrative Expenses

	Three months ended January 31,	
	2024	2023
Personnel costs	$ 582,047	$ 336,855
Consulting and professional fees	692,253	161,794
Director fees and expenses	85,399	85,872
Investor relations and corporate communications	542,150	351,478
Public company expenses	66,758	60,613
Insurance and other costs	259,953	175,135
Depreciation	8,187	7,592
Share-based compensation - DSUs	14,735	154,608
Share-based compensation - options	535,196	363,208
Total general and administrative expenses	$ 2,786,678	$ 1,697,155

8. COMMITMENTS AND CONTINGENCIES

The Company was previously awarded a US$2.45 million (approximately $3.28 million) grant under an agreement with JDRF Therapeutics Fund LLC (“JDRF”). The grant supports a Phase 1/2 clinical trial of Sernova’s Cell Pouch™ for treatment of patients with type 1 diabetes. Pursuant to the agreement, the Company has committed to perform certain clinical trial activities and to use commercially reasonable efforts to introduce a diabetes product into the US market. No contributions relating to milestone achievements were earned during the three months ended January 31, 2024 (2023 – nil). Remaining funding available to be earned under the JDRF grant award totals approximately US$0.05 million ($0.07 million) as at January 31, 2024. The Company is required to pay royalties to JDRF as a percentage of any future net sales received from such diabetes product or in certain future license or disposition transactions up to an aggregate maximum of four times the aggregate amount of JDRF grant funding received. A bonus amount equal to the total amount of grant funding received is also payable to JDRF on two aggregate net sales thresholds if they are achieved. Given the early and inconclusive stage of development of the diabetes product, the royalty is not probable at this time and therefore no liability has been recorded.

8. COMMITMENTS AND CONTINGENCIES (cont'd…)

In May 2022, the Company entered into a strategic partnership with Evotec for the development and commercialization of an iPSC-based beta cell replacement therapy ("iPSC Program") with the goal to provide an unlimited insulin-producing cell source to treat patients with insulin-dependent diabetes. The Company has committed to pay future milestone and royalty payments to Evotec pursuant to the occurrence of certain events as set forth in the Evotec collaboration agreement (the "Evotec Agreement"). Under the terms of the Evotec Agreement, the preclinical development program(s) will be jointly funded up to IND submission with the Company's share of potential costs capped at a maximum of approximately US$25.0 million ($33.5 million). The latest project costs forecast provided by Evotec is under review by the Company. It is anticipated the total project cost and the Company's commitment portion will increase, although discussions with Evotec are on-going. The Evotec Agreement is cancellable by the Company with notice, subject to certain terms and conditions. iPSC Program costs of US$3,282,306 ($4,401,820) were incurred during the three months ended January 31, 2024 (2023 – US$3,477,200 ($4,697,956)). The amount of joint iPSC Program costs originally incurred by Evotec and subsequently recharged to the Company was recorded in research and development expenses in the consolidated statement of loss, and the reimbursement of iPSC Program costs originally incurred by the Company was recorded as a reduction of research and development expenses in the consolidated statement of loss. Total iPSC Program costs of US$20,898,481 ($27,992,831) have been incurred since the commencement of the initiative up to the end of the most recently completed period ended January 31, 2024.

The Company enters into contracts in the normal course of business, including for research and development activities, consulting and other services. As at January 31, 2024, the Company has commitments totaling approximately $6,003,000, of which approximately $1,863,000 is expected to be paid over the next twelve months. The majority of these contracts are cancellable by the Company with notice. In addition, the Company has minimum annual royalty payment obligations of approximately $32,000 for third party licensing agreements.

Effective December 31, 2023, the Company terminated its lease for existing office premises and lab space which resulted in a gain on disposal of right-of-use asset and lease liabilities of $18,862 upon derecognition of the right-of-use asset and lease liability. Effective January 1, 2024, the Company entered into a successor three-year lease for office premises and lab space at the same facility at a rate of $14,010 per month, with a 3% increase on the anniversary of the lease agreement. Under the terms of the lease, the Company has two option periods to extend the lease term for an additional twelve months each, up to December 31, 2028. As of January 31, 2024, remaining undiscounted lease payment obligations total $878,550 assuming the Company exercises both options, of which $168,540 is payable over the next twelve months.

9. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss by the weighted average number of shares outstanding during the reporting period. The effect of any potential exercise of stock options and common share purchase warrants and settlement of DSUs has been excluded from the calculation of diluted loss per share as it would be anti-dilutive.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Company's risk exposures and impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and marketable securities, in excess of insured amounts, held or invested at financial institutions including Canadian chartered banks and financial service firms. Management actively reviews the risk of the financial institutions and or the counterparty to the underlying financial instruments held failing to meet its obligations and adjusts expected credit losses if and when any undue risk is identified. Amounts receivable at January 31, 2024 are composed of amounts due from Canadian federal government agencies and international industry collaborators with full collection expected.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is a development stage company and is reliant on external fundraising to support its operations. Once funds have been raised, the Company manages its liquidity risk by investing its cash resources in high interest savings accounts or marketable securities to provide regular cash flow for its operations and monitoring actual and projected cash flows. As at January 31, 2024, the Company had working capital of $2,886,403 (October 31, 2023 – $11,431,210).

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company holds its cash in bank accounts and manages its interest rate risk by holding cash in high yield savings accounts or highly liquid short-term investments. With recent increases in global interest rates and higher average investment balances, interest income is becoming more significant to the Company's projected operational budget although rate fluctuations are not significant to the Company's risk assessment. A change in one hundred basis points in the interest rate on marketable securities held at January 31, 2024 would have an impact on interest income of approximately $90,400 on an annualized basis.

(d) Foreign currency risk

Foreign currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk on fluctuations in foreign exchange rates for any cash, amounts receivable, accounts payable and accrued liabilities and grant contributions that are denominated in foreign currencies. The Company's foreign currency risk is primarily related to expenses denominated in US dollars. Fluctuations in the US dollar exchange rate could have a significant impact on the Company's results. Assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase or decrease in loss and comprehensive loss for the three months ended January 31, 2024 of $550,143 (2023 – $232,933).

Balances in US dollars are as follows:

	As at January 31, 2024	As at October 31, 2023
Cash	$ 4,021,711	$ 3,288,063
Amounts receivable	–	140,580
Accounts payable and accrued liabilities	(9,523,137)	(5,757,977)
	$ (5,501,426)	$ (2,329,334)