HEMOSTEMIX INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Hemostemix Inc.:

Opinion

We have audited the consolidated financial statements of Hemostemix Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred net loss during the year ended December 31, 2024 and, as of the date had a working capital deficiency and accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information
Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report.If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zahra Alnoor Bhanji.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

April 29, 2025

Licensed Public Accountants

Hemostemix Inc.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2024	As at December 31, 2023
ASSETS		
Current Assets		
Cash	**$ 705,700**	$ 155,416
Subscriptions receivable	**200,000**	-
HST/GST receivable	**29,604**	25,059
Prepaid expenses	**56,475**	133,106
Total current assets	**991,779**	313,581
Non-current assets		
Equipment (note 5)	**83**	183
Intangible assets (note 4)	**1**	1
Total assets	**$ 991,863**	$ 313,765
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current Liabilities		
Accounts payable and accrued liabilities (note 13)	**$ 2,772,377**	$ 2,876,568
Total current liabilities	**2,772,377**	2,876,568
Non-current liabilities		
Debentures (note 6)	**4,936,716**	4,321,504
Deferred income tax payable (note 10)	**486,921**	486,921
Total liabilities	**8,196,014**	7,684,993
Shareholders' Deficiency		
Share capital (note 7)	**43,917,274**	42,481,424
Warrants (note 8)	**1,538,381**	1,487,187
Contributed surplus	**13,221,905**	11,925,470
Deficit	**(65,881,711)**	(63,265,309)
Total Shareholders' Deficiency	**(7,204,151)**	(7,371,228)
Total Liabilities and Shareholders' Deficiency	**$ 991,863**	$ 313,765

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

Incorporation, nature of business and going concern (note 1)
Commitments and contingencies (note 12)
Subsequent events (note 15)

Approved on behalf of the Board:

"Peter Lacey", Director, Chair of Audit Committee

"Thomas Smeenk", Director

Hemostemix Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating expenses		
Research and development	**$ 2,972**	$ 384,887
Consulting and salaries (note 13)	**1,003,802**	882,863
Stock-based compensation (note 9)	**330,983**	149,898
Marketing and office expenses (note 13)	**107,422**	375,308
Professional fees	**455,432**	268,690
Loss on settlement of debt through shares (note 7)	**-**	6,193
Gain on extinguishment (note 6)	**-**	(200,990)
Travel	**77,984**	95,099
Foreign exchange gain	**12,544**	(16,180)
Finance expense (notes 6 and 11)	**625,163**	556,118
Depreciation expense (note 5)	**100**	223
Net loss and comprehensive loss for the year	**$ (2,616,402)**	$ (2,502,109)
Basic and diluted net loss and comprehensive loss per share	**$ (0.028)**	$ (0.030)
Weighted average number of common shares outstanding - basic and diluted	**95,058,881**	82,499,189

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

Hemostemix Inc.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating activities		
Net loss for the year	**$ (2,616,402)**	$ (2,502,109)
Items not affecting cash:		
Stock-based compensation (note 9)	**330,983**	149,898
Finance expense (note 11)	**615,213**	556,118
Depreciation expense (note 5)	**100**	223
Foreign exchange gain (loss)	**-**	16,180
Gain on extinguishment	**-**	(200,990)
Loss on settlement of debt through shares	**-**	6,193
Changes in non-cash working capital items:		
Subscriptions receivable	**(200,000)**	-
Prepaid expense	**76,631**	57,148
HST / GST receivable	**(4,545)**	113,879
Accounts payable and accrued liabilities	**(104,192)**	383,699
Net cash used in operating activities	**(1,902,212)**	(1,419,761)
Financing activities		
Proceeds from private placement, net of issue cost (note 7)	**2,452,496**	1,426,633
Exercise of warrants (note 8)	**-**	12,798
Net cash provided by financing activities	**2,452,496**	1,439,431
Net change in cash	**550,284**	19,670
Cash, beginning of year	**155,416**	135,746
Cash, end of year	**$ 705,700**	$ 155,416
Supplemental Information		
Finders' warrants issued for services	**$ -**	$ 25,325

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

Hemostemix Inc.

Consolidated Statements of Changes in Deficiency
(Expressed in Canadian Dollars)

	Share Capital			Contributed		
	Number	Amount	Warrants	Surplus	Deficit	Total
Balance, December 31, 2022	75,743,019	$ 41,081,789	$ 2,667,520	$ 10,245,161	$ (60,763,200)	$ (6,768,730)
Issuance of common shares in private placement, net of issuance costs (note 7)	9,844,708	1,405,786	20,847	-	-	1,426,633
Exercise of warrants	91,417	21,708	(8,910)	-	-	12,798
Common shares issued for debt	1,443,174	310,282	-	-	-	310,282
Issuance of warrants	-	(338,141)	338,141	-	-	-
Stock-based compensation (note 9)	-	-	-	149,898	-	149,898
Expiry of warrants	-	-	(1,530,411)	1,530,411	-	-
Net loss and comprehensive loss for the year	-	-	-	-	(2,502,109)	(2,502,109)
Balance, December 31, 2023	**87,122,318**	**$ 42,481,424**	**$ 1,487,187**	**$ 11,925,470**	**$ (63,265,309)**	**$ (7,371,228)**
Balance, December 31, 2023	**87,122,318**	**$ 42,481,424**	**$ 1,487,187**	**$ 11,925,470**	**$ (63,265,309)**	**$ (7,371,228)**
Issuance of common shares in private placement, net of issuance costs (note 7)	53,519,635	2,452,496	-	-	-	2,452,496
Issuance of warrants, related to private placements (note 7)	-	(1,016,646)	1,016,646	-	-	-
Stock-based compensation (note 9)	-	-	-	330,983	-	330,983
Expiry of warrants	-	-	(965,452)	965,452	-	-
Net loss and comprehensive loss for the year	-	-	-	-	(2,616,402)	(2,616,402)
Balance, December 31, 2024	**140,641,953**	**$ 43,917,274**	**$ 1,538,381**	**$ 13,221,905**	**$ (65,881,711)**	**$ (7,204,151)**

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

1. Incorporation, Nature of Business and Going Concern

Hemostemix Inc. (“Hemostemix” or “the Company”) is a clinical stage biotechnology company whose principal business is to develop, manufacture and commercialize blood-derived stem cell therapies for medical conditions not adequately addressed by current treatments. Hemostemix Inc., an entity under the Business Corporations Act (Alberta) was formed in November 2014. The Company’s head office is located at Suite 1150, 707-7th Ave SW, Calgary, AB T2P 3H6.

The common shares of Hemostemix are listed on the TSX Venture Exchange under the symbol "HEM", Borse Frankfurt under the symbol "2VFO" and OTCQB under the symbol "HMTXF".

Hemostemix Inc. has five wholly-owned subsidiaries. Kwalata Trading Limited (“Kwalata”), incorporated under the laws of Cyprus, was established to own intellectual property ("IP"). On October 1, 2018, previous management structured the sale of the IP from Kwalata to Hemostemix and planned the wind up of Kwalata. This transaction was not completed and Kwalata remains a wholly owned subsidiary of Hemostemix Inc., and continues as an IP holding company. Hemostemix Ltd., another wholly owned subsidiary, was incorporated under the laws of Israel to conduct manufacturing and perform research and development. Effective October 1, 2017, Hemostemix Ltd. ceased operations. On June 14, 2022, the Company incorporated PreCerv Inc. ("PreCerv") as a wholly owned subsidiary. PreCerv obtained a global field of use license to NCP-01 and its autologous stem cell technologies from Hemostemix. On August 15, 2023, the Company incorporated Hemostemix Quebec Inc. as a wholly-owned subsidiary. On August 22, 2024, the Company incorporated HEM PR Inc. as a wholly-owned subsidiary.

The Company incurred a net comprehensive loss of $2,616,402 for the year ended December 31, 2024, (December 31, 2023 - net comprehensive loss of $2,502,109) and had accumulated deficit of $65,881,711 (December 31, 2023 - $63,265,309). The Company used cash in operating activities of $1,902,212 (December 31, 2023 - $1,419,761) and, as of that date the Company’s current liabilities exceeded their current assets by $1,780,598 (December 31, 2023 – $2,562,987). The Company’s biotechnology is in the final-stage of the research of its main product ACP-01; as a result, the Company has not produced revenue nor achieved operational profitability and positive cash flows.

These conditions give rise to material uncertainty that raises significant doubt about the Company's ability to continue operating as a going concern. The consolidated financial statements do not include any adjustments to reflect any events since December 31, 2024 or the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from this uncertainty. The Company's ability to continue to operate is dependent upon continuing financial support.

These consolidated financial statements were approved by the Company's Board of Directors on April 29, 2025.

2. Material Accounting Policy

Statement of Compliance
These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and IFRIC® Interpretations of the IFRS Interpretations Committee.

Basis of presentation
These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

2. Material Accounting Policy (Continued)

Consolidated financial statements

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Kwalata Trading Limited, Hemostemix Ltd., PreCerv Inc., Hemostemix Quebec Inc. and Hemostemix PR Inc.. The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is determined when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. Effective October 1, 2017, Hemostemix Ltd. ceased operations in Israel and moved its clinical trial activities to North America.

These consolidated financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by the Company and all subsidiaries. Significant intercompany balances and transactions and gains or losses resulting from inter-company transactions are eliminated in full in the consolidated financial statements.

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. Each subsidiary determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The functional currency of the subsidiaries is Canadian dollars. Transactions denominated in foreign currency (other than the functional currency) are recorded on initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences, other than those capitalized to qualifying assets or recorded in equity in hedging transactions, are recognized in profit or loss. Non-monetary assets and liabilities measured at cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

Segment reporting

The Company’s CEO is identified as the chief operating decision maker. The CEO evaluates the performance of the Company and allocates resources based on the information provided by the Company’s management system. The Company has determined that it only has one operating segment located in Canada.

Use of estimates and judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from estimates made in these consolidated financial statements. Areas where estimates are significant to these consolidated financial statements are as follows:

1. The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, forfeiture rate, volatility and dividend yield and making assumptions about them which are disclosed in Note 9.

2. Convertible debentures require an estimation of the fair value of a similar liability that does not have an equity conversion option. The carrying amount is determined by deducting the fair value of the financial liability from the fair value of the convertible debenture as a whole. Significant judgment is required when accounting for the redemption, conversion or modification of these instruments.

2. Material Accounting Policy (Continued)

Financial Instruments

Financial instruments of the Company consist of cash, subscriptions receivable, accounts payable and accrued liabilities and convertible debentures.

Classification and measurement

Financial Assets
At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statements of loss and comprehensive loss.

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the consolidated statements of loss and comprehensive loss and presented together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of loss and comprehensive loss.

Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the consolidated statements of loss and comprehensive loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the consolidated statements of loss and comprehensive loss and recognized in other gains and losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are items in the consolidated statements of loss and comprehensive loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through the consolidated statements of loss and comprehensive loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognized in the consolidated statements of loss and comprehensive loss and presented net within other gains or losses in the period in which it arises.

Our financial assets include cash and other receivables. The classification and measurement of these financial assets are at amortized cost, as these assets are held within our business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the 'solely payments of principal and interest' ("SPPI") criterion.

Financial Liabilities
Financial liabilities are initially measured at fair value and are subsequently measured at amortized cost. The Company's accounts payable and accrued liabilities and convertible debentures are measured at amortized cost.

2. Material Accounting Policy (Continued)

Financial Instruments (continued)

Classification and measurement (continued):

Compound Financial Instruments
Compound financial instruments issued by the Company comprise convertible debt that can be converted to share capital at the option of the Company for the convertible debenture issued in 2021, and at the option of the holder for the convertible debenture issued in 2022, and the number of shares to be issued does not vary with changes in the fair value.

The liability component of compound financial instruments is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component, if any, is recognized initially at the difference between the fair value of the compound financial instrument and the fair value of the liability component. Any direct attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amount.

Subsequent to initial recognition, the liability component of compound financial instruments is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not measured again subsequent to initial recognition. Interest, dividends, losses and gains relating to financial liabilities are recognized in the consolidated statements of loss and comprehensive loss.

Impairment
Under IFRS 9, accounting for impairment losses for financial assets uses a forward-looking expected credit loss ("ECL") approach.

IFRS 9 requires that the Company record a loss allowance for ECLs on all financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Cash and cash equivalents
Cash and cash equivalents is defined as cash plus highly liquid assets with an original term to maturity of three months or less at the date of issuance.

Research and development costs
The Company expenses amounts paid for intellectual property, development and production expenditures as they are incurred. However, such costs are deferred and recorded in intangible assets when they meet generally accepted criteria, to the extent that their recovery can reasonably be regarded as assured.

The costs must meet the following criteria to be deferred: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; the probability of future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to reliably measure the expenditure attributable to the intangible asset during its development.

Once those criteria are met, the future costs, such as costs to obtain patent or trademark protection over the developed technologies, will be capitalized. These costs are then amortized over their expected useful lives. To date it has not been demonstrated that these expenditures will generate or be able to be used to generate probable future economic benefits.

2. Material Accounting Policy (Continued)

Provisions
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account risks and uncertainty of cash flow.

Share-based compensation
The Company measures equity settled share based payments to employees and others providing similar services at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share based payments is calculated using the Black-Scholes option valuation model and is expensed on a graded vesting basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, and credited to contributed surplus. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the consolidated statements of loss and comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus. When options are exercised, the proceeds together with the amount originally credited to contributed surplus are credited to share capital.

The use of the Black-Scholes model requires inputting a number of assumptions, including expected dividend yield, expected share price volatility, forfeiture rate, expected time until exercise and risk-free interest rate. Although the assumptions used reflect management's best estimates, they involve inherent uncertainties based on conditions outside of the Company's control. If other assumptions were used, share based compensation could be significantly impacted.

Income tax
Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Tax on income is accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred taxes
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

2. Material Accounting Policy (Continued)

Deferred taxes (continued)
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Loss per share
Loss per common share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding during the period. The diluted loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The basic and diluted loss per share are the same as there are no instruments that have a dilutive effect on earnings. For the periods presented, the potentially dilutive effect of stock options, warrants and the convertible instruments have proven to be anti-dilutive.

Equipment
Equipment is recorded at cost less accumulated depreciation and impairment, if any. Depreciation is calculated on a declining balance basis at 55% per annum for computers.

Intangible assets
Intangible assets consist of costs incurred to acquire license, patents and unpatented technology. Intangible assets are recorded at cost less accumulated amortization and accumulated impairment. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the asset.

Convertible Debentures
Convertible debentures are recorded at amortized cost and accounted for as compound financial instruments with separable debt and equity components. The debt component is measured at fair value on initial recognition by discounting the stream of future interest and principal payments at the rate of interest prevailing at the date of issue for debt instruments of similar term and risk assuming no conversion feature. The debt component is deducted from the total carrying value of the compound instrument to derive the carrying amount allocated to the equity component. The debt component is subsequently measured at amortized cost using the effective interest rate method. Interest expense based on the coupon rate of the debenture and the accretion of the liability component to the amount that will be payable on redemption are recognized as finance costs in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

3. Wholly-Owned Subsidiaries

Hemostemix has four wholly-owned subsidiaries. On October 1, 2018, previous management structured the sale of the IP from Kwalata to Hemostemix and planned the wind up of Kwalata. This transaction was not completed and Kwalata remains a wholly owned subsidiary of Hemostemix Inc., and continues as an IP holding company.

On October 1, 2017, the Company ceased its operations in Israel.

The Israel operations had current assets of $1,784 as at December 31, 2024 (December 31, 2023 - $1,784) and current liabilities of $nil as at December 31, 2024 (December 31, 2023 - $nil).

On June 14, 2022, the Company incorporated PreCerv as a wholly-owned subsidiary. PreCerv obtained a global field of use license to NCP-01 and ACP-01 and its autologous stem cell technologies from Hemostemix.

On August 29, 2023, the Company incorporated Hemostemix Quebec Inc. as a wholly-owned subsidiary.

On August 22, 2024, the Company incorporated Hemostemix PR Inc. as a wholly-owned subsidiary.

4. Intangible Assets

Proprietary Protection - The Company's intellectual property is protected by several issued patents grouped together in five patent families, which currently have a carrying value of $1 (December 31, 2023 - $1).

During the year ended December 31, 2024, additional provisional patent with trademark applications have been filed and patents continue to be pursued in additional jurisdictions; however, the Company has determined that none of these costs meet the criteria for deferral.
The five patent families are:

Family Patent	Status	Title
1	Granted in several countries including in the US Pending in Canada and Thailand	In-Vitro techniques for use with stem cells
2	Granted in several countries including Canada To be filed in US	Production from blood of cells of neural lineage
3	Granted in Singapore Pending in Canada, Europe and US	Regulating stem cells
4	Granted in several counties including the US and Canada Pending in Europe	Regulating stem cells
5	Granted Mexico, Singapore	Automated cell therapy

(Expressed in Canadian Dollars)

5. Equipment

		Computers
Cost		
Balance - December 31, 2022, December 31, 2023 and December 31, 2024	$	6,138
Accumulated depreciation		
Balance - December 31, 2022	$	(5,732)
Depreciation for the year		(223)
Balance - December 31, 2023	$	(5,955)
Depreciation for the year		(100)
Balance - December 31, 2024	**$**	**(6,055)**
Net book value		
As at December 31, 2023	$	183
As at December 31, 2024	**$**	**83**

6. Loans and Borrowing

(a) Debenture:

	Number of Debentures	Liability Component	Equity Component
Balance at December 31, 2022	**2,500**	**$ 1,574,836**	**$ 859,934**
Accretion and interest	-	307,703	-
Repayment of interest	-	(153,409)	-
Gain on extinguishment	-	(200,990)	-
Balance at December 31, 2023	**2,500**	**$ 1,528,140**	**$ 859,934**
Accretion (note 11)	-	375,104	-
Balance at December 31, 2024	**2,500**	**$ 1,903,244**	**$ 859,934**

On June 11, 2021, the Company closed a $2,500,000 non-brokered private placement of convertible debentures (the "Debentures"), in the principal amount of $2,500,000. Each Debenture consists of $1,000 principal amount and 2,500 Debenture warrants. The debenture matures five years from the closing date and bears interest at a rate of 6% per annum, payable quarterly, in arrears in cash or Common shares at the option of the Company. The principal amount of the debenture may be convertible, at the option of the Company and the holder, into common shares of the Company at a price of $0.40 per common share. At the election of the Company, any accrued and unpaid interest may be converted into Common shares of the Company at a conversion price equal to market price, but not less than the conversion price. Each debenture warrant entitles the holder to acquire one common share at a price of $0.55 per common share for a period of 24 months from the closing of the debenture offering.

(Expressed in Canadian Dollars)

6. Loans and Borrowing (Continued)

(a) Debenture (continued)

The liability component of the Debenture was valued using the effective interest method, based on an estimated effective interest rate of 23%. The difference between the $2,500,000 principal amount of the Debentures and the discounted fair value of the liability component was recognized as the equity portion of the Debenture on the date of grant. No fair value measurement is required as liability component is measured at amortized cost after initial recognition. The fair value of the equity component as of issuance was $859,934, which is net of deferred tax recovery of $255,788. On March 29, 2023, the Company settled $153,409 of interest by issuing 639,203 common shares at a deemed unit price of $0.24 (Note 7). During the year ended December 31, 2023, the Convertible Debenture was amended as follows: 1) interest will be amended from 6% per annum to nil (zero) from January 1, 2023 to maturity (June 11, 2026); 2) the Company's conversion rights will be limited to allow conversion, at the originally stated conversion rate of $0.40 per common share, for any or all, of the outstanding debentures at maturity; 3) the Company will grant the holder the ability to convert at any time, any or all, of their debentures at the originally stated conversion rate of $0.40 per common share and 4) security will be amended from unsecured to secured, and will rank in a second secured position behind the already secured $2.75 million 5 year secured debenture, issued on April 25, 2022. A gain of $200,990 was recorded during the year ended December 31, 2023. There was no change in the classification of the convertible debt. No embedded and no fair value has been recalculated as of December 31, 2024. During the year ended December 31, 2024, the Company incurred $375,104 (year ended December 31, 2023 - $307,703) of accretion expense, included in the consolidated Statements of Loss and Comprehensive Loss.

(b) Convertible debenture

	Number of Debentures	Liability Component	Equity Component
Debentures, balance at December 31, 2022	**2,750**	**$ 2,550,982**	**$ 7,922**
Interest	-	220,000	-
Accretion	-	22,381	-
Balance at December 31, 2023	**2,750**	**$ 2,793,363**	**$ 7,922**
Interest (note 11)	-	220,602	-
Accretion (note 11)	-	19,507	-
Balance at December 31, 2024	**2,750**	**$ 3,033,472**	**$ 7,922**

On April 25, 2022, the Company closed a $2,750,000 non-brokered private placement of convertible debentures (the "Convertible Debentures"), in the principal amount of $2,750,000. Each Convertible Debenture consists of $1,000 principal amount and 5,714 Convertible Debenture warrants. The debenture matures five years from the closing date and bears interest at a rate of 8% per annum, payable quarterly, in arrears in cash or Common shares at the option of the Company. The principal amount of the debenture may be convertible, only at the option of the holder, into common shares of the Company at a price of $0.175 per common share. At the election of the Company, any accrued and unpaid interest may be converted into Common shares of the Company at a conversion price equal to market price, but not less than the conversion price. Each debenture warrant entitles the holder to acquire one common share at a price of $0.20 per common share for a period of 60 months from the closing of the debenture offering.

(Expressed in Canadian Dollars)

6. Loans and Borrowing (Continued)

(b) Convertible debenture (continued)

The liability component of the Debenture was valued using the effective interest rate method, based on an estimated effective interest rate of 9.85%. The difference between the $2,750,000 principal amount of the Debentures and the discounted fair value of the liability component was recognized as the equity portion of the Debenture on the date of grant. No fair value measurement is required as liability component is measured at amortized cost after initial recognition. The fair value of 15,713,500 warrants issued was $167,809 and the fair value of the 133,935 finder warrants issued was $20,524. Additional issue costs of $25,654 was incurred. The fair value of the equity component is $7,922. Fair value has not changed as of December 31, 2024. On March 29, 2023, the Company settled $150,680 of interest by issuing 803,971 common shares at a deemed unit price of $0.19 (Note 7). No embedded and no fair value has been recalculated as of December 31, 2024. During the year ended December 31, 2024, the Company incurred $240,109 (year ended December 31, 2023 - $242,381) of accretion and interest expense, included in the consolidated Statements of Loss and Comprehensive Loss.

7. Share Capital

(a) Authorized
Unlimited number of shares designated as Common Shares
Unlimited number of shares designated as Preferred Shares
The preferred shares are issuable in series and have such rights, restrictions, conditions and limitations as the Board may from time to time determine. No preferred shares have been issued.

(b) Issued and outstanding

	Number of common shares	Amount
Balance, December 31, 2022	**75,743,019**	**$ 41,081,789**
Private placement net of share issuance costs (i)(iii)(iv)	9,844,708	1,405,786
Exercise of finder warrants (note 8)	91,417	21,708
Issuance of warrants (i)(iii)(iv)	-	(338,141)
Shares issued for debt (ii)	1,443,174	310,282
Balance, December 31, 2023	**87,122,318**	**$ 42,481,424**
Balance, December 31, 2023	**87,122,318**	**$ 42,481,424**
Private placement net of share issuance costs (v)(vi)	53,519,635	2,452,496
Issuance of warrants (v)(vi)	-	(1,016,646)
Balance, December 31, 2024	**140,641,953**	**$ 43,917,274**

i) In the first quarter of 2023, the Company closed a non-brokered private placement consisting of an aggregate of 3,812,000 units at a price of $0.20 per Unit for gross proceeds of $762,400. Each unit ("Unit") consisted of one common share, and one common share purchase warrant. Purchase warrants were valued at $145,939 which entitles the holder to acquire one common share at a price of $0.65 per common share, for a period of 24 months. In connection with the private placement, the Company paid eligible finders fees of aggregate cash finder's fees of approximately $27,224 as well as granted 136,120 agent warrants with a fair value of $6,709 which are exercisable for a period of 12 months from closing to acquire common shares at a price of $0.20 per common shares (note 8).

7. Share Capital (continued)

(b) Issued and outstanding (continued)

ii) In the first quarter of 2023, the Company issued 1,443,174 common shares at a deemed unit price of $0.21 per common share to settle $310,282 of debt owed to the Company. The Company incurred total loss of $6,193 in the consolidated statements of loss and comprehensive loss.

iii) In the second quarter of 2023, the Company closed a non-brokered private placement consisting of an aggregate of 3,362,833 units at a price of $0.12 per Unit for gross proceeds of $403,540. Each unit ("Unit") consisted of one common share, and one half of one common share purchase warrant, with each full warrant entitling the holder to acquire one common share at a price of $0.25 per common share, for a period of 24 months. In connection with the private placement, the Company paid eligible finders fees of aggregate cash finder's fees of approximately $19,803 as well as granted 165,027 agent warrants with a fair value of $11,037 which are exercisable for a period of 12 months from closing to acquire common shares at a price of $0.12 per common shares (note 8).

iv) In the third quarter of 2023, the Company closed a non-brokered private placement consisting of an aggregate of 2,669,875 units at a price of $0.12 per Unit for gross proceeds of $320,385. Each unit ("Unit") consisted of one common share, and one half of one common share purchase warrant, with each full warrant entitling the holder to acquire one common share at a price of $0.25 per common share, for a period of 24 months. In connection with the private placement, the Company paid eligible finders fees of aggregate cash finder's fees of approximately $10,228 as well as granted 47,920 agent warrants with a fair value of $3,101 which are exercisable for a period of 12 months from closing to acquire common shares at a price of $0.12 per common shares (note 8).

v) In the fourth quarter of 2024, the Company closed a non-brokered private placement consisting of an aggregate of 36,854,475 units at a price of $0.05 per Unit for gross proceeds of $1,842,724. Each unit ("Unit") consisted of one common share, and one common share purchase warrant, with each full warrant entitling the holder to acquire one common share at a price of $0.12 per common share, for a period of 24 months. In connection with the private placement, the Company paid eligible finders fees of aggregate cash finder's fees of approximately $141,284 as well as granted 1,718,800 agent warrants with a fair value of $131,630 which are exercisable for a period of 24 months from closing to acquire common shares at a price of $0.05 per common shares (note 8).

vi) In the fourth quarter of 2024, the Company closed a non-brokered private placement consisting of an aggregate of 16,665,160 units at a price of $0.05 per Unit for gross proceeds of $833,258. Each unit ("Unit") consisted of one common share, and one common share purchase warrant, with each full warrant entitling the holder to acquire one common share at a price of $0.12 per common share, for a period of 24 months. In connection with the private placement, the Company paid eligible finders fees of aggregate cash finder's fees of approximately $91,001 as well as granted 496,413 agent warrants with a fair value of $30,219 which are exercisable for a period of 24 months from closing to acquire common shares at a price of $0.05 per common shares (note 8).

(Expressed in Canadian Dollars)

8. Warrants

The following table reflects the continuity of the investor warrants for the years ended December 31, 2024 and 2023:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2022	**73,677,134**	**$ 0.50**
Granted (a) (note 7 (b)(i)(iii)(iv))	6,828,355	0.47
Expired (g)	(41,867,233)	0.63
Balance, December 31, 2023	**38,638,256**	**$ 0.44**
Granted (d)(e)	53,519,635	0.12
Expired (h)	(16,096,401)	0.46
Balance, December 31, 2024	**76,061,490**	**$ 0.17**

A summary of the status of the Company's broker warrants as at December 31, 2024 and 2023 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2022	**993,397**	**$ 0.34**
Exercised (f)	(91,417)	0.14
Expired (i)	(235,015)	0.22
Granted (a)(b)(c), (note 7 (b)(i)(iii))	349,067	0.15
Balance, December 31, 2023	**1,016,032**	**$ 0.32**
Expired (j)	(803,085)	0.37
Granted (d)(e), (note 7 (b)(v)(vi))	2,215,213	0.05
Balance, December 31, 2024	**2,428,160**	**$ 0.06**

a) In conjunction with the private placement on March 21, 2023, the Company issued 3,812,000 warrants that entitle the holder to acquire an additional common share at $0.65 per share, and expiring in a 24 month period. The Company also granted 136,120 agent warrants which entitle the holder to acquire a purchase warrant at $0.20 per share and expiring in a 12 month period. The fair value of the warrants was estimated on the date of grant using the Black-Scholes relative fair value approach with the following assumptions: stock price of $0.175, expected dividend yield of 0%, expected volatility of 80.81%-102.31%, risk-free interest rates of 3.70%, and an average expected life of 12-24 months.

b) In conjunction with the private placement on June 28, 2023, the Company issued 1,681,417 warrants that entitle the holder to acquire an additional common share at $0.25 per share, and expiring in a 24 month period. The Company also granted 165,027 agent warrants which entitle the holder to acquire a purchase warrant at $0.12 per share and expiring in a 12 month period. The fair value of the warrants was estimated on the date of grant using the Black-Scholes relative fair value approach with the following assumptions: stock price of $0.12, expected dividend yield of 0%, expected volatility of 103.57%, risk-free interest rates of 3.63%, and an average expected life of 12-24 months.

8. Warrants (continued)

c) In conjunction with the private placement on September 28, 2023, the Company issued 1,334,938 warrants that entitle the holder to acquire an additional common share at $0.25 per share, and expiring in a 24 month period. The Company also granted 47,920 agent warrants which entitle the holder to acquire a purchase warrant at $0.12 per share and expiring in a 24 month period. The fair value of the warrants was estimated on the date of grant using the Black-Scholes relative fair value approach with the following assumptions: stock price of $0.11, expected dividend yield of 0%, expected volatility of 107.21%, risk-free interest rates of 3.63%, and an average expected life of 12-24 months.

d) In conjunction with the private placement on October 29, 2024, the Company issued 36,854,475 warrants that entitle the holder to acquire an additional common share at $0.12 per share, and expiring in a 24 month period. The Company also granted 1,718,800 agent warrants which entitle the holder to acquire a purchase warrant at $0.05 per share and expiring in a 24 month period. The fair value of the warrants was estimated on the date of grant using the Black-Scholes relative fair value approach with the following assumptions: stock price of $0.10, expected dividend yield of 0%, expected volatility of 130.56%, risk-free interest rates of 3.08%, and an average expected life of 24 months.

e) In conjunction with the private placement on November 28, 2024, the Company issued 16,665,160 warrants that entitle the holder to acquire an additional common share at $0.12 per share, and expiring in a 24 month period. The Company also granted 496,413 agent warrants which entitle the holder to acquire a purchase warrant at $0.05 per share and expiring in a 24 month period. The fair value of the warrants was estimated on the date of grant using the Black-Scholes relative fair value approach with the following assumptions: stock price of $0.085, expected dividend yield of 0%, expected volatility of 120.79%, risk-free interest rates of 3.18%, and an average expected life of 24 months.

f) During the year ended December 31, 2023, 91,417 broker warrants with a Black-Scholes value of $8,910, were exercised into 91,417 common shares for proceeds of $12,798.

g) During the year ended December 31, 2023, 41,867,233 warrants expired unexercised.

h) During the year ended December 31, 2024, 16,096,401 warrants expired unexercised.

i) During the year ended December 31, 2023, 235,015 broker warrants expired unexercised.

j) During the year ended December 31, 2024, 803,085 broker warrants expired unexercised.

(Expressed in Canadian Dollars)

8. Warrants (continued)

As at December 31, 2024, the following warrants were issued and outstanding:

Expiry Date	Exercise Price ($)	Number of Warrants and Broker Warrants
March 20, 2025	0.65	3,812,000
June 27, 2025	0.25	1,681,417
June 27, 2025	0.12	165,027
September 28, 2025	0.25	1,334,938
September 28, 2025	0.12	47,920
April 25, 2027	0.20	15,713,500
October 29, 2026	0.12	36,854,475
October 29, 2026	0.05	1,718,800
November 29, 2026	0.12	16,665,160
November 29, 2026	0.05	496,413
		78,489,650

9. Stock Options

	Number of Options	Weighted average exercise price
Balance, December 31, 2022	**6,775,694**	**$ 0.60**
Granted (a)	2,385,000	0.07
Expired	(484,000)	0.04
Balance, December 31, 2023	**8,676,694**	**$ 0.44**
Balance, December 31, 2023	**8,676,694**	**$ 0.44**
Granted (b)	3,710,000	0.10
Balance, December 31, 2024	**12,386,694**	**$ 0.33**

a) On December 29, 2023, the Company granted 2,385,000 stock options to various officers, directors and consultants of the Company. The stock options granted have an exercise price of $0.07 and an expiry date of December 29, 2028. 1,910,000 of these stock options will vest immediately. The remaining 475,000 stock options will vest 50% immediately with the remaining 50% fully vested on December 29, 2024. The fair value of the stock options were $167,750 and was estimated on the date of grant using the Black-Scholes model with the following assumptions: expected volatility of 260%, risk-free interest rate of 3.17% and an average expected life of 5 years.

b) On October 31, 2024, the Company granted 3,710,000 stock options to various officers, directors and consultants of the Company. The stock options granted have an exercise price of $0.10 and an expiry date of October 31, 2029. 3,220,000 of these stock options will vest immediately. The remaining 490,000 stock options will vest 50% immediately with the remaining 50% fully vested on October 31, 2025. The fair value of the stock options were $331,702 and was estimated on the date of grant using the Black-Scholes model with the following assumptions: expected volatility of 242.3%, risk-free interest rate of 3.02% and an average expected life of 5 years.

(Expressed in Canadian Dollars)

9. Stock Options (continued)

The Company has recognized an expense of $330,983 for options vesting period during the year ended December 31, 2024 (year ended December 31, 2023 - $149,898), which is included in stock-based compensation expense on the consolidated statements of loss and comprehensive loss.
The following summarizes the stock options outstanding as at December 31, 2024:

	Number of Options #	Exercise Price $	Weighted Average remaining life (years)
December 31, 2025	4,858,000	0.70	0.39
February 28, 2027	1,433,694	0.17	0.25
December 29, 2028	2,385,000	0.07	0.77
October 31, 2029	3,710,000	0.10	1.45
	12,386,694		**2.86**

As at December 31, 2024, there were 12,141,694 exercisable options with a weighted average exercise price of $0.34.

10. Income Tax

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 23% (2023 - 23%) to the effective tax rate is as follows:

	2024	2023
Net (Loss) before income taxes	**$ (2,616,402)**	$ (2,502,109)
Expected income tax (recovery)	**(601,770)**	(575,490)
Stock-based compensation and non-deductible expenses	**80,070**	35,070
Share issuance cost booked directly to equity	**(83,170)**	(16,930)
Change in benefit of tax assets not recognized	**604,870**	557,350
Deferred income tax provision	**$ -**	$ -

(Expressed in Canadian Dollars)

10. Income Tax (continued)

Deferred tax

The following table summarizes the components of deferred tax:

	2024	2023
Deferred Tax Assets		
Operating tax losses carried forward	**195,200**	285,960
Subtotal of Assets	**195,200**	285,960
Deferred Tax Liabilities		
Convertible debentures	**(195,200)**	(285,960)
Loan	**(486,921)**	(486,921)
Subtotal of Liabilities	**(682,121)**	(772,881)
Net deferred tax liability	**$ (486,921)**	$ (486,921)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Movement in net deferred tax liabilities:

	2024	2023
Balance at the beginning of the year	**$ (486,921)**	$ (486,921)
Recognized in profit/loss	**-**	-
Balance at the end of the year	**$ (486,921)**	$ (486,921)

(Expressed in Canadian Dollars)

10. Income Tax (continued)

Unrecognized deferred tax assets
Deferred taxes are provided as a result of temporary differences that arise due to the differences between the tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Deductible temporary differences	2024	2023
Equipment	**$ 12,660**	$ 12,560
Share issue costs	**505,780**	533,180
Undepreciable tax costs of intangible assets	**14,627,610**	14,627,610
Operating tax losses carried forward - Canada	**50,798,020**	48,108,340
Operating tax losses carried forward - US	**135,920**	135,920
Deductible temporary differences not recognized	**$66,079,990**	$63,417,610

The Canadian operating tax loss carry forwards expire as noted in the table below. U.S. operating tax losses can be carried forward indefinitely.

Share issuance costs will be fully amortized by 2027.

The capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available which the Company can utilize the benefits therefrom.

2026	$ 2,432,500
2027	900,120
2028	642,600
2029	1,340,250
2030	661,800
2031	1,307,720
2032	572,060
2033	2,145,680
2034	279,000
2035	2,948,180
2036	2,842,550
2037	1,904,490
2038	5,115,010
2039	5,033,920
2040	6,105,820
2041	6,906,830
2042	4,694,720
2043	2,669,700
2044	2,295,070
	$50,798,020

(Expressed in Canadian Dollars)

11. Finance Expense

	Year Ended December 31, 2024	Year Ended December 31, 2023
Finance expenses:		
Financial expenses	**9,950**	6,034
Accretion expense (Note 6)	**394,611**	330,084
Interest expense (Note 6)	**220,602**	220,000
Total	**625,163**	556,118

12. Commitments and contingencies

Commitments

Clinical Trial Costs
In 2024, and continuing into 2025, these costs will primarily relate to analytical and trial planning and initiation activities.

Contingencies

In the ordinary course of operating, the Company may from time to time be subject to various claims or possible claims. Management believes that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain, and management's view of these matters may change in the future.

Zenith Appraisal & Land Consulting Ltd. Lawsuit
On October 28, 2022, counsel for Company filed a statement of defense in the Court of King's Bench of Alberta, seeking dismissal of Zenith Appraisal and Land Consulting Ltd's claim for compensation since its principal, David Wood, a former director of the Company, was paid in full and signed a release following his resignation from the Board during April 2020. The Company's position is that Zenith's claim is without merit, and it will defend its position vigorously.

13. Related Party Transactions

Related party transactions are conducted on the terms and conditions agreed to by the related parties. It is the Company's policy to conduct all transactions and settle all balances with related parties on market terms and conditions.

The following includes all compensation to key management personnel:

The Company recorded share-based compensation expense for the year ended December 31, 2024 of $290,954 (year ended December 31, 2023 - $139,440) to the current management and directors of the Company.

For the year ended December 31, 2024, the Company incurred $198,000 (year ended December 31, 2023 - $198,000) to Mr. Thomas Smeenk, CEO, for consulting services. As at December 31, 2024, Mr. Smeenk was owed $292,999 (December 31, 2023 - $158,535) and this amount was included in accounts payable and accrued liabilities.

13. Related Party Transactions (continued)

For the year ended December 31, 2024, the Company incurred $262,500 (year ended December 31, 2023 - $137,500) to a consultant of the Company. As at December 31, 2024, they were owed $273,391 (December 31, 2023 - $96,394) and this amount was included in accounts payable and accrued liabilities.

For the year ended December 31, 2024, the Company incurred $47,504 (year ended December 31, 2023 - $49,966) to Marrelli Support Services Inc., a company which the CFO is related to. As at December 31, 2024, the Company owed $nil (December 31, 2023 - $nil) to Marrelli Support Services Inc. for accounting fees, and this amount was included in accounts payable and accrued liabilities.

Please refer to note 6 for convertible debentures that is with a related party.

14. Financial Instruments

Our financial instruments consist of cash, subscriptions receivables and accounts payable and accrued liabilities and debentures. As at December 31, 2024, there are no significant differences between the carrying values of these amounts and their estimated market values.

Financial risk management
The Company's financial risk management policies are established to identify and analyze the risks faced by the Company, to set acceptable risk tolerance limits and controls, and to monitor risks and adherence to limits. The financial risk management policies and systems are reviewed regularly to ensure they remain consistent with the objectives and risk tolerance acceptable to the Company and current market trends and conditions. The Company, through its training and management standards and procedures, aims to uphold a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks from its use of financial instruments:
- liquidity risk; and
- market risk (including foreign currency and interest rate risk).

Interest rate risk
Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company are exposed to interest rate risk through our cash. The Company mitigate this risk by investment of excess cash resources in investment grade vehicles while matching maturities with our operational requirements. The Company structures the large majority of its secured borrowing arrangements to maintain a fixed interest rate spread. This fixed interest rate spread is achieved by match funding transactions on both a duration and interest rate basis.

Fluctuations in market rates of interest do not have a significant impact on our results of operations due to the short term to maturity of the debt held.

The Company mitigates our exposure to interest rate risk on loans as the Company utilizes fixed rates.

Currency risk
Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In the normal course of our operations. The Company are exposed to currency risk from the purchase of goods and services in the United States. In addition, the Company are exposed to currency risk to the extent cash is held in foreign currencies. The impact of a 10% increase in the value of the U.S. dollar against the Canadian dollar would have increased our net loss for the year ended December 31, 2024 by approximately $117,031 (year ended December 31, 2023 - $111,668).

(Expressed in Canadian Dollars)

14. Financial instruments (continued)

Currency risk (continued)

The Company mitigate our foreign exchange risk by maintaining sufficient foreign currencies, through the purchase of foreign currencies, when cash allows, to settle our foreign accounts payable and future commitments.

Balances in foreign currencies at December 31, 2024 are as follows:

	US Dollar
Cash	$ 14,376
Accounts payable and accrued liabilities	(1,184,687)
Balance, December 31, 2024	**$ (1,170,311)**

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manage liquidity risk through the management of our capital structure. Accounts payable and accrued liabilities, convertible debentures, loans payable all were due within a year.

	2024	2025	2026	2027	2028	Thereafter
Accounts payable and accrued liabilities	**$ 2,772,377**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Convertible debt	593,096	220,000	220,000	5,317,507	-	-
Total	$ 3,365,473	$ 220,000	$ 220,000	$5,317,507	$ -	$ -

15. Subsequent Events

On January 7, 2025, the Company issued 4,085,461 shares at $0.10 per share to satisfy the interest owing from January 1, 2023 to September 30, 2024 of $408,546 on the outstanding $2,750,000 Convertible Debenture.

On January 28, 2025, 50,000 warrants at a price of $0.25 were exercised.

On January 30, 2025, 180,000 options at a price of $0.07 were exercised by a director of the Company.

On February 10, 2025, 57,140 warrants at a price of $0.175 were exercised.

On February 11, 2025, 57,140 debenture warrants at a price of $0.20 were exercised.

On March 5, 2025, 16,000 warrants at a price of $0.05 were exercised.

On March 7, 2025, 200,000 warrants at a price of $0.12 were exercised.

Hemostemix Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

For the year ended December 31, 2024 and 2023 as at April 29, 2025

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A") covers the operations, financial position and operating results of Hemostemix Inc. (the "Company", "Hemostemix", "we", "us" or "our") for the year ended December 31, 2024 and 2023. It is intended to help readers better understand the operations and key financial results, as they are, in our opinion, at the date of this report and should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2024 and 2023 and the accompanying notes which have been prepared under IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The audited annual consolidated financial statements have been reviewed by the Audit Committee of the Company and have been approved by its Board of Directors on April 29, 2025. Additional information relating to the Company is available on SEDAR+ at **www.sedarplus.ca** as well as the Company's website at **www.hemostemix.com**.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding:

- belief that the Company will be successful in raising additional capital to continue as a going concern;
- belief that its products and research and development efforts are targeting diseases and conditions with significant unmet medical treatment needs;
- the Company's goal of creating shareholder value;
- its ability to meet its operating costs for the twelve months ended December 31, 2025;
- belief that the results of ACP-01 research, trials and studies being equivalent to or better than previous research, trials, or studies, as well as management's expectations of positive anticipated results regarding future clinical trials for ACP-01 for other indications;
- the Company's belief that the ACP-01 technology process can be commercialized as effectively or more effectively than other technologies;
- our expectations regarding our ability to arrange for and scale up manufacturing of our products and technologies;
- the plans, costs, and timing for future research and development of the Company's stem cell technologies, including the costs and potential impact of complying with existing and proposed laws and regulations and clinical trials;

- belief that the Company's prior ACP-01 trial data will be sufficient to support regulatory submissions and approvals for additional indications such as ischemic and dilated cardiomyopathy, and chronic limb threatening ischemia;
- management's outlook regarding future trends;
- expectations regarding the performance of critical suppliers and service providers, including its clinical research organization ("CRO");
- expectations for additional commercialization partners;
- expectations for our ability to secure commercialization partners to develop our other technologies (NCP-01);
- expectations with respect to existing and future corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by us or to us pursuant to such arrangements;
- expectations regarding the outcome of litigation;
- plans and objectives of management for future operations;
- our strategy with respect to the protection of our intellectual property ;
- final financial performance; and
- general business and economic conditions and outlook.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company, including information obtained from third-party industry analysts and other third-party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this MD&A in connection with the statements or disclosure containing the forward-looking information. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to, assumptions that there may be no:

- unforeseen changes in the legislative and operating framework for the business of the Company;
- unstable competitive environment; and
- significant events occurring outside the ordinary course of business such as a natural disaster or other calamity.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors including the risks set out in the section entitled "Risks and Uncertainties" below, which may cause the Company's or its industry's actual results, levels of activity, performance and achievements to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to the following risks:

- the successful and timely completion of research and development initiatives;
- negative results from the Company's animal studies and clinical trials;
- negative results of current litigation and potential litigation that the Company may face;
- risks associated with general business, economic, competitive, political, and social uncertainties;
- general capital market conditions and market prices for securities;
- delay or failure to receive board or regulatory approvals;
- risks associated with future developments in the Company's markets and the markets in which it expects to compete;
- lack of qualified, skilled labour or loss of key individuals;
- the viability and marketability of the Company's technologies;
- the effects of government regulation on the Company's business;
- the development of superior technology by the Company's competitors;

- the failure of consumers and the medical community to accept the Company's technology as safe and effective;
- risks associated with the performance of commercial partners and critical suppliers and service providers;
- risks associated with the Company's ability to obtain and protect rights to its intellectual property;
- risks associated with the Company's ability to raise additional capital to support operations;
- reliance on third parties to plan, conduct and monitor our clinical trials;
- the potential impact that a second COVID-19 pandemic may have on the Company may include a decreased demand for the services it offers and a deterioration of financial markets that could limit the Company's ability to obtain external financing; and
- other factors beyond the Company's control.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity or performance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of such factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

THE COMPANY

Hemostemix is a biotechnology Company whose principal business is to develop, manufacture and commercialize blood-derived stem cell therapies for medical conditions not adequately addressed by current treatments. Hemostemix, an entity under the Business Corporations Act (Alberta) was formed in November 2014. On November 27, 2014, shares of the Company began trading on the TSX Venture Exchange (the "Exchange") under the symbol "HEM". In October 2018, the Company was approved for listing its common shares for trading on the OTCQB Venture Market, a US trading platform that is operated by the OTC Markets Group in New York. Our shares now trade on the OTCQB under the symbol "HMTXF". In April 2021, the Company was approved for listing its common shares for trade on the Frankfurt Stock Exchange under the symbol "2VFO". The Company's head office is located at suite 1150, 707-7th Avenue SW, Calgary, AB T2P 3H6.

The consolidated financial statements of the Company comprise the accounts of Hemostemix, Hemostemix Quebec Inc., Hemosetmix PR Inc., PreCerv Inc., Hemostemix Ltd., and Kwalata Trading Limited, the Company's wholly-owned subsidiaries. Kwalata Trading Limited ("Kwalata"), incorporated under the laws of Cyprus, was established to own our intellectual property ("IP"). On October 1, 2018 previous management structured an arrangement to sell the IP from Kwalata to Hemostemix Inc. and planned the process to wind up Kwalata. However, this transaction was not completed (see "Wholly-Owned Subsidiary"). Hemostemix Ltd., another wholly-owned subsidiary, was incorporated under the laws of Israel to conduct manufacturing and perform research and development. Effective October 1, 2017, Hemostemix Ltd. ceased operations (see "Wholly-Owned Subsidiary"). On June 14, 2022, the Company incorporated PreCerv as a wholly-owned subsidiary. PreCerv obtained a global field of use license to NCP-01 and ACP-01 to treat conditions of the central and peripheral nervous system, including but not limited to Neuropathic pain syndromes, Traumatic spinal cord injury, chronic brainstem injury, traumatic brain injury, peripheral nerve injury. On August 15, 2023, the Company incorporated Hemostemix Quebec Inc. as a wholly-owned subsidiary.

BUSINESS OVERVIEW

We are a clinical stage biotechnology Company with a patented stem cell technology platform whose principal business is to develop, manufacture and commercialize blood-derived stem cell therapies to treat various diseases not adequately addressed by current therapeutics. The intellectual property of the Company broadly covers synergetic cell populations that can be differentiated into angiogenic cell precursors (“ACPs”, including the lead cell product ACP-01), neural cell precursors (“NCPs”) and cardiomyocyte cell precursors.

CORPORATE, PRODUCT, CLINICAL TRIAL AND FINANCING UPDATE

The following items highlight the Company’s activities during the years ended December 31, 2024 and any subsequent development up until the date hereof.

Corporate Update

On March 7, 2024, the Company announced the non-exclusive engagement of Oak Hill Asset Management Inc., an Exempt Market Dealer to provide capital markets advice related to the Company's capital markets strategy. Services include advice on the structure of equity or debt capital financing and the identification of potential future investors.

On June 3, 2024, the Comapny announced that it has signed a Letter of Intent ("LOI") with CytoImmune Therapuetics ("CytoImmune") to re-establish production of ACP-01 ("ACP") in CytoImmune's state of the art clinical cell manufacturing facility.

On August 1, 2024, the Company announced that it has signed a binding and funded definitive Manufacturing Service Agreement that re-establishes production of ACP in CytoImmune's state of the art clinical cell manufacturing facility in Toa Baja, Puerto Rico.

The Company and CytoImmune have completed the initial set up of the manufacturing facility and are on track to produce the first therapeutic batch of ACP by Q1 2025. A renewable two year agreement, the contract is fully funded by the issuance of common shares to CytoImmune, in a non brokered private placement, following payment of its invoices in cash by Hemostemix PR Inc. Additionally, the agreement funds the production of the first 22 ACP-01 commercial treatments, which Hemostemix will sell for USD $814,000 ($37,000 each).

On October 31, 2024, the Company closed its first tranche of the private placement for gross proceeds of $1,842,724 (the "Offering"). The Offering consisted of the issuance of an aggregate of 36,854,475 Units at a price of $0.05 per Unit. Each Unit consists of one common share ("Common Share") in the capital of the Company and one common share purchase warrant ("Warrant"), with each full Warrant entitling the holder to acquire one Common Share at a price of $0.12 per Common Share for a period of 24 months from the closing of the offering.

In connection with the Offering, the Company paid eligible finders aggregate cash finder fees of approximately $141,284 and issued 1,718,800 finder’s options to purchase Common Shares of the Company at an exercise price of $0.05 per Common Share within 24 months from the closing date of the Offering.

The Company announced that in accordance with its stock option plan, it has granted on October 31, 2024, subject to regulatory approval, a total of 3,710,000 stock options to purchase common shares of Hemostemix (the “Options”) to directors, officers, employees and consultants of Hemostemix. Of the Options granted, 86.8%, or 3,220,000 vest immediately and 13.2%, or 490,000 vest 50% immediately and 50% vest in one year. All options were granted with an exercise price of $0.10 per common share and have an expiry date of October 31, 2029.

On November 29, 2024, the Company closed its second and final tranche of the private placement of units (“Units”), for gross proceeds of $833,258 (the “Offering”). The Offering consisted of the issuance of an aggregate of 16,665,160 Units at a price of $0.05 per Unit. Each Unit consists of one common share in the capital of the

Company (“Common Share”) and one common share purchase warrant (“Warrant”), with each full Warrant entitling the holder to acquire one Common Share at a price of $0.12 per Common Share for a period of 24 months from the closing of the Offering, subject to the accelerated expiry provision described below. If, during any 10 consecutive trading days occurring after four months and one day has elapsed following the closing date of the Offering, the weighted average closing sales price of the Common Shares (or the closing bid, if no sales were reported on a trading day) as quoted on the TSX Venture Exchange (“Exchange”) is greater than or equal to $0.15 per Common Share, the Company may provide notice in writing to the holders of the Warrants by issuance of a press release that the expiry date of the Warrants will be accelerated to the 30th day after the date on which the Company issues such press release.

In connection with the Offering, the Company paid eligible finders aggregate cash finder fees of approximately $91,001 and issued 496,413 finder’s options to purchase Common Shares of the Company at an exercise price of $0.05 per Common Share within 24 months from the closing date of the Offering.

The combined Offerings resulted in gross proceeds of $2,675,982 and 53,519,635 Units. Proceeds from the Offering are to be used to advance the Company’s stem cell therapeutics platform, initiate sales and process initial batches of ACP (angiogenic cell precursors), pay finder fees, current filing and regulatory fees in connection with the Offering, and for general working capital purposes.

On August 22, 2024, the Company incorporated Hemostemix PR Inc. as a wholly-owned subsidiary.

Under Puerto Rico’s ACT 60 program, Hemostemix PR Inc. is eligible to file applications for cash reimbursement of up to 50% of its research and development expenses, including clinical trials, economic impact assessments of ACP-01 in terms of healthcare budget savings, and feasibility analyses, for example. Hemostemix PR Inc.’s first ACT 60 Application is now completed. Its submission will take place this week.

On January 7, 2025, the Company issued 4,085,461 shares at $0.10 per share to satisfy the interest owing from January 1, 2023 to September 30, 2024 of $408,546 on the outstanding $2,750,000 Convertible Debenture.

On January 28, 2025, 50,000 warrants at a price of $0.25 were exercised.

On January 30, 2025, 180,000 options at a price of $0.07 were exercised by a director of the Company.

On February 10, 2025, 57,140 warrants at a price of $0.175 were exercised.

On February 11, 2025, 57,140 debenture warrants at a price of $0.20 were exercised.

On February 19, 2025, the Company announced a potential strategic breakthrough that secures its leadership position in the global stem cell market. By securing an arm's length perpetual, royalty-free global license to CytoImmune’s Bioreactor stem cell technologies, Hemostemix has established an economic and competitive advantage that enhances its ability to scale ACP-01, protect its autologous stem cell market, and create a cost-effective allogenic stem cell expansion strategy. Subject to the TSXV Exchange acceptance, Hemostemix will pay CytoImmune $5,000,000 (twenty million shares) for a perpetual, global, royalty free license.

On March 5, 2025, 16,000 warrants at a price of $0.05 were exercised.

On March 7, 2025, 200,000 warrants at a price of $0.12 were exercised.

Product Update

Angiogenic Cellular Precursor (ACP-01)

Our main product, ACP-01, is created from a process we discovered, developed and patented. From the patient's blood a synergetic cell population is isolated, cultured, differentiated into our products, then injected into the patient's ischemic tissue or organ(s). Our process for harvesting stem cells is less invasive, as the stem cells are taken from the patient's blood, which is a simplified process as compared to taking stem cells from fatty tissue or bone marrow. Hemostemix's proprietary technology is a personalized regenerative therapy that is administered to a patient within 7 days of the initial blood draw.

Based on four open label studies, a randomized phase I study, a randomized double blind phase II Clinical trial and the retrospective study of 54 consecutive patients treated for ischemic and dilated cardiomyopathy, we believe that ACP-01 has applications in the treatment of other vascular diseases such as peripheral arterial disease ("PAD"), angina pectoris, and other diseases of ischemia.

Regulatory Update for ACP-01

In the first quarter of 2019, the Company submitted an application to the US Food and Drug Administration ("FDA") for Orphan Drug Designation ("ODD") for ACP-01 for the treatment of patients with CLI. The Orphan Drug Act provides for granting special status to a drug or biological product to treat a rare disease or condition upon request of a sponsor. The FDA defines rare diseases as those affecting fewer than 200,000 people in the United States at any given time. Our application sought ODD for the treatment of end-stage CLI patients. The FDA responded to the Company's application stating that based on the information and data they reviewed ACP-01 had the potential to treat all patients suffering from CLI, not just those with end-stage CLI. Based on the potential to treat such a large patient population, ACP-01 did not qualify for Orphan Drug Status as a treatment of end-stage CLI.

Neural Cellular Precursor (NCP-01)

On October 19, 2022 the Company and its wholly-owned subsidiary, PreCerv Inc., announced the preclinical commencement of PreCerv Inc.'s study of NCP-01 at Clemson University, South Carolina. The objectives of the study, a spinal cord repair model, are to evaluate the fate of NCP-01 cells following injection into the spinal fluid pathway, and evaluate the dosing effect on neuropathic pain and motor function recovery.

Intellectual Property

Our proprietary technologies are based on more than 16 years of clinical data, four open label studies, a randomized phase I study, a randomized double blind phase II Clinical trial and the retrospective study of 54 consecutive patients treated for ischemic and dilated cardiomyopathy, and a truncated randomized, placebo-controlled, double blind Phase II clinical trial of Critical Limb Ischemia.

The Company continuously monitors its patent portfolio and vigorously defends its intellectual property rights. The Company has 91 patents, organized into five patent families, issued in more than 25 jurisdictions.

The five patent families are:

Family Patent	Status	Title
1	Granted in several countries including in the US Pending in Canada and Thailand	In-vitro techniques for use with stem cells
2	Granted in several countries including Canada To be filed in US	Production from blood of cells of neural lineage
3	Granted in Singapore Pending in Canada, Europe and US	Regulating stem cells
4	Granted in several counties including the US and Canada Pending in Europe	Regulating stem cells
5	Granted Mexico, Singapore	Automated cell therapy

Clinical Trial Updates

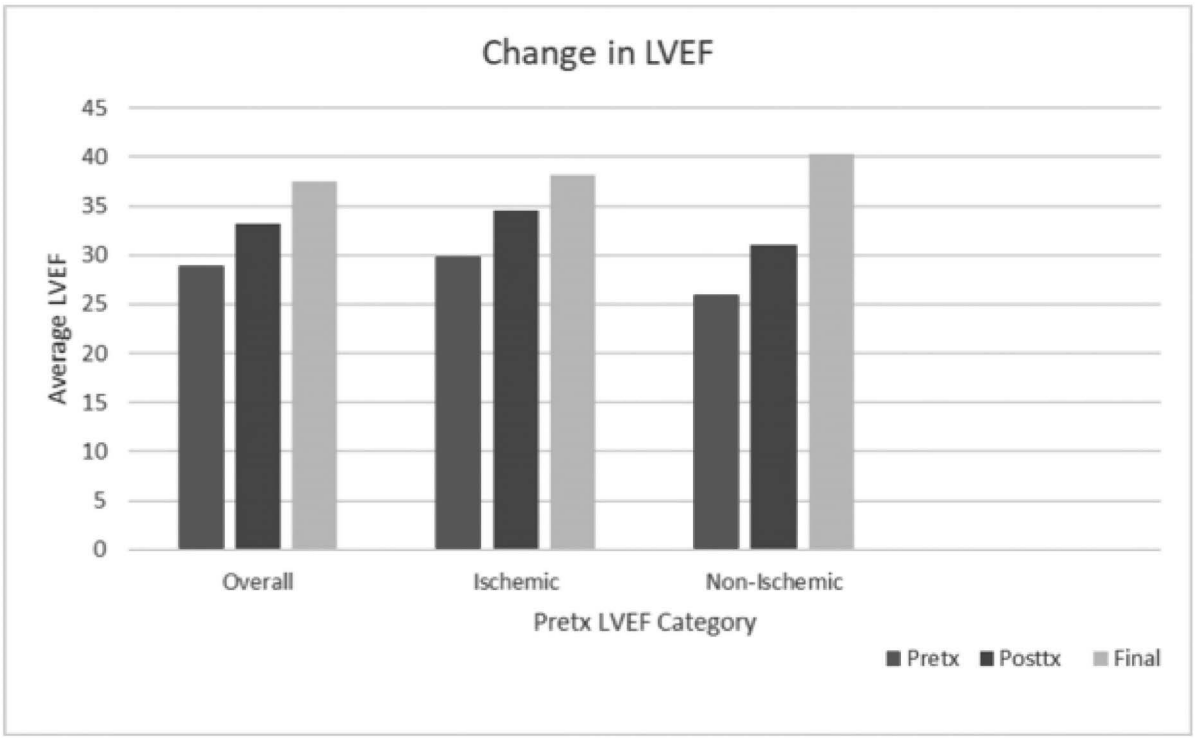
Retrospective Cardiomyopathy Study

On August 30, 2022, the Company announced the results of a new retrospective study of 53 consecutive patients who underwent a trans-catheter, intramyocardial injection of angiogenic cell precursors (ACP-01) as a treatment for heart failure (ischemic and non-ischemic dilated cardiomyopathy).

The 2021 American Heart Association estimated the prevalence of heart failure (HF) in the United States to be 6 million; within 5-years of hospitalization, the death rate amongst this population is approximately 50%. ACP-01 in its capacity to replace damaged cells, secrete growth factors, stimulate angiogenesis and exert an anti-inflammatory effect to minimize scarring, have emerged as a therapeutic option. Hemostemix completed an IRB approved, retrospective, outcomes study to analyse the effect of ACP-01 implants on cardiac function in patients with severe heart failure (New York Heart association Grades 3 and 4). Cardiac function was measured in terms of ejection fraction of the left ventricle (LVEF %).

At first follow-up (average 4 months) after ACP-01 cell implantation, for all types of heart failure, the LVEF was increased by 4.6% (from 28.6% to 33.2%), representing a statistically significant improvement ($p < 0.0011$). On final follow-up (average 12 months after cell implantation) for all patients, the LVEF% had improved by 7.69%, which was statistically significant ($p<0.003$).

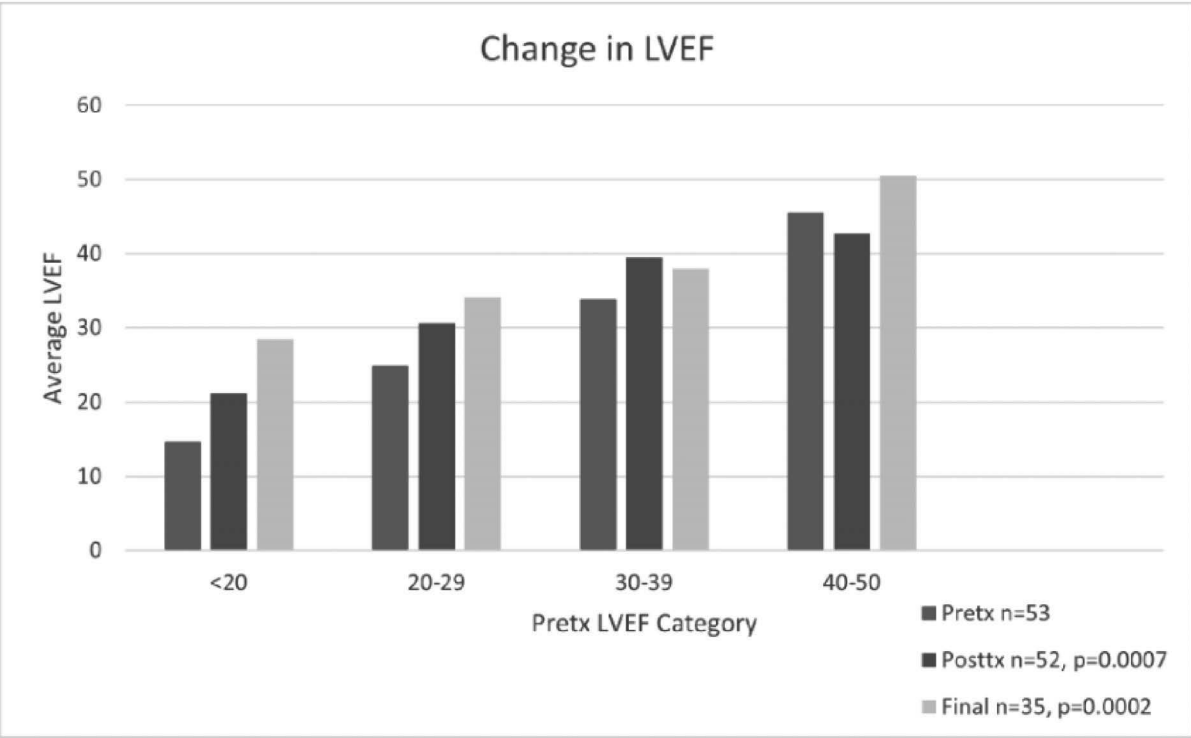
When analyzing ischemic heart failure alone (n=41), LVEF increased from 29.9% before implantation, to 34.5%, and to 38.2% at final follow-up, for an overall improvement of 8.37%, which was statistically significant ($p< 0.003$). There was greater improvement in the non-ischemic dilated cardiomyopathy patients (n=8), who improved from 25.94% before treatment to 40.29% at final follow-up, for an overall improvement of 14.35% ($p<0.002$).



To determine whether the observed improvements after ACP-01 implantation occurred at different levels of cardiomyopathy severity, the patients were divided into quartiles of pre-procedural LVEF%:

i. those with extremely severe cardiomyopathy, pre-procedural LVEF% <20%;
ii. those with severe pre-procedural LVEF% 20-29%;
iii. those with moderately severe cardiomyopathy pre-procedural LVEF% 30-39%
iv. those termed “heart failure with mid-range EF”, with pre-procedural LVEF% 40-50% (per American College of Cardiology/American Heart Association/European Society of Cardiology)

Overall, upward mobility from one quartile to the next quartile was significant ($p<0.0007$) for first follow up, and more significant ($p<0.0002$) for final follow up. Three of the four groups moved up into the next category of LVEF function. The greatest improvement of LVEF% was generated in patients with extremely severe cardiomyopathy (LVEF%<20%).



Quality of life statements were used also to assess response to treatment. Patients receiving ACP-01 implantation reported “improvement of quality of life” in 66% of cases, no overall change in 28% of cases, and worsened quality of life in 6% of cases. Although not statistically significant, 94% of cases were the same or improved following ACP-01 treatment, a contradistinction to the deterioration of quality of life exhibited by the general population of patients with heart failure.

The study’s conclusion was that trans-catheter intramyocardial injection of angiogenic cell precursor (ACP-01) as a treatment for heart failure is feasible and safe. The results are statistically significant and merit randomized, double-blind, placebo-controlled trials to confirm the benefit of this type of cell transplantation.

The calculated LVEF%, derived from MUGA scan, echocardiogram or SPECT was normally distributed, fulfilling the assumption for parametric testing, and treated as continuous variables, expressed as probability density functions. The paired t test compared mean preoperative and postoperative LVEF%. A p value of < 0.05 was considered statistically significant.

Phase II Clinical Trial for Patients with Critical Limb Ischemia

CLI is a severe blockage in the arteries of the lower extremities, which markedly reduces blood-flow. It is a serious form of peripheral arterial disease ("PAD"). PAD is caused by atherosclerosis, the hardening and narrowing of the arteries over time due to the build-up of fatty deposits called plaque. CLI is a chronic condition that results in severe pain in the extremities due to nerve and tissue damage. Complications of poor circulation can include sores and ulcerating wounds that will not heal in the legs and feet. Left untreated, the complications of CLI may result in the amputation of the affected limb.

Most patients with CLI are treated surgically and depending on the severity, the surgery can be minimally invasive (angioplasty or stents) or very invasive (bypass surgery, grafts, or amputation). ACP-01 may be an alternative to surgery, which, based on our prior clinical trials, we believe is safer and more cost effective, as no lengthy hospital stay or recovery time is needed. The prevalence of CLI is increasing, as CLI predominately affects the

growing baby boomer population aged 50 and older. According to The Sage Group LLC, in the United States alone, approximately 20 million people are affected by PAD, and it is estimated that approximately 7-8 million people in the United States and Europe suffer from CLI. The Sage Group LLC estimates that in the United States, medical costs attributable to CLI amount to US$25 billion annually.

The HS 12-01 clinical trial was a randomized, placebo-controlled, double blind Phase II clinical trial of ACP-01 as a potential treatment of CLI.

On October 21, 2019, the Company was provided a summary of the presentation entitled "Autologous Stem Cell Treatment for CLI Patients with No Revascularization Options: An Update of the Hemostemix ACP-01 Trial with 4.5 Year Follow up" by the lead investigator, Dr. York Hsiang, who gave this update at the 41st Annual Canadian Society for Vascular Surgery Meeting, September 14, 2019. Dr. Hsiang reported on the blinded results from the long-term follow-up of the first cohort of patients enrolled at two trial sites, Vancouver Coastal Health Research Institute ("VCHRI") and the University Health Network, Peter Munk Cardiac Centre located in Toronto, Ontario.

The following is a summary of Dr. Hsiang's the results and conclusion:

- Twelve patients with CLI with no interventional options were enrolled at two treatment centers (10 male, 2 female, mean age 76)
- Prior to treatment, three patients had ischemic rest pain, eight patients had ulceration, and one patient had gangrene
- Study subjects were randomized 2:1 to receive injection of ACP-01 or placebo into their most affected lower extremity and followed for at least 1 year
- Healing of ulcers and resolution of ischemic rest pain occurred in 10 of the 12 patients (83%)
- There were no clinically significant safety issues
- Outcomes were maintained for up to 4.5 years. (3.5 years for two patients, 3 years for one patient, and one patient who died after ulcer healing secondary to congestive heart failure)
- These blinded preliminary results in the study are promising, and show an acceptable safety profile for ACP-01

On August 31, 2022, the Company reported the unblinded results of the HS 12-01 CLI trial as follows:

Category	Statistic	ACP-01	Placebo	Total
Subjects randomized	n	47	21	68
Subjects randomized but were not treated	n (%)	1 (2.1)	0	1 (1.5)
Subjects treated	n (%)	46 (97.9)	21 (100)	67 (98.5)
Subjects who completed the study	n (%)	27 (57.4)	19 (90.5)	46 (67.6)
Withdrawal from the study	n (%)	20 (42.6)	2 (9.5)	22 (32.4)
Amputation	n (%)	3 (11.1)	2 (10.5)	5 (10.8)

- As originally designed, the clinical trial power analysis required 95 subjects to achieve a statistically significant result. The previous management team, however, truncated the trial to 68 subjects, reducing the power of the analysis of the study's primary endpoint to 25%. The trial demonstrated that ACP-01 was safe and treated patients, as compared to placebo treated patients:
- trended toward improvements in ulcer healing at 3 months
- trended toward ulcer healing at 6 months
- trended toward ulcer healing at the end of study at 12 months
- trended toward a reduction in pain associated with critical limb ischemia at 12 months

Hemostemix published the following Phase II Results in the Journal of Biomedical Research and Environmental Science, February 2024.

Introduction: Critical limb ischemia has a prevalence in the US of 1.33%, with mortality 15-20% and major amputation 10-40% per year. Stem cell treatment has emerged as a treatment option for the 45% of patients for whom revascularization procedures are not possible.

Objective: This study re-examines the data of the Phase II clinical treatment of no option Critical limb ischemia with Hemostemix' angiogenic cell precursors, focusing upon ulcer wound healing, amputation and death rate of this cohort.

Methods: Primary endpoints were changes in ulcer size and major amputation or death within one year of treatment. The secondary endpoint was change in pain level.

Results: From 2015 to 2021, 67 patients with no option Critical limb ischemia were allocated to treatment with ACP-01 (46/67) or placebo (21/67). From this data, only patients who presented with wound ulcers before administration of ACP-01 were reviewed (21 treatment, 8 placebo). Ulcer size in the treated group decreased from a mean of 1.46 cm2 to 0.48 mm2 ($p = 0.01$) by 3 months. There was no significant decrease in the size of the ulcers of the placebo group ($p < 0.54$). At one year there were no complications related to treatment. The treatment group had one amputation (4.8%) and one death (4.8%); the placebo group had 2 amputations (25%) and 1 death (12.5%). Change in pain was not significant in either group at 3 months, but at 1 year was improved in the placebo group ($p = 0.01$).

Conclusion: The administration of ACP-01 within a program of careful patient follow up is safe and associated with reduced ulcer size and decreased rate of amputation and death. Consideration should be given to re-administration of stem cell treatments every 3-6 months to optimize improvement of Critical limb ischemia. Further studies, more appropriately powered, are warranted.

Neural Cellular Precursor (NCP-01).

On January 7, 2020, the Company announced that it was issued its 87th patent for the generation of NCP-01 from peripheral blood. The patent, Production from Blood of Cells of Neural Lineage, was issued by Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Netherlands, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Monaco, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

Stock Options and Warrants

On October 31, 2024, the Company granted 3,710,000 stock options to various officers, directors and consultants of the Company. The stock options granted have an exercise price of $0.10 and an expiry date of October 31, 2029. 3,220,000 of these stock options will vest immediately. The remaining 490,000 stock options will vest 50% immediately with the remaining 50% fully vested on October 31, 2025. The fair value of the stock options were $331,702 and was estimated on the date of grant using the Black-Scholes model with the following assumptions: expected volatility of 242.3%, risk-free interest rate of 3.02% and an average expected life of 5 years.

In conjunction with the private placement on October 29, 2024, the Company issued 36,854,475 warrants that entitle the holder to acquire an additional common share at $0.12 per share, and expiring in a 24 month period. The Company also granted 1,718,800 agent warrants which entitle the holder to acquire a purchase warrant at $0.05 per share and expiring in a 24 month period. The fair value of the warrants was estimated on the date of grant using the Black-Scholes relative fair value approach with the following assumptions: stock price of $0.10, expected dividend yield of 0%, expected volatility of 130.56%, risk-free interest rates of 3.08%, and an average expected life of 24 months.

In conjunction with the private placement on November 28, 2024, the Company issued 16,665,160 warrants that entitle the holder to acquire an additional common share at $0.12 per share, and expiring in a 24 month period.

The Company also granted 496,413 agent warrants which entitle the holder to acquire a purchase warrant at $0.05 per share and expiring in a 24 month period. The fair value of the warrants was estimated on the date of grant using the Black-Scholes relative fair value approach with the following assumptions: stock price of $0.085, expected dividend yield of 0%, expected volatility of 120.79%, risk-free interest rates of 3.18%, and an average expected life of 24 months.
During the years ended December 31, 2024, 16,096,401 warrants expired unexercised.

During the years ended December 31, 2024, 803,085 broker warrants expired unexercised.

OUTLOOK

The Company continues to strongly believe in the technology based on the safety profile and efficacy of ACP-01 as reported in four heart studies and three critical limb ischemia trials, and its extensive work to optimize and scale its manufacturing processes.

Our ability to accomplish all our future strategic plans is dependent upon obtaining additional financing or executing other strategic options and there is no assurance that we will achieve these objectives. Management will continue to pursue various options to raise additional funding, some which could be dilutive to existing shareholders. Alternatives for raising further capital could include the issuance of additional equity, debt, convertible debentures, government or partnership funding. We intend to seek commercialization partners for our therapy and development partners for accelerating clinical development of novel therapies for significant and unmet medical needs.

CONSOLIDATION AND PRESENTATION

Wholly-Owned Subsidiaries
Hemostemix has five wholly-owned subsidiaries, Kwalata Trading Limited (“Kwalata"), Hemostemix Ltd. (“HEM Israel”), PreCerv Inc. (“PreCerv”), Hemostemix Quebec Inc. and Hemostemix PR Inc. All of the Company’s patents and trademarks are registered in the name of Kwalata. HEM Israel was the original manufacturing company.

On October 1, 2018, previous management structured the sale of the intellectual property (“IP”) from Kwalata to Hemostemix and planned the wind up of Kwalata. This transaction was not completed and Kwalata remains a wholly-owned subsidiary of Hemostemix Inc., and it continues as the IP holding company.

On October 1, 2017, the Company ceased its operations in Israel and moved its manufacturing and research and development activities to Aspire under License. The Israel operations had current assets of $1,784 as at December 31, 2024 (December 31, 2023 - $1,784) and current liabilities of $nil as at December 31, 2024 (December 31, 2023 - $nil).

On June 14, 2022, the Company incorporated PreCerv to enable PreCerv to obtain from Hemostemix a global field of use license to NCP-01 and ACP-01 to treat conditions of the central and peripheral nervous system, including but not limited to the following:
1. Neuropathic pain syndromes.
2. Traumatic spinal cord injury, chronic brainstem injury, traumatic brain injury, peripheral nerve injury. Rare diseases including: syringomyelia, Charcot-Marie tooth disease, and Guillain-Barre syndrome, Amyotrophic lateral sclerosis (ALS), age-related macular degeneration (ARMD), corneal or eye diseases and retinopathies of any cause.
3. Cerebral stroke.

On August 29, 2023, the Company incorporated Hemostemix Quebec Inc. as a wholly-owned subsidiary. Hemostemix Quebec Inc.

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. Each subsidiary determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The functional currency of the subsidiaries is Canadian dollars. Transactions denominated in foreign currency (other than the functional currency) are recorded on initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences, other than those capitalized to qualifying assets or recorded in equity in hedging transactions, are recognized in profit or loss. Non-monetary assets and liabilities measured at cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

SELECTED FINANCIAL INFORMATION FOR THE PERIODS

The following table provides selected consolidated financial information for the Company as at and for the year ended December 31, 2024 and 2023.

	Year ended December 31,	
	2024	2023
Total Assets	991,863	313,765
Total Liabilities	8,196,014	7,684,993
Net loss and comprehensive loss before taxes	(2,616,402)	(2,502,109)
Basic and diluted loss per share	(0.028)	(0.030)
Weighted average number of shares outstanding	95,058,881	82,499,189

Total Assets increased primarily as a result of other receivables and prepaid expenses and cash received from Q4 2024 private placements.

Total Liabilities increased by $511,021, related to operations, accounts payable and interest and accretion on the debentures during the year.

Net loss and comprehensive loss before taxes increased to $2,616,402 for the year ended December 31, 2024, primarily as a result of increased legal fees and consulting, salaries**.**

RESULTS OF OPERATIONS

Comparison of Expenses

	Three months ended December 31, 2024 $	December 31, 2023 $	Increase (Decrease) $	Increase (Decrease) %
Research and development	**-**	(109,911)	109,911	(100)
Consultants	**370,057**	266,822	103,235	39
Stock-based compensation	**318,554**	146,759	171,795	117
Marketing and office expenses	**11,329**	2,642	8,687	329
Professional fees	**269,405**	(282,891)	552,296	(195)
Gain on extinguishment	**-**	(200,990)	200,990	(100)
Travel	**45,825**	95,099	(49,274)	100
Foreign exchange (gain) loss	**120,083**	87,001	33,082	38
Finance expense	**171,687**	364,536	(192,849)	(53)
Gain on write down of payables	**-**	314,465	(314,465)	(100)
Depreciation and amortization	**25**	56	(31)	(55)
Net loss from operations	**1,306,965**	683,588	623,377	91

	Year ended December 31, 2024 $	December 31, 2023 $	Increase (Decrease) $	Increase (Decrease) %
Research and development	**2,972**	384,887	(381,915)	(99)
Consultants	**1,003,802**	882,863	120,939	14
Stock-based compensation	**330,983**	149,898	181,085	121
Marketing and office expenses	**107,422**	375,308	(267,886)	(71)
Professional fees	**455,432**	268,690	186,742	70
Gain on settlement of debt through shares	**-**	6,193	(6,193)	(100)
Travel	**77,984**	95,099	(17,115)	(18)
Foreign exchange loss	**12,544**	(16,180)	28,724	(178)
Finance expense	**625,163**	556,118	69,045	12
Gain on extinguishment	**-**	(200,990)	200,990	(100)
Depreciation and amortization	**100**	223	(123)	(55)
Net loss from operations	**2,616,402**	2,502,109	114,293	5

Analysis of expenses

Research and development ("R&D")

R&D expense is the cost for the third party manufacturing laboratory which produces ACP-01 that is used in the clinical trials and provides continued research and development work in their laboratory. Unrelated to third party manufacturing, R&D costs for the year ended December 31, 2024 were $nil and $2,972, respectively compared to

$(109,911) and $384,887, respectively for the year ended December 31, 2023 representing a decrease of $(109,911) and $381,915, respectively. The majority of the decrease is related to the clinical trials being finished for ACP-01.

Consultants

Consulting fees and salaries changed to $370,057 and $1,003,802, respectively for the year ended December 31, 2024, as compared to $266,822 and $882,863, respectively in the corresponding period of the prior year. The change was due to the increase in outside consultants being utilized in the current year compared to the previous year.

Stock-based compensation expense ("SBC")

SBC increased by $171,795 and $181,085, respectively in the year ended December 31, 2024, compared to the corresponding periods of 2023. The increase is primarily due to the vesting of the stock options granted on October 31, 2024, and the impact of the change in vesting terms for certain stock options issued. Stock options are granted to certain officers, directors, employees and consultants, with the number, term and vesting period of the options granted being determined at the discretion of the Company's board of directors and in conjunction with the terms of the Company's stock option plans, to a maximum of 10% of the outstanding Common Shares.

Marketing and office expenses

For the year ended December 31, 2024, marketing and office expenses changed to $11,329 and $107,422, respectively compared to $2,642 and $375,308, respectively in the same period of the prior year. Marketing and office expenses includes office administration costs including courier, and utilities as well as marketing and communications costs.

Professional fees

	Three months ended December 31,			Year ended December 31,		
	2024	2023	% change	2024	2023	% change
Patent costs	**125,085**	96,742	29	**208,901**	185,464	13
Accounting fees	**27,825**	(36,454)	(176)	**87,214**	30,675	184
Legal - litigation	**63,838**	(349,716)	(118)	**66,695**	(176,572)	(138)
Legal - Other	**7,395**	8,915	(17)	**31,137**	67,735	(54)
Other Professional fees	**44,766**	(8,017)	(658)	**53,061**	10,920	386
Investor relations	**496**	-	100	**8,424**	150,468	(94)
Total	**269,405**	(282,891)	(195)	**455,432**	268,690	70

Professional fees increased to $269,405 and $455,432, respectively, for the year ended December 31, 2024, as compared to $(282,891) and $268,690, respectively in the prior year, primarily as a result of increased accounting and patent costs which were incurred in the current year.

Depreciation expense for the three months and year ended December 31, 2024, were $25 and $100, respectively compared to $56 and $223, respectively in the corresponding periods of the prior year.

Finance expense, for the three months and year ended December 31, 2024 were $171,687 and $625,163, respectively compared to $364,536 and $556,118, respectively in the corresponding periods of the prior year. Interest expense relates to the interest on the convertible debentures issued in 2023 and 2024.

Foreign exchange for the three months and year ended December 31, 2024 were a loss of $120,083 and $12,544, respectively compared to $87,001 and $(16,180), respectively in the corresponding prior year period. The change from the current and prior year periods relates to an unrealized foreign exchange gain due to a change in rates, as well as a substantial payables balance in US currency.

QUARTERLY FINANCIAL INFORMATION

The following table sets out the quarterly results for the most recently completed 8 quarters:

	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Net Loss ($)	(1,306,965)	(314,559)	(519,344)	(475,534)
Weighted Average # of Shares	130,024,782	87,122,318	87,122,318	87,122,318
Loss per Share ($)	(0.010)	(0.004)	(0.006)	(0.005)

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Net Loss ($)	(683,588)	(257,243)	(284,941)	(1,276,337)
Weighted Average # of Shares	82,499,189	84,511,122	81,200,473	75,801,594
Loss per Share ($)	(0.008)	(0.003)	(0.004)	(0.017)

LIQUIDITY AND CAPITAL RESOURCES

Hemostemix is a development stage Company that to date has had no revenue and negative operating cash flows, which are expected to continue in the foreseeable future. As a development stage Company, we require significant additional investment for research and development, manufacturing, clinical testing and regulatory submissions prior to commercialization. Since inception, we have financed our cash requirements primarily through issuances of equity and debt securities. Our ability to continue as a going concern is dependent upon obtaining additional investment capital and grant monies.

Based on the foregoing, we will continue to pursue various funding options and opportunities; however, no assurances can be made that we will be successful in raising additional investment capital, to continue as a going concern. If we are not able to raise capital, we will have to reduce our cash requirements by eliminating or deferring spending on research, development and corporate activities.

For the years ended December 31, 2024, there was a net cash outflow from operating activities of $1,902,212 compared to a net cash outflow of $1,419,761 for the years ended December 31, 2023, a decrease in outflow of $(482,451) compared to the prior comparative period.

Expressed in tabular form, the decrease from the net cash used for operations is as follows:

Net loss from operations for the period	$(114,293)
Increase in stock compensation expense	$181,085
Increase in finance expense	$59,095
Decrease in depreciation and amortization	$(123)
Foreign Exchange	$(16,180)
Gain on extinguishment	$200,990
Loss on settlement of debt through shares	$(6,193)
Change in subscription receivables	$(200,000)
Change in other receivables and prepaid expenses	$19,483
Change in HST/GST receivable	$(118,424)
Change in accounts payable and accrued liabilities	$(487,891)
Decrease in the net cash used for operations	$482,451

As at December 31, 2024, the Company had a working capital deficit of $1,780,598 compared to $2,562,987 at December 31, 2023, resulting in an decrease in working capital deficit of $782,389.

Outstanding Share Data

As at December 31, 2024, the number of issued and outstanding common shares was 140,641,953 (December 31, 2023 – 87,122,318). As at April 29, 2025, the number of common shares issued and outstanding is 145,312,710.

As at December 31, 2024, the Company had 12,386,694 share purchase options outstanding (December 31, 2023 – 8,676,694). As at April 29, 2025, the number of outstanding share purchase options outstanding is 12,206,694.

As at December 31, 2024, the Company had 78,489,650 share purchase warrants outstanding (December 31, 2023 – 39,654,288). As at April 29, 2025, the number of outstanding warrants was 74,297,370.

MATERIAL ACCOUNTING POLICIES

Refer to Note 2 in the 2024 audited annual consolidated financial statements for a detailed description of our material accounting policies. We have consistently applied the same accounting policies for all periods presented in these consolidated financial statements for the year ended December 31, 2024.

COMMITMENTS & CONTINGENCIES

Commitments

Clinical Trial Costs

In 2023, and continuing into 2024, these costs will primarily relate to analytical and trial planning and initiation activities.

Contingencies

In the ordinary course of operating, the Company may from time to time be subject to various claims or possible claims. Management believes that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain, and management's view of these matters may change in the future.

Zenith Appraisal & Land Consulting Ltd. Lawsuit

Zenith Appraisal and Land Consulting Ltd's made a claim for compensation, notwithstanding that its principal, David Wood, a former director of the Company, was paid in full and signed a release following his resignation from the Board during April 2020. Zenith's claim is without merit and the Company will defend itself.

RELATED PARTY BALANCES AND TRANSACTIONS

Related party transactions are conducted on the terms and conditions agreed to by the related parties. It is the Company's policy to conduct all transactions and settle all balances with related parties on market terms and conditions.

The following includes all compensation to key management personnel:

The Company recorded share-based compensation expense for the year ended December 31, 2024 of $290,954 (year ended December 31, 2023 - $139,440) to the current management and directors of the Company.

For the year ended December 31, 2024, the Company incurred $198,000 (year ended December 31, 2023 - $198,000) to Mr. Thomas Smeenk, CEO, for consulting services. As at December 31, 2024, Mr. Smeenk was owed $292,999 (December 31, 2023 - $158,535) and this amount was included in accounts payable and accrued liabilities.

For the year ended December 31, 2024, the Company incurred $262,500 (year ended December 31, 2023 - $75,000) to a consultant of the Company. As at December 31, 2024, they were owed $96,394 (December 31, 2023 - $96,394) and this amount was included in accounts payable and accrued liabilities.

For the year ended December 31, 2024, the Company incurred $47,504 (year ended December 31, 2023 - $11,830) to Marrelli Support Services Inc., a company which the CFO is related to. As at December 31, 2024, the Company owed $nil (December 31, 2023 - $nil) to Marrelli Support Services Inc. for accounting fees, and this amount was included in accounts payable and accrued liabilities.

FINANCIAL INSTRUMENTS & CAPITAL RISK MANAGEMENT

Our financial instruments consist of cash and cash equivalents, subscriptions receivables and accounts payable, debentures and accrued liabilities. As at December 31, 2024, there are no significant differences between the carrying values of these amounts and their estimated market values.

Financial risk management

The Company's financial risk management policies are established to identify and analyze the risks faced by the Company, to set acceptable risk tolerance limits and controls, and to monitor risks and adherence to limits. The financial risk management policies and systems are reviewed regularly to ensure they remain consistent with the objectives and risk tolerance acceptable to the Company and current market trends and conditions. The Company, through its training and management standards and procedures, aims to uphold a disciplined and constructive control environment in which all employees understand their roles and obligations.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to interest rate risk through our cash and cash equivalents. The Company mitigate this risk by investment of excess cash resources in investment grade vehicles while matching maturities with our operational requirements.

Fluctuations in market rates of interest do not have a significant impact on our results of operations due to the short term to maturity of the investments held.

The Company mitigate our exposure to interest rate risk on loans by utilizing fixed rates.

Currency risk
Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In the normal course of our operations. The Company are exposed to currency risk from the purchase of goods and services in the United States. In addition, the Company are exposed to currency risk to the extent cash is held in foreign currencies. The impact of a 10% increase in the value of the U.S. dollar against the Canadian dollar would have increased our net loss for the December 31, 2024 by approximately $117,031 (December 31, 2023- $111,668).

We mitigate our foreign exchange risk by maintaining sufficient foreign currencies, through the purchase of foreign currencies, when cash allows, to settle our foreign accounts payable and future commitments.

Balances in foreign currencies at December 31, 2024 are as follows:

	US Dollars ($)
Cash and cash equivalents	14,376
Accounts payable and accrued expenses	(1,184,687)
	(1,170,311)

Liquidity risk
Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities. We manage liquidity risk through the management of our capital structure. Accounts payable are all due within the current operating period.

As at December 31, 2024, the Company has a working capital deficit of $1,780,598 (December 31, 2023 – $2,562,987). As at December 31, 2024, the Company has an accumulated deficit of $65,881,711 (December 31, 2023 - $63,265,309) and is not yet generating operating cash flows. As such, there is material uncertainty about the ability of the Company to continue as a going concern. In order to continue as a going concern, the Company requires additional capital to fund ongoing operations and intends on continuing to raise additional funds through the issuance of equity and/or debt.

Capital risk management
The Company's objectives when managing capital are:

- ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- maintaining healthy liquidity reserves and access to capital; and
- minimizing the after-tax cost of capital while taking into consideration current and future industry, market and economic risks and conditions.

To assess its effectiveness in managing capital, management monitors certain key ratios to ensure they are within targeted ranges.

The Company defines its capital as its equity. Its capital management objectives and approach were unchanged during the quarter.

DISCLOSURE CONTROLS, PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has established and continues to complement a system of disclosure controls and procedures and internal controls over financial reporting. This system is designed to provide reasonable assurance that material information relating to the issuer and its subsidiaries are available and reported to senior management and permits timely decisions regarding public disclosure. As of December 31, 2024, the Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings are effective, except as noted below, to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

The Company's disclosure controls and procedures are indicative of many small and growing companies. Consequently, management has identified certain weaknesses that currently exist in the disclosure controls and procedures including, but not limited to, the segregation of duties and expertise in specific areas of public disclosure. The existence of these weaknesses is partially compensated for by senior management monitoring these issues, and in the case of complex or extraordinary transactions, consulting with external experts to advise management in their analysis and conclusions.

Throughout the year management continued to address, as required, steps to improve disclosure controls and procedures and internal controls over financial reporting. However, no specific changes to disclosure controls and procedures were made during the period. The Company recognizes this is an ongoing and dynamic process and continues to focus on internal controls related to financial reporting and disclosure controls and procedures and is committed to further improvements in the future.

RISKS AND UNCERTAINTIES

Lack of Product Revenues and History of Losses

To date, Hemostemix has not recorded any revenues from the sale of biopharmaceutical products or earning any licensing revenues, and, as a result, it faces a high risk of business failure. Hemostemix expects to incur additional losses during the periods of research and development, clinical testing, and application for regulatory approval of its product candidates. Hemostemix expects to incur losses unless and until such time as payments from corporate collaborations, product sales and/or royalty or license payments generate sufficient revenues to fund its continuing operations.

Ability to Continue as a Going Concern

The Company's auditors' opinion on its December 31, 2024 financial statements includes an explanatory paragraph in respect of there being doubt about the Company's ability to continue as a going concern.

Biotech Public Market Risks

Prospects for companies in the biotechnology industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in biotechnology companies should be regarded as speculative. Biotechnology research and development involves a significant degree of risk. An investor should carefully consider the risks and uncertainties described below. The risks and uncertainties described below are not an exhaustive list. Additional risks and uncertainties not presently known to Hemostemix or that Hemostemix believes to be immaterial may also adversely affect Hemostemix's business. If any one or more of the following risks occur, Hemostemix business, financial condition and results of operations could be seriously harmed. Further, if Hemostemix fails to meet the expectations of the public market in any given period, the market price of Hemostemix shares could decline.

Early Stage Development and Scientific Uncertainty

Hemostemix's products are at an early stage of development. Significant additional investment in research and development, product validation, manufacturing, production scale-up, clinical testing, and regulatory submissions of such product candidates is required prior to commercialization. There can be no assurance that any such products will actually be developed. The development and regulatory processes may require access to raw materials and inputs which may not be available to Hemostemix in sufficient amounts or in a timely fashion to allow Hemostemix to complete the development or receive regulatory approval of any product or process. A commitment of substantial time and resources is required to conduct research and clinical trials if Hemostemix is to complete the development of any product. It is not known whether any of these product or process candidates will meet applicable health regulatory standards and obtain required regulatory approvals, or whether such products can be produced in commercial quantities at reasonable costs and be successfully marketed, or if Hemostemix 's investment in any such products will be recovered through sales or royalties. The Company's technology will require significant research and development and preclinical and clinical testing prior to regulatory approval, if required, being obtained in the United States or other countries. The Company may not be able to obtain regulatory approvals, if required, to complete necessary clinical trials for its cell technology, or to commercialize it. The Company's technology may prove to have undesirable and unintended side effects, or other characteristics adversely affecting its safety, efficacy or cost-effectiveness could prevent or limit its use. The Company's technology may fail to provide its intended benefit or achieve benefits equal to or better than its competitor's products at the time of testing or production and, if so, its business may fail.

Clinical Trial Risks

The Company's clinical trials may fail to produce successful results or could be suspended due to unacceptable safety risks, which could cause its business to fail. Clinical trials are subject to extensive regulatory requirements, and are very expensive, time-consuming and difficult to design and implement, in part because they may be subject to rigorous regulatory requirements. The Company's products may fail to achieve necessary safety and efficacy endpoints during clinical trials. The Company believes that its clinical trials will take a substantial period of time to complete. Furthermore, failure can occur at any stage of the trials, and the Company could encounter problems that cause us to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed by several factors, including: unforeseen safety issues; lack of effectiveness during clinical trials; slower than expected rates of patient recruitment; and inability to monitor patients adequately during or after treatment. In addition, the Company or regulatory officials may suspend the Company's clinical trials at any time if it appears that the Company is exposing participants to unacceptable health risks. If the Company's clinical trials fail to produce successful results, or are suspended due to unacceptable safety risks, the Company's business may fail.

Additional Financing Requirements and Access to Capital

Hemostemix will require substantial additional funds for further research and development, planned clinical testing, regulatory approvals, establishment of manufacturing capabilities and, if necessary, the marketing and sale of its products. Hemostemix may attempt to raise additional funds for these purposes through public or private equity or debt financing, collaborations with other biopharmaceutical companies and/or from other sources. There can be no assurance that additional funding or partnership will be available on terms acceptable to Hemostemix and which would foster successful commercialization of Hemostemix products.

Government Regulations

Biotechnology and pharmaceutical companies operate in a high-risk regulatory environment. The manufacture and sale of human diagnostic and therapeutic products is governed by numerous statutes and regulations in the United States, Canada, and other countries where Hemostemix intends to market its products. The subject matter of such legislation includes approval of manufacturing facilities, controlled research and testing procedures, review and approval of manufacturing, preclinical and clinical data prior to marketing approval, as well as regulation of marketing activities, notably advertising and labelling.

The process of completing clinical trials and obtaining required approvals is likely to take several years and require the expenditure of substantial resources. Furthermore, there can be no assurance that the regulators will not require modification to any submissions which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of Hemostemix to utilize its technology, thereby adversely affecting operations. Further, there can be no assurance that Hemostemix's diagnostic product candidates will achieve levels of sensitivity and specificity sufficient for regulatory approval or market acceptance, or that its therapeutic product candidates prove to be safe and effective in clinical trials or receive the requisite regulatory approval. There is no assurance that Hemostemix will be able to timely and profitably produce its products while complying with all the applicable regulatory requirements. Foreign markets, other than the United States and Canada, generally impose similar restrictions.

Hazardous Materials and Environmental Matters

Certain of Hemostemix's research and development processes may involve the controlled use of hazardous materials. Hemostemix is subject to federal, provincial, and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Although management of Hemostemix believes that its procedures for handling and disposing of such materials comply with the standards prescribed, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, Hemostemix could be held liable for damages and such liability could exceed the resources of Hemostemix. Hemostemix is not specifically insured with respect to this liability. Although management of Hemostemix believes that it currently complies in all material respects with applicable environmental laws and regulations, Hemostemix may be required to incur significant costs to comply with environmental laws and regulations in the future. Furthermore, there can be no assurance that the operations, business, or assets of Hemostemix will not be materially adversely affected by current or future environmental laws or regulations.

Patents and Proprietary Technology

Hemostemix's success will depend in part on its ability to obtain, maintain, and enforce patent rights, maintain trade secret protection, and operate without infringing the proprietary rights of third parties. There can be no assurance that pending patent applications will be allowed, that Hemostemix will develop additional proprietary products that are patentable, that issued patents will provide Hemostemix with any competitive advantage or will not be challenged by any third parties, or that patents of others will not have an adverse effect on the ability of Hemostemix to do business.

Furthermore, there can be no assurance that others will not independently develop similar products, duplicate any of the Hemostemix products, or design around the products patented by Hemostemix. In addition, Hemostemix may be required to obtain licenses under patents or other proprietary rights of third parties. No assurance can be given that any licenses required under such patents or proprietary rights will be available on terms acceptable to Hemostemix. If Hemostemix does not obtain such licenses it could encounter delays in introducing one or more of its products to the market, while it attempts to design around such patents, or could find that the development, manufacturing or sale of products requiring such licenses could be foreclosed. In addition, Hemostemix could incur substantial costs in defending itself in suits brought against it on such patents or in suits where it attempts to enforce its own patents against other parties.

Until such time, if ever, that patent applications are filed, the ability of Hemostemix to maintain the confidentiality of its technology may be crucial to its ultimate possible commercial success. While Hemostemix has adopted procedures designed to protect the confidentiality of its technology, no assurance can be given that such arrangements will be effective, that third parties will not gain access to Hemostemix trade secrets or disclose the technology, or that Hemostemix can meaningfully protect its rights to its trade secrets.

Dependence on Collaborative Partners, Licensors and Others

Hemostemix activities will require it to enter into various arrangements with corporate and academic collaborators, licensors, licensees and others for the research, development, clinical testing, manufacturing, marketing, and commercialization of its products. Hemostemix intends to attract corporate partners and enter into additional research collaborations. There can be no assurance, however, that Hemostemix will be able to establish such additional collaborations on favourable terms, if at all, or that its current or future collaborations will be successful. Failure to attract commercial partners for its products may result in Hemostemix incurring substantial clinical testing, manufacturing, and commercialization costs prior to realizing any revenue from product sales or result in delays or program discontinuance if funds are not available in sufficient quantities. If any collaborative partner fails to develop, manufacture, or commercialize successfully any product to which it has rights, or any partner's product to which Hemostemix will have rights, Hemostemix's business may be adversely affected. Failure of a collaborative partner to continue to participate in any particular program could delay or halt the development or commercialization of products generated from such program. In addition, there can be no assurance that the collaborative partners will not pursue other technologies or develop alternative products either alone or in collaboration with others, including Hemostemix's competitors, as a means for developing treatments for the diseases targeted by Hemostemix programs.

Furthermore, Hemostemix may hold licenses for certain technologies and there can be no assurance that these licenses will not be terminated, or that they will be renewed on conditions acceptable to Hemostemix. Hemostemix may negotiate additional licenses in respect of technologies developed by other companies and academic institutions. Terms of license agreements to be negotiated may include, inter alia, a requirement to make milestone payments, which may be substantial. Hemostemix will also be obligated to make royalty payments on the sales, if any, of products resulting from licensed technology and, in some instances, may be responsible for the costs of filing and prosecuting patent applications. Should any of Hemostemix licensees breach their regulatory, clinical, operational or legal requirements this may impact Hemostemix reputation and/or ability to conduct its business or make progress as anticipated.

Rapid Technological Change

The biotechnology and pharmaceutical industries are characterized by rapid and substantial technological change. There can be no assurance that developments by others will not render Hemostemix proposed products or technologies noncompetitive, or that Hemostemix will keep pace with technological developments. Competitors have developed or are developing technologies that could be the basis for competitive products. Some of these products have an entirely different approach or means of accomplishing the desired diagnostic or therapeutic effect as compared with products to be developed by Hemostemix and could be more effective and less costly than the products to be developed by Hemostemix. In addition, alternative forms of medical treatment may be competitive with Hemostemix products.

Competition

Technological competition from pharmaceutical companies, biopharmaceutical companies and universities are intense and is expected to increase. Potential competitors of Hemostemix have or may develop product development capabilities or financial, scientific, marketing, and human resources exceeding those of Hemostemix. Competitors may develop products before Hemostemix develops its own products, obtain regulatory approval for such products more rapidly than Hemostemix, or develop products which are more effective than those which Hemostemix intends to develop. Research and development by others may render Hemostemix's proposed technology or products obsolete or non- competitive or produce treatments or cures superior to any therapy developed or to be developed by Hemostemix, or otherwise preferred to any therapy developed by Hemostemix.

Status of Healthcare Reimbursement

Hemostemix's ability to successfully market certain diagnostic or therapeutic products may depend in part on the extent to which reimbursement for the cost of such products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Significant uncertainty exists as to whether newly approved healthcare products will qualify for reimbursement. Furthermore, challenges to the price of medical products and services are becoming more frequent. There can be no assurance that adequate third-party coverage will be available to establish price levels, which would allow Hemostemix to realize an acceptable return on its investment in product development.

Acceptance of Technology

The Company's success depends on the acceptance of its stem cell technology by the medical community and consumers as a safe and effective solution. The success of its technology will depend on its acceptance by potential consumers and the medical community. Because its technology is new in the treatment of CLI, the long term effects of using its new technology are unknown. The results of short- term clinical trials do not necessarily predict long-term clinical benefit or reveal adverse effects. If results obtained from future commercial experience indicate that its technology is not as safe or effective as other treatments, adoption of this technology by consumers and the medical community may suffer and its business will be harmed.

Potential Product Liability

Pharmaceutical products involve an inherent risk of product liability claims and associated adverse publicity. Product liability insurance is costly, and availability is limited and may not be available on terms which would be acceptable to Hemostemix, if at all. An inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Hemostemix's products. A product liability claim brought against Hemostemix, or withdrawal of a product from the market, could have a material adverse effect upon Hemostemix and its financial condition.

Manufacturing

Hemostemix product manufacturing was done at a single facility without secondary backup. Hemostemix's ability to conduct its clinical trial may depend on its ability to manufacture and ship product in and out of a third-party manufacturing facility.

Reliance on Key Personnel

Hemostemix is dependent on certain members of its management and scientific staff as well as consultants and contractors, the loss of services of one or more of whom could adversely affect Hemostemix. In addition, Hemostemix's ability to manage growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees. There can be no assurance that Hemostemix will be able to successfully attract and retain skilled and experienced personnel.

Volatility of Share Price, Absence of Dividends and Fluctuation of Operating Results

Market prices for the securities of biotechnology companies, including Hemostemix, have historically been highly volatile. Factors such as fluctuation of Hemostemix operating results, announcements of technological innovations, patents or new commercial products by Hemostemix or competitors, results of clinical testing, regulatory actions, or public concern over the safety of biopharmaceutical products and other factors could have a significant effect on the share price or trading volumes for the common shares. Hemostemix's shares, may be subject to significant price and volume fluctuations and may continue to be subject to significant price and volume fluctuations in the future. Hemostemix has not paid dividends to date and does not expect to pay dividends in the foreseeable future.

Conflict of Interest

Certain of the directors and senior officers of Hemostemix may, from time to time, be employed by or affiliated with organizations which have entered into agreements with Hemostemix. As disputes may arise between these organizations and Hemostemix, or certain of these organizations may undertake or have undertaken research with competitors of Hemostemix, there exists the possibility for such persons to be in a position of conflict. Any decision or recommendation made by these persons involving Hemostemix will be made in accordance with his or her duties and obligations to deal fairly and in good faith with Hemostemix and such other organizations. In addition, as applicable, such directors and officers will refrain from voting on any matter in which they have a conflict of interest.

No Key Management Insurance

The Company does not currently have key management insurance in place in respect of any of its senior officers or personnel.

No Anticipated Dividends

The Company does not intend to pay dividends on any investment in the shares of stock of the Company. The Company has never paid any cash dividends and currently do not intend to pay any dividends for the foreseeable future. To the extent that the Company requires additional funding currently not provided for in its financing plan, its funding sources may prohibit the payment of a dividend. Because the Company does not intend to declare dividends, any gain on an investment in the Company will need to come through an increase in the stock's price. This may never happen, and investors may lose all of their investment in the Company.

Market Disruption Risks

Geopolitical risks such as war and occupation, terrorism, tariffs and trade wars may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual company's or related groups of companies. These risks could also adversely affect securities markets, inflation and other factors from time to time. Such events could, directly or indirectly, have a material effect on the prospects of the Company.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company's main focus is to develop, blood-derived cell therapies primarily for the treatment of severe medical conditions not adequately addressed by current treatments.

To achieve commercialization of its products, the Company must obtain regulatory approval in each respective jurisdiction it intends to market its products. Management of Hemostemix believes it may be possible to achieve this in certain jurisdictions on the basis of positive Phase 2 clinical trial data, but in most jurisdictions additional clinical data from larger clinical trials will be required to obtain such approval.

Hemostemix does not currently distribute any commercial products or provide any commercial services in any markets. Future revenues should come through royalty payments from partnering, licensing arrangements or through direct commercialization of its products.

THIS PAGE INTENTIONALLY LEFT BLANK