CUSPIS CAPITAL III LTD.

FILING STATEMENT

IN RESPECT OF THE QUALIFYING TRANSACTION INVOLVING THE ACQUISITION OF ALL OF THE ISSUED AND OUTSTANDING CLASS A COMMON SHARES OF CYTOPHAGE TECHNOLOGIES INC.

Dated as of January 30, 2024

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement

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GLOSSARY

"**Advisory Agreement**" means the financial advisory agreement dated effective November 2, 2023 between the Advisor and Cytophage in respect of the Proposed Qualifying Transaction;

"**Advisor**" means PI Financial Corp.;

"**Affiliate**" means a Company that is affiliated with another Company as described below. A Company is an "Affiliate" of another Company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person. A Company is "controlled" by a Person if:

(i) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and

(ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company. A Person beneficially owns securities that are beneficially owned by:

(1) a Company controlled by that Person, or

(2) an Affiliate of that Person or an Affiliate of any Company controlled by that Person;

"**Amalco**" means the corporation resulting from the amalgamation of Subco and Cytophage pursuant to the Amalgamation;

"**Amalco Shares**" means the common shares in the capital of Amalco;

"**Amalgamation**" means the amalgamation of Cytophage and Subco pursuant to Section 175 of the MCA, and in accordance with the terms and conditions of the Amalgamation Agreement;

"**Amalgamation Agreement**" means the amalgamation agreement to be entered into among Cuspis, Cytophage and Subco pursuant to section 175 of the MCA to effect the Amalgamation, which is attached as Schedule "A" to the Business Combination Agreement;

"**Arm's Length Transaction**" means a transaction which is not a Non-Arm's Length Transaction;

"**Associate**" when used to indicate a relationship with a person or company, means

(a) an issuer of which the person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the person or Company,

(c) any trust or estate in which the person or Company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,

(d) in the case of a person, a relative of that person, including

(i) that person's spouse or child, or

(ii) any relative of the person or of his spouse who has the same residence as that person;

but

where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm (as defined by the Exchange's policies), Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company;

"**Audit Committee**" means the audit committee of the Resulting Issuer, as defined by NI 52-110;

"**AviPhage**" means AviPhage™, a phage solution to address bacterial infections in poultry;

"**AviPhage CP**" means a phage solution to address necrotic enteritis in poultry;

"**BoviPhage**" means BoviPhage™, a phage solution to address mastitis in dairy cows;

"**Business Combination**" means the business combination contemplated by the Business Combination Agreement;

"**Business Combination Agreement**" means the business combination agreement entered into on November 6, 2023, as amended, between Cytophage and Cuspis, and to which the Amalgamation Agreement is attached, pursuant to which Cuspis and Cytophage have agreed to effect the Proposed Qualifying Transaction;

"**Closing**" means the Completion of the Proposed Qualifying Transaction;

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Compensation Committee**" means the Compensation Committee of the Resulting Issuer Board;

"**Completion of the Proposed Qualifying Transaction**" means the issuance of the Final Exchange Bulletin by the Exchange;

"**Concurrent Financing**" means a financing on a "best efforts" private placement basis of Subscription Receipts at a price of $1.00 per Subscription Receipt for aggregate gross proceeds of a minimum of $2,500,000, to be completed on or before the Effective Date, all on the terms and subject to the conditions set out in the subscription agreements entered into between the subscribers for Subscription Receipts and Cytophage and the Subscription Receipt Agreement;

"**Consolidation**" means the consolidation of Cuspis Securities on a basis of one post-Consolidation Cuspis Security for every 4.1448 pre-Consolidation Cuspis Securities prior to the Completion of the Proposed Qualifying Transaction;

"**Control Person**" means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**CPC**" means a corporation:

(a) that has been incorporated or organized in a jurisdiction in Canada;

(b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the Exchange Policy 2.4; and

(c) in regard to which the Completion of the Qualifying Transaction has not yet occurred;

"**CPC Escrowed Securities**" has the meaning ascribed to that term under the heading "Part IV - Information Concerning the Resulting Issuer – CPC Escrowed Securities;

"**Cuspis**" or "**Issuer**" means Cuspis Capital III Ltd., a corporation existing under the OBCA;

"**Cuspis Agent Warrants**" means the agent warrants to acquire 2,500,000 Cuspis Shares at an exercise price of $0.20 per Cuspis Share (on a pre-Consolidation basis) until February 1, 2027, none of which have been exercised as at the date hereof;

"**Cuspis Board**" means the board of directors of Cuspis;

"**Cuspis Charity Options**" means the stock options granted to Eligible Charitable Organizations;

"**Cuspis Circular**" means the management information circular prepared in connection with the Cuspis Meeting;

"**Cuspis Finder's Fee**" has the meaning ascribed to that term under the heading "Part II - Information Concerning Cuspis – Non-Arm's Length Transactions";

"**Cuspis Secured Loan Agreement**" means the Loan Agreement entered into between Cytophage and Cuspis on January 11, 2024 in respect of a secured loan from Cuspis to Cytophage in the aggregate principal amount of $225,000 bearing interest at a rate of 10% per annum;

"**Cuspis Meeting**" means the annual and special meeting of shareholders of Cuspis to be held on December 1, 2023 to approve, among other matters, the Consolidation, the Name Change and a new slate of six directors to replace the current directors of Cuspis effective immediately following the completion of the Proposed Qualifying Transaction;

"**Cuspis Options**" means stock options to acquire Cuspis Shares pursuant to the Cuspis Option Plan;

"**Cuspis Option Plan**" means the stock option plan as adopted by Cuspis;

"**Cuspis Securities**" means, collectively, the Cuspis Shares, Cuspis Options, Cuspis Charity Options and Cuspis Agent Warrants;

"**Cuspis Shareholders**" means the holders from time to time of Cuspis Shares;

"**Cuspis Shares**" means common shares in the capital of Cuspis, as constituted on the date hereof (on a pre-Consolidation basis);

"**Cytophage**" means Cytophage Technologies Inc., a company existing under the MCA and the company which is to be acquired by Cuspis pursuant to the Proposed Qualifying Transaction;

"**Cytophage Board**" means the board of directors of Cytophage;

"**Cytophage Circular**" means the management information circular prepared in connection with the Cytophage Meeting;

"**Cytophage Dissent Procedures**" means the dissent procedures provided to Cytophage Shareholders pursuant to section 184 of the MCA;

"**Cytophage Dissenting Shareholders**" means a registered Cytophage Shareholder who exercises Dissent Rights in respect of the Amalgamation in strict compliance with the Cytophage Dissent Procedures;

"**Cytophage Finder Warrants**" means the finder's warrants issued to Finders, if any, in connection with the Concurrent Financing;

"**Cytophage IP**" means the Intellectual Property that is owned by Cytophage and is being used by Cytophage, other than licensed Intellectual Property;

"**Cytophage Meeting**" means the special meeting of the Cytophage Shareholders held on November 30, 2023 to approve the Amalgamation;

"**Cytophage Options**" means stock options to acquire Cytophage Shares pursuant to the Cytophage Options Plan;

"**Cytophage Option Plan**" means the stock option plan as adopted by Cytophage;

"**Cytophage Private Placement**" means the offering and sale by Cytophage on a non-brokered private placement basis of Cytophage Units at a price of $1.00 per Cytophage Unit, for aggregate gross proceeds of $522,687;

"**Cytophage Shareholders**" means the holders of Cytophage Shares;

"**Cytophage Shareholders' Agreement**" means the unanimous shareholders' agreement of Cytophage dated October 15, 2020;

"**Cytophage Shares**" means the issued and outstanding shares of Cytophage, which as of the date hereof only includes Class A common shares in the capital of Cytophage;

"**Cytophage Units**" means a unit of Cytophage comprised of one Cytophage Share and one-half of one Cytophage Unit Warrant;

"**Cytophage Unit Warrants**" means warrants to purchase Cytophage Shares, with such warrants being issued in connection with the conversion of the Subscription Receipts into Cytophage Units. Each whole Cytophage Unit Warrant underlying a Cytophage Unit will entitle the holder to acquire one Cytophage Share at a price of $1.40 at any time prior to the 24 month anniversary of the completion of the Concurrent Financing, subject to acceleration in accordance with the terms of the Warrant Indenture.

"**Cytophage Warrants**" means outstanding warrants entitling their holders to purchase Cytophage Shares;

"**Director**" means the director appointed under the MCA;

"**Dissent Rights**" mean the rights of the Cytophage Dissenting Shareholders to dissent under section 184 of the MCA with respect to the Amalgamation;

"**Distribution Agreement**" means the distribution agreement between Cytophage and Renata Limited-Animal Health Division Dhaka, Bangladesh dated as of July 10, 2023;

"**Effective Date**" means the date of Closing, expected to be on or about February 2, 2024;

"**Effective Time**" means the time on the Effective Date that the Proposed Qualifying Transaction becomes effective;

"**Escrow Agent**" means TSX Trust Company;

"**Exchange**" or "**TSXV**" means the TSX Venture Exchange Inc.;

"**Exchange Policy 2.2**" means Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements* of the TSXV Corporate Finance Manual;

"**Exchange Policy 2.4**" means Exchange Policy 2.4 – *Capital Pool Companies* of the TSXV Corporate Finance Manual;

"**Exchange Ratio**" means 1:1;

"**FarmPhage**" means FarmPhage™, the brand trade name for Cytophage's animal health bacteriophage products;

"**FDA**" means the United States Food and Drug Administration;

"**Filing Statement**" means this filing statement of Cuspis, including the Schedules attached hereto;

"**Final Exchange Bulletin**" means the Exchange Bulletin evidencing final Exchange acceptance of the Proposed Qualifying Transaction that is to be issued following the Closing and the submission of all required documentation;

"**Finders**" has the meaning ascribed to that term under the heading "Part I – Summary of Filing Statement – Concurrent Financing";

"**Finders Fee Agreement**" means the finder's and corporate finance advisory fee agreement made effective April 1, 2023 between Cuspis Capital Partners Ltd. ("**Cuspis Partners**") and Cuspis, providing a finders fee to Cuspis Partners should an introduction be made between Cuspis and a counterparty for a business combination transaction;

"**Fort Whyte Facility**" has the meaning ascribed to that term under the heading "Part III - Information Concerning Cytophage – Narrative Description of the Business – Facilities";

"**GMP**" means Good Manufacturing Practices;

"**GRAS**" means a substance that is Generally Recognized as Safe by the FDA;

"**Henlow Bay Facility**" has the meaning ascribed to that term under the heading "Part III - Information Concerning Cytophage – Narrative Description of the Business – Facilities";

"**IFRS**" means the International Financial Reporting Standards as adopted by the International Accounting Standards Board and as adopted by the Chartered Professional Accountants of Canada;

"**Insider**" if used in relation to Cuspis, means:

(a) director or senior officer of Cuspis;

(b) a director or senior officer of the Company that is an Insider or subsidiary of Cuspis;

(c) a Person that beneficially owns or controls, directly or indirectly, Cuspis Shares carrying more than 10% of the voting rights attached to all outstanding Cuspis Shares; or

(d) Cuspis itself if it holds any of its own securities;

"**Intellectual Property**" means all trade or brand names, business names, trademarks, service marks, copyrights, patents, patent rights, licenses, industrial designs, know-how (including trade secrets and other unpatented or unpatentable proprietary or confidential information, systems or procedures), computer software inventions, designs and other industrial or intellectual property of any kind or nature whatsoever;

"**Letter of Intent**" means the non-binding letter of intent entered into between Cuspis and Cytophage dated May 31, 2023, outlining the general terms and conditions pursuant to which Cuspis and Cytophage agreed to complete the Qualifying Transaction, which letter of intent was subsequently superseded and replaced by the Business Combination Agreement;

"**LONO**" means a Letter of No Objection from Health Canada;

"**MCA**" means the *Corporations Act* (Manitoba), as amended;

"**Name Change**" means the change of Cuspis' name to "Cytophage Technologies Ltd.", or such other name as is acceptable to the Resulting Issuer Board and the Director under the MCA;

"**NEO**" has the definition ascribed to it in Form 51-102F6 – *Statement of Executive Compensation* under NI 51-102;

"**New Slate"** means the Cytophage nominees for the Resulting Issuer Board;

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*;

"**NI 58-101**" means National Instrument 581-101 – *Disclosure of Corporate Governance Practices*;

"**Non-Arm's Length Party**" means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person;

"**Non-Arm's Length Qualifying Transaction**" means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction;

"**OBCA**" means the *Business Corporations Act* (Ontario), including the regulations promulgated thereunder, as amended from time to time;

"**OvaPhage**" means PhageFend™, a phage solution to address surface contamination on eggs;

"**Person**" means a Company or individual;

"**PhageFend**" means PhageFend™, a phage solution that is an antimicrobial for the surface of chicken meat and carcasses, and food processing facility surfaces;

"**Principal**" has the meaning ascribed thereto in Exchange Policy 1.1 – *Interpretation* of the TSXV Corporate Finance Manual;

"**Promoter**" has the meaning ascribed thereto in the *Securities Act* (Ontario);

"**Proposed Qualifying Transaction**" means the Qualifying Transaction pursuant to which Subco and Cytophage will be amalgamated by way of a "three-cornered" amalgamation, pursuant to the Amalgamation Agreement under the provisions of the MCA and and will be read to include, collectively, as the context permits or requires, the Amalgamation, the Name Change and such other transactions contemplated by the Business Combination Agreement;

"**QT Escrowed Securities**" has the meaning ascribed to that term under the heading "Part IV – Information Concerning the Resulting Issuer – QT Escrowed Securities";

"**Qualifying Transaction**" or "**QT**" means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means. Cuspis intends that the Proposed Qualifying Transaction constitute its Qualifying Transaction;

"**Related Party Transaction**" means a transaction involving Non-Arm's Length Parties, or other circumstances exist which, in the opinion of the Exchange, may compromise the independence of Cuspis with respect to the Proposed Qualifying Transaction;

"**Release Conditions**" has the meaning ascribed to that term under the heading "Part I – Summary of Filing Statement – Concurrent Financing";

"**Resulting Issuer**" means Cuspis as it exists upon Completion of the Proposed Qualifying Transaction, to be renamed "Cytophage Technologies Ltd.";

"**Resulting Issuer Agent Warrants**" means agent options of the Resulting Issuer which are exercisable into Resulting Issuer Shares;

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer;

"**Resulting Issuer Charity Options**" means options entitling Eligible Charitable Organizations to purchase Resulting Issuer Shares under the Resulting Issuer Option Plan;

"**Resulting Issuer Options**" means options entitling their holders to purchase Resulting Issuer Shares under the Resulting Issuer Option Plan;

"**Resulting Issuer Option Plan**" means the Cuspis Option Plan to be adopted by the Resulting Issuer;

"**Resulting Issuer Replacement Options**" means stock options of the Resulting Issuer to be issued to holders of Cytophage Options pursuant to the Business Combination Agreement;

"**Resulting Issuer Replacement Finder Warrants**" means finder warrants of the Resulting Issuer to be issued to holders of Cytophage Finder Warrants pursuant to the Business Combination Agreement;

"**Resulting Issuer Replacement Warrants**" means the warrants to purchase Resulting Issuer Shares to be issued by the Resulting Issuer to holders of Cytophage Warrants and Cytophage Unit Warrants;

"**Resulting Issuer Shares**" means the post-Consolidation common shares in the capital of the Resulting Issuer;

"**SEDAR+**" means the System for Electronic Document Analysis and Retrieval+;

"**Significant Assets**" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by Cuspis, together with any other concurrent transactions, would result in Cuspis meeting the initial listing requirements of the Exchange;

"**SSRRs**" has the meaning ascribed to that term under the heading "Part III – Information Concerning the Resulting Issuer – Seed Share Resale Restrictions";

"**Subco**" means a Manitoba wholly-owned subsidiary of Cuspis to be incorporated pursuant to the MCA for the sole purpose of effecting the Amalgamation;

"**Subco Shares**" means common shares in the capital of Subco;

"**Subscription Receipt Agreement**" means the subscription receipt agreement dated December 22, 2023 among Cytophage, Cuspis and TSX Trust Company, as subscription receipt agent;

"**Subscription Receipts**" means the subscription receipts of Cytophage issued as part of the Concurrent Financing, each representing the right of the holder thereof to receive, in certain circumstances set forth in the terms of the Subscription Receipt Agreement, one Cytophage Unit, consisting of one Cytophage Share and one-half of one Cytophage Warrant, without any further act or formality, and for no additional consideration;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder;

"**TSXV Corporate Finance Manual**" means the Corporate Finance Manual of the TSXV;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended; and

"**Warrant Indenture**" means the warrant indenture dated December 22, 2023 among Cytophage and TSX Trust Company, as warrant agent.

GLOSSARY OF TECHNICAL TERMS

The following is a glossary of certain technical terms used in this Filing Statement including the summary hereof.

“centrifugation” means a method of separating molecules having different densities by spinning them around an axis;

“diafiltration” means a process of separation and purification of target products out of the main solution containing the other small molecular weight substance (salts and solvents) this is a combination of dilution and filtration;

“genome” means the entire set of deoxyribonucleic acids (“**DNA**”) instruction found in a cell;

“lysogeny” or “lysis” means lysogeny, or the lysogenic cycle, is one of two cycles of viral reproduction (the lytic cycle being the other). Lysogeny is characterized by integration of the bacteriophage nucleic acid into the host bacterium's genome or formation of a circular replicon in the bacterial cytoplasm;

“lytic” means the lytic cycle is one of the two cycles of viral reproduction, the other being the lysogenic cycle. The lytic cycle results in the destruction of the infected cell and its membrane. Bacteriophages that only use the lytic cycle are called virulent phages;

“morphology” means a branch of biology that deals with the form and structure of animals and plants; the form and structure of an organism or any of its parts. amphibian morphology;

“mutagenesis” means mutagenesis is the process by which an organism’s DNA change, resulting in a gene mutation. A mutation is a permanent and heritable change in genetic material, which can result in altered protein function and phenotypic changes;

“serotype” means a serotype or serovar is a distinct variation within a species of bacteria or virus or among immune cells of different individuals. These microorganisms, viruses, or cells are classified together based on their surface antigens, allowing the epidemiologic classification of organisms to the subspecies level;

“sterility” means sterility is the physiological inability to effect sexual reproduction in a living thing, members of whose kind have been produced sexually. Sterility has a wide range of causes;

“temperate” means bacteriophages are viruses that infect bacteria and archaea and are classified as virulent or temperate phages based on their life cycles. A temperate phage, also known as a lysogenic phage, integrates its genomes into host bacterial chromosomes as a prophage;

“titers” means a titer is a laboratory test that measures the presence and amount of antibodies in blood. A titer may be used to prove immunity to disease. A blood sample is taken and tested. If the test is positive (above a particular known value) the individual has immunity; and

“titration” means a titration is a technique where a solution of known concentration is used to determine the concentration of an unknown solution. Typically, the titrant (the know solution) is added from a buret to a known quantity of the analyte (the unknown solution) until the reaction is complete.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

This Filing Statement contains references to the Canadian dollar and the US dollar. All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars. US dollars are referred to as "US dollars" or "US$". As at January 29, 2024, the indicated rate as reported by the Bank of Canada was US$1.00 = CDN$1.3442 or CDN$1.00 = US$0.7439. Cytophage's financial statements incorporated herein are reported in Canadian dollars and are prepared in accordance with IFRS.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this Filing Statement and the schedules attached hereto are forward-looking statements which may include, but are not limited to, statements with respect to: predictions about the Resulting Issuer's earnings, revenues, margins, expenses or other financial matters; forecasts of financial condition, results of operations, liquidity position, or working capital requirements; the completion, timing and expected effects of the Proposed Qualifying Transaction and the benefits anticipated to be received by Cuspis, Cytophage and/or the Resulting Issuer from such transactions; the completion of the Concurrent Financing; the ability to manufacture sufficient amounts of product candidates for lab studies, field trials and commercialization; Cytophage's research and development plans; estimates of the size and characteristics of the potential markets for Cytophage's products; the ability to select combinations of phages to formulate product candidates; the potential use of bacteriophages to treat bacterial infections; the potential for bacteriophage technology being uniquely positioned to address the global threat of antibiotic resistance; the safety and efficacy of Cytophage's product candidates; the anticipated regulatory pathways for Cytophage's product candidates; the ability to successfully complete lab and field trials of, and obtain regulatory approval of Cytophage's product candidates and commercialize any approved products on expected timeframes or at all; plans or expectations with respect to product development activities or business strategies; expectations about the timing with respect to commencement and completion of field trials; plans to market, sell and distribute Cytophage's products and technologies; the ability to identify find suitable distribution partners for Cytophage's products; expectations regarding the Distribution Agreement; Cytophage's strategy and ability with respect to the protection of its intellectual property; the timing and possible outcome of regulatory matters; and assumptions or estimates underlying any of the foregoing.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "projects", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of Cytophage or the Resulting Issuer, as applicable, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to: the completion of the Proposed Qualifying Transaction and Exchange approval; the inherent technology and development risk in the Resulting Issuer's business and industry; the development of commercially unique bacteriophage using novel molecular genetic technology makes it difficult to predict the time and cost of development of bacteriophage products; no bacteriophage products developed by Cytophage have been approved in Canada or elsewhere; Cytophage has a history of losses and negative operating cashflows; results of earlier studies and field trials may not be predictive of future trial results and the Resulting Issuer's product candidates may not have favourable results in later trials or in the commercial setting; competitors may develop and market products that are more effective than the Resulting Issuer's existing product candidates; the Resulting Issuer will be subject to extensive government regulation that may increase the cost and uncertainty associated with gaining final regulatory approval of its product candidates; potential export restrictions of the Resulting Issuer's products by Canadian regulatory authorities; future success is dependent primarily on the regulatory approval of the Resulting Issuer's products; negative results from field trials or studies or others and adverse safety events involving the targets of the Resulting Issuer's products may have an adverse impact on future commercialization efforts; the Resulting Issuer's intellectual property rights are valuable, and any failure or inability to protect them could adversely affect its business; assertions by third parties of infringement or other violations of the Resulting Issuer's intellectual property rights could result in significant costs and substantially harm the Resulting Issuer's business and operating results; intellectual property claims are expensive and time consuming to defend and if resolved adversely, could have a significant impact on the Resulting Issuer's business, financial condition, and operating results; if the Resulting Issuer is unable to protect the confidentiality of the its proprietary information and know-how, the value of its technology

and products could be adversely affected; the Resulting Issuer's near-term commercial revenue will be entirely dependent on a single distribution agreement; Cytophage's research and development processes involve use of biological and hazardous materials which may result in potential animal, human and environmental exposure; there has been no prior public market for the Resulting Issuer Shares, and an active trading market may not develop; negative developments in the field of bacteriophages could damage public perception of any product candidates that the Resulting Issuer develops, which could adversely affect the Resulting Issuer's ability to conduct business or obtain regulatory approvals for such product candidates; the Resulting Issuer's financial position and business operations could be negatively impacted if government regulations, permits, and licenses inhibit the affairs of Resulting Issuer; the Resulting Issuer will depend on its key personnel and its business may be severely disrupted if the company suffers the loss of their services; and the requirements of being a public company may strain the Resulting Issuer's resources, divert management's attention and affect its ability to attract and retain executive management and qualified board members. Although Cuspis and Cytophage have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Although Cuspis and Cytophage believe that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements contained in this Filing Statement are expressly qualified by this cautionary statement and by the risk factors described in the Filing Statement under the heading "Risk Factors". The forward-looking statements contained herein are made as of the date of this Filing Statement and Cuspis, Cytophage and the Resulting Issuer disclaim any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except where required by applicable securities laws.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to Cuspis, Cytophage and the Resulting Issuer (assuming Completion of the Proposed Qualifying Transaction), and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Capitalized terms used in this summary, and not defined in this summary, will have the meaning provided in the Glossary or elsewhere in this Filing Statement. No person is authorized to give any information or to make any representation not contained in this Filing Statement and, if given or made, such information or representation should not be relied upon as having been authorized. This Filing Statement does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. **Neither delivery of this Filing Statement nor any distribution of the securities referred to in this Filing Statement shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Filing Statement.**

Parties to the Proposed Qualifying Transaction

Cuspis

Cuspis was incorporated on September 3, 2019 pursuant to the OBCA. Cuspis' principal and registered office is located at 77 King Street West, TD North Tower, Suite 700, P.O. Box 118, Toronto, Ontario M5K 1G8. Cuspis completed its initial public offering on February 1, 2022. It is classified as a CPC for the purposes of Exchange Policy 2.4, and its shares are listed for trading on the TSXV under the stock symbol "CIII.P".

Cuspis' current business is to identify and evaluate other businesses and assets with a view to the acquisition thereof or participation therein in accordance with TSXV qualifying transaction rules. Until Cuspis completes a Qualifying Transaction, like the Proposed Qualifying Transaction, Cuspis may not carry on any other business. See "Part II – Information Concerning Cuspis – General Development of the Business".

Cytophage

Cytophage is a Winnipeg based biotechnology company that develops bacteriophage products as an alternative to antibiotics to prevent and treat bacterial and viral infections that affect human health, animal health and food security. Bacteriophages are viruses that have evolved to specifically target and destroy strictly bacterial cells and are safe for humans, plants and animals. To combat dangerous bacteria, Cytophage generates customized phages to address specific bacterial infections, including strains resistant to antibiotics. Cytophage has also recently developed a 'phage-display' methodology to develop vaccine-like products using bacteriophages for a number of potential applications in human and animal health. See "Part III – Information Concerning Cytophage – General Development of the Business".

Background of the Proposed Qualifying Transaction

On May 31, 2023, Cuspis and Cytophage entered into the Letter of Intent in respect of the Proposed Qualifying Transaction, as described in the news release dated June 1, 2023. On November 6, 2023, Cuspis and Cytophage entered into the Business Combination Agreement to, among other things, effect the Amalgamation pursuant to the Amalgamation Agreement attached as Schedule "A" thereto.

Pursuant to the terms of the Business Combination Agreement, Cuspis will acquire all the issued and outstanding Cytophage Shares through the three-cornered amalgamation of Cytophage with Subco, a wholly-owned subsidiary of Cuspis. For the purposes of the Proposed Qualifying Transaction, Cytophage and Cuspis have agreed that Cuspis shall have a deemed value of $8,050,000 and Cytophage shall have a deemed value of $40,668,587 for an aggregate value of $48,718,587 (prior to giving effect to the Concurrent Financing).

Reasons for the Proposed Qualifying Transaction

Cuspis was formed as a CPC and has been engaged in the business of identifying and evaluating properties or businesses with a view to completing a Qualifying Transaction. The Proposed Qualifying Transaction will constitute a Qualifying Transaction for Cuspis for the purposes of Exchange Policy 2.4.

The Proposed Qualifying Transaction will provide Cytophage with additional capital to pursue its business objectives. The Proposed Qualifying Transaction will also provide Cytophage with potentially greater access to capital markets in the future and provides the potential for liquidity to the Cytophage Shareholders.

Summary of the Proposed Qualifying Transaction and Related Transactions

In connection with the completion of the Proposed Qualifying Transaction and pursuant to the Business Combination Agreement, it is anticipated that the following transactions will be completed:

(a) Cuspis will complete the Consolidation;

(b) Cytophage Shares will be exchanged for Resulting Issuer Shares based on the Exchange Ratio;

(c) Subco Shares will be exchanged for Resulting Issuer Shares based on the Exchange Ratio;

(d) Cuspis will cause the current directors and officers of Cuspis and Subco to resign, and Cytophage will designate the Resulting Issuer Board and management thereof prior to the Effective Date, such designation to take effect as of the Effective Date;

(e) Cuspis will acquire Cytophage through the Amalgamation, the steps of which are described further below; and

(f) the Resulting Issuer will be renamed "Cytophage Technologies Ltd.", or such other name as determined by Cytophage.

Completion of the Proposed Qualifying Transaction is subject to compliance with the terms and conditions set forth in the Business Combination Agreement, which are discussed further below. If the terms and conditions of the Business Combination Agreement are satisfied (or waived, as applicable), it is expected that the Proposed Qualifying Transaction will be completed and become effective in January 2024 or such other date as may be determined by the parties thereto. However, the effective date of the Proposed Qualifying Transaction could be delayed for a number of reasons. See "Part I – Risk Factors".

A corporate organizational chart reflecting the expected corporate structure of the Resulting Issuer following the Effective Date is set forth in "Part IV – Information Concerning the Resulting Issuer – Corporate Structure".

The terms of the Proposed Qualifying Transaction, as set out in the Business Combination Agreement and summarized below, were established through arm's length negotiations between the respective management of Cuspis and Cytophage.

The Business Combination Agreement and the Proposed Qualifying Transaction

The Business Combination Agreement provides for the reverse takeover of Cuspis by the Cytophage Shareholders by way of a three-cornered amalgamation under the provisions of the MCA pursuant to the Amalgamation Agreement attached as Schedule "A" thereto, pursuant to which Cytophage and Subco will amalgamate, Cuspis will hold a 100% shareholding interest in Amalco and Cuspis will change its name to "Cytophage Technologies Ltd." The following is a summary of the Business Combination Agreement and is qualified in its entirety by the full text of the Business Combination Agreement, which has been filed on SEDAR+ and is incorporated by reference herein.

Representations, Warranties and Covenants

Cytophage and Cuspis have agreed to certain representations and warranties relating to, among other things: the incorporation and registration of each party; the absence of undisclosed subsidiaries; absence of bankruptcy, insolvency or receivership proceedings; the power and authority to enter into and perform the obligations under the Business Combination Agreement and its ancillary documents; required approvals; absence of conflict; their capital stock; their options and other convertible securities; the absence of changes; the financial statements of each party; internal controls over financial reporting; no restrictions on activities; undisclosed liabilities; non-arm's length transactions; no guarantees; owned real property; material contracts; other contracts; taxes duly filed; environmental matters; compliance with laws; authorization and consents; employment matters and employee plans; no powers of attorney; absence of insurance; authorizations; absence of fees and commissions; books and records; no restrictions on business combinations; absence of tax liabilities and absence of litigation.

Cuspis further represents and warrants that Cuspis is a "capital pool company" and a "reporting issuer" under the securities legislation of British Columbia, Ontario, Saskatchewan and Alberta; has no expenses or obligations except in the ordinary course or in furtherance of the Proposed Qualifying Transaction; is authorized to issue shares; is current in its continuous disclosure obligations; has made no misrepresentation; and has supplied current information.

In addition, Cytophage agreed to other representations and warranties relating to, among other things: no shareholder or voting agreements except the Cytophage Shareholders' Agreement; Cytophage' owns all right, title and interest in all Cytophage IP and various other matters with respect to the Cytophage IP; and other than disclosed there are no obligations for pre-emptive rights.

Conditions of the Proposed Qualifying Transaction

The Business Combination Agreement contains a number of conditions precedent to the obligations of Cuspis and Cytophage. Unless all such conditions are satisfied or waived by the party for whose benefit such conditions exist, to the extent it may be capable of waiver, the Proposed Qualifying Transaction will not proceed. There is no assurance that these conditions will be satisfied or waived on a timely basis, or at all. The conditions to the Proposed Qualifying Transaction becoming effective are set out in the Business Combination Agreement and are summarized below.

Conditions for the Benefit of Cuspis

The completion of the Proposed Qualifying Transaction is subject to the following conditions being satisfied at or prior to the Effective Date, which conditions are for the exclusive benefit of Cuspis and may be waived, in whole or in part, by Cuspis in its sole discretion:

(a) receipt of constating documents certified by a duly authorized officer of Cytophage and a certificate or the equivalent, dated not more than three days prior to the Effective Date, of the jurisdiction of incorporation of Cytophage as to the corporate good standing thereof;

(b) the Exchange issuing conditional acceptance, subject only to customary conditions of closing, for trading of the Resulting Issuer Shares;

(c) Cytophage shall have obtained the approval of its board of directors and shareholders, in accordance with the MCA or Cytophage Shareholders' Agreement, as may be applicable;

(d) Cuspis shall have received from Cytophage a copy, certified by a duly authorized officer thereof, of the records of all corporate action taken to authorize the execution, delivery and performance of the Business Combination Agreement and the transactions contemplated thereby;

(e) the representations and warranties of Cytophage being true and correct, and certificates of the Chief Executive Officer and Chief Financial Officer of Cytophage will have been delivered to Cuspis confirming the foregoing;

(f) covenants and conditions complied with and performed by Cytophage, and certificates of the Chief Executive Officer and Chief Financial Officer of Cytophage will have been delivered to Cuspis confirming the foregoing;

(g) Cytophage will have completed the Concurrent Financing;

(h) if required by the Exchange, or deemed desirable by either Cytophage or Cuspis, Cytophage shall have engaged an independent third-party firm to determine the fair market value of Cytophage and its assets;

(i) there will have been obtained, from all relevant Governmental Authorities, such Authorizations as are required to be obtained by Cytophage and Cuspis to consummate the Business Combination Agreement;

(j) each of the parties as required by the Exchange shall have entered into an escrow agreement upon the terms and conditions imposed pursuant to the policies of the Exchange;

(k) Cytophage having received all contractual notices, consents and approvals described in the Business Combination Agreement;

(l) no bona fide legal or regulatory action or proceeding will be pending or threatened by any Person to enjoin, restrict or prohibit the Business Combination or any other of the transactions contemplated thereby, or the right of Cuspis, Subco or Cytophage to conduct, expand, and develop their business;

(m) there will have been no material adverse effect to Cytophage and a certificate of the Chief Executive Officer and Chief Financial Officer of Cytophage to that effect will have been delivered to Cuspis;

(n) before giving effect to the securities issuable in connection with the Concurrent Financing or pursuant to permitted acquisitions, Cytophage shall have no securities issued and outstanding other than 42,809,040 Cytophage Shares, 5,261,344 Cytophage Warrants and 4,260,000 Cytophage Options; and

(o) Dissent Rights will not have been exercised in respect of a total number of Cytophage Shares which would, if such shares were converted into Cuspis Shares pursuant to the Proposed Qualifying Transaction, exceed 5% of the Cuspis Shares outstanding upon completion of the Proposed Qualifying Transaction.

Conditions for the Benefit of Cytophage

The completion of the Proposed Qualifying Transaction is subject to the following conditions being satisfied at or prior to the Effective Time, which conditions are for the exclusive benefit of Cytophage and may be waived, in whole or in part, by Cytophage in its sole discretion:

(a) receipt of constating documents certified by a duly authorized officer of Cuspis and Subco and a certificate or the equivalent, dated not more than three days prior to the Effective Date, of the jurisdiction of incorporation of each of Cuspis and Subco as to the corporate good standing thereof;

(b) the Exchange issuing conditional acceptance, subject only to customary conditions of closing, for trading of the Resulting Issuer Shares;

(c) Cuspis shall have obtained the approval of its board of director, and if required by the MCA and OBCA, as applicable, its shareholders;

(d) Cytophage shall have received from Cuspis a copy, certified by a duly authorized officer thereof, of the records of all corporate action taken to authorize the execution, delivery and performance of the Business Combination Agreement and the transactions contemplated thereby;

(e) the Name Change and Consolidation shall have been approved and completed;

(f) there shall be no more than 35,000,000 Cuspis Shares outstanding and no securities convertible into Cuspis Shares other than as disclosed;

(g) the representations and warranties of Cuspis being true and correct, and certificates of the Chief Executive Officer and Chief Financial Officer of Cuspis will have been delivered to Cytophage confirming the foregoing;

(h) covenants and conditions complied with and performed by Cuspis, and certificates of the Chief Executive Officer and Chief Financial Officer of Cuspis will have been delivered to Cuspis confirming the foregoing;

(i) there will have been obtained, from all relevant Governmental Authorities, such Authorizations as are required to be obtained by Cytophage and Cuspis to consummate the Proposed Qualifying Transaction;

(j) Cuspis having received all contractual notices, consents and approvals;

(k) no bona fide legal or regulatory action or proceeding will be pending or threatened by any Person to enjoin, restrict or prohibit the Proposed Qualifying Transaction or any other of the transactions contemplated thereby, or the right of Cuspis, Subco or Cytophage to conduct, expand, and develop their business;

(l) there will have been no material adverse effect to Cuspis and a certificate of the Chief Executive Officer and Chief Financial Officer of Cuspis to that effect will have been delivered to Cytophage;

(m) each of the directors and officers of Cuspis who resigns will have executed and delivered releases in favour of Cuspis in form and substance satisfactory to Cytophage, acting reasonably; and

(n) Dissent Rights will not have been exercised in respect of a total number of Cytophage Shares which would, if such shares were converted into Cuspis Shares pursuant to the Proposed Qualifying Transaction, exceed 5% of the Cuspis Shares outstanding upon completion of the Proposed Qualifying Transaction.

Covenants of the Parties during the Period prior to the Effective Date

During the period from the date of the Amalgamation until the Effective Date, each party will use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable (i) to consummate and make effective as promptly as practicable the Proposed Qualifying Transactions contemplated by the Business Combination Agreement; (ii) to comply with all provisions of the Business Combination Agreement; and (iii) to cooperate with each other in connection with the foregoing.

Termination Rights

The Business Combination Agreement may be terminated at any time before the Effective Time:

(a) by the mutual agreement of Cuspis and Cytophage;

(b) by either of Cytophage or Cuspis by notice to the other party if a Governmental Authority has notified either party in writing that it will not permit the Proposed Qualifying Transaction to proceed;

(c) by either of Cytophage or Cuspis by notice to the other party if there has been a misrepresentation, breach or non-performance by the breaching party of any representation, warranty, covenant or obligation contained in the Business Combination Agreement, which could reasonably be expected to have a material adverse effect on the terminating party or the ability of either party to complete the Proposed Qualifying Transaction in accordance with the terms of the Business Combination Agreement, provided the breaching party has been given notice of and ten (10) days to cure any such misrepresentation, breach or non-performance;

(d) by Cytophage should the conditions for the benefit of Cytophage not be met;

(e) by Cuspis should the conditions for the benefit of Cuspis not be met; and

(f) by either Cytophage or Cuspis, if the Proposed Qualifying Transaction has not been completed on or before November 30, 2023, or such later date as may be agreed to by Cytophage and Cuspis.

Upon the termination of the Business Combination Agreement, the parties shall be released from their obligations other than as expressly contemplated in the Business Combination Agreement, except as otherwise set forth therein, provided that nothing shall relieve a party from liability arising prior to such termination.

Directors and Officers of the Resulting Issuer

Concurrently with the Completion of the Proposed Qualifying Transaction, Cuspis will cause all of the then-current directors and officers of Cuspis, except William Ollerhead, to resign without payment by or any liability to Cuspis, Subco or Amalco, and to cause each such director and officer to execute and deliver a release in favour of Cuspis, in a form acceptable to Cuspis and Cytophage.

The Resulting Issuer Board will consist of Dr. Steven Theriault, William Ollerhead, Dr. Shantha Kodihalli, Robert Gabor, Andy Hurley and Harold Wolkin. Executive management of the Resulting Issuer will comprise Dr. Steven Theriault as Chief Executive Officer, Julius Kalcevich as Chief Financial Officer, Heather Medwick as President and Michael Graham as Chief Commercial Officer.

Business Combination Steps

Pursuant to the terms and conditions set forth in the Business Combination Agreement:

(a) On the Closing Date and subject to approval by the Exchange, Cytophage and Subco will amalgamate, pursuant to the provisions of the MCA, by jointly completing and filing Articles of Amalgamation with the Director, and shall continue as one corporation (Amalco) effective at the Effective Time, giving effect to the Amalgamation, subject to the terms of the Business Combination Agreement (including for greater certainty the Amalgamation Agreement).

(b) Immediately prior to the Effective Time, all of the issued and outstanding Subscription Receipts issued in connection with the Concurrent Financing shall be automatically exchanged into Cytophage Units on the basis of one Cytophage Unit for every one Cytophage Subscription Receipt.

(c) At the Effective Time and as a result of the Amalgamation:

(i) each holder of Cytophage Shares (other than Cytophage Dissenting Shareholders) shall receive that many fully paid and non-assessable Cuspis Shares equal to the number of Cytophage Shares held by such holder multiplied by the Exchange Ratio (subject to certain exceptions regarding fractional shares), following which all such Cytophage Shares shall

be converted into Amalco Shares in consideration for the issuance of such Cuspis Shares on the basis of one Amalco Share for each Cuspis Share issued;

(ii) all Subco Shares issued to and held by Cuspis shall be cancelled;

(iii) Cuspis shall add to the stated capital maintained in respect of the Cuspis Shares an amount equal to the aggregate paid-up capital for purposes of the Tax Act of the Cytophage Shares immediately prior to the Effective Time (less the paid-up capital of any Cytophage Shares held by dissenting Cytophage Shareholders who do not exchange their Cytophage Shares for Cuspis Shares on the Amalgamation);

(iv) Amalco shall add to the stated capital maintained in respect of the Amalco Shares an amount such that the stated capital of the Amalco Shares shall be equal to the aggregate paid-up capital for purposes of the Tax Act of the Subco Shares and Cytophage Shares immediately prior to the Effective Time;

(v) no fractional Cuspis Shares will be issuable to shareholders of Cytophage pursuant to the Amalgamation and no cash payment or other form of consideration will be payable in lieu thereof. In the event that a former holder of Cytophage Shares is entitled to receive a fractional Cuspis Share, any such fractional Cuspis Share interest to which a shareholder of Cytophage or Subco would otherwise be entitled to pursuant to the Amalgamation will be rounded down to the nearest whole Cuspis Share;

(vi) Cuspis shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to the transaction contemplated by the Business Combination Agreement to any holder of Cytophage Shares, as the case may be, such amounts as it determines are required or permitted to be deducted and withheld with respect to such payment under the Tax Act or any provision of provincial, state, local or foreign tax law, in each case as amended; to the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Cytophage Shares or Subco Shares, as the case may be, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority; and

(vii) Amalco will be a wholly-owned subsidiary of Cuspis.

(d) At the Effective Time:

(i) the registered holders of Cytophage Shares shall become the registered holders of the Resulting Issuer Shares to which they are entitled, calculated in accordance with the provisions hereof, and the holders of share certificates representing such Cytophage Shares may surrender such certificates to Cytophage's transfer agent (if applicable) and, upon such surrender, shall be entitled to receive and, as soon as reasonably practicable following the Effective Time, shall receive share certificates or direct registration advices representing the number of Resulting Issuer Shares to which they are so entitled;

(ii) Cuspis shall become the registered holder of the Amalco Shares to which it is entitled, calculated in accordance with the provisions of the Business Combination Agreement, and shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled, calculated in accordance with the provisions of the Business Combination Agreement; and

(iii) the New Slate of board members shall become effective.

(e) At the Effective Time, the Cytophage Warrants and Cytophage Unit Warrants shall be exchanged for Resulting Issuer Replacement Warrants exercisable to acquire, on the same terms and conditions as were applicable to such Cytophage Warrants and Cytophage Unit Warrants immediately prior to the Effective Time, the number of Cuspis Shares (rounded down to the nearest whole number) equal to the product of: (A) the number of Cytophage Shares subject to such Cytophage Warrants and Cytophage Unit Warrants, immediately prior to the Effective Time; and (B) the Exchange Ratio. The exercise price per Cuspis Share subject to a Resulting Issuer Replacement Warrant shall be an amount (rounded up to the nearest tenth of a cent) equal to the quotient of: (A) the exercise price per Cytophage Share subject to such Cytophage Warrant or Cytophage Unit Warrant, immediately prior to the Effective Time divided by (B) the Exchange Ratio. Except as set out above, the term to expiry, conditions to and manner of exercise and other terms and conditions of each Resulting Issuer Replacement Warrant shall be the same terms and conditions of the Cytophage Warrant and Cytophage Unit Warrant for which it was exchanged.

(f) At the Effective Time, the Cytophage Options shall be exchanged for Resulting Issuer Replacement Options exercisable to acquire, on the same terms and conditions as were applicable to such Cytophage Options immediately prior to the Effective Time, the number of Cuspis Shares (rounded down to the nearest whole number) equal to the product of: (A) the number of Cytophage Shares subject to such Cytophage Option immediately prior to the Effective Time; and (B) the Exchange Ratio. The exercise price per Resulting Issuer Share subject to a Resulting Issuer Replacement Option shall be an amount (rounded up to the nearest tenth of a cent) equal to the quotient of: (A) the exercise price per Cytophage Share subject to such Cytophage Option immediately prior to the Effective Time divided by (B) the Exchange Ratio. Except as set out above, the term to expiry, conditions to and manner of exercise and other terms and conditions of each Resulting Issuer Replacement Option shall be the same terms and conditions of the Cytophage Option for which it was exchanged.

(g) At the Effective Time, the Cytophage Finder Warrants shall be exchanged for Resulting Issuer Replacement Finder Warrants exercisable to acquire, on the same terms and conditions as were applicable to such Cytophage Finder Warrants immediately prior to the Effective Time, the number of Cuspis Shares (rounded down to the nearest whole number) equal to the product of: (A) the number of Cytophage Shares subject to such Cytophage Finder Warrants immediately prior to the Effective Time; and (B) the Exchange Ratio. The exercise price per Cuspis Share subject to a Resulting Issuer Replacement Finder Warrant shall be an amount (rounded up to the nearest tenth of a cent) equal to the quotient of: (A) the exercise price per Cytophage Share subject to such Cytophage Finder Warrant immediately prior to the Effective Time divided by (B) the Exchange Ratio. Except as set out above, the term to expiry, conditions to and manner of exercise and other terms and conditions of each Resulting Issuer Replacement Finder Warrant shall be the same terms and conditions of the Cytophage Finder Warrant for which it was exchanged.

(h) At the Effective Time, each Cytophage Share held by a Cytophage Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of any Encumbrance, to Amalco, and Amalco shall thereupon be obliged to pay the amount therefor determined and payable in accordance with the Business Combination Agreement, the name of such holder shall be removed from the central securities register as a holder of Cytophage Shares and such Cytophage Dissenting Shareholder will cease to have any rights as a Cytophage Shareholder, other than the right to be paid the fair value of its Cytophage Shares in accordance with Business Combination Agreement.

(i) If a Cytophage Dissenting Shareholder fails to perfect or effectively withdraws its claim under section 184 of the MCA or forfeits its right to make a claim under section 184 of the MCA or if its rights as a Cytophage Shareholder are otherwise reinstated, such holder's Cytophage Shares shall thereupon be deemed to have been exchanged as of the Effective Time as prescribed by the Business Combination Agreement.

(j) Upon the approval of the resolutions of the directors and shareholders of Cuspis authorizing the Name Change in accordance with the requirements of the OBCA and immediately prior to the Effective Time, Cuspis shall complete and file Articles of Amendment, in the prescribed form, giving effect to the Name Change upon and subject to the terms of the Business Combination Agreement.

(k) Cuspis Shares will only be issued to "U.S. Persons" that are accredited investors and shall be "restricted securities" as defined in Rule 144(a)(3) of the U.S. Securities Act and shall bear a legend in customary form restricting re-sale and transfer without registration under the U.S. Securities Act unless pursuant to an available exemption from registration under the U.S. Securities Act.

It is anticipated that immediately following completion of the foregoing steps, an aggregate of 53,753,356 Resulting Issuer Shares will be issued and outstanding, and: (a) former Cytophage Shareholders will hold 45,309,040 Resulting Issuer Shares, representing approximately 84.29% of the outstanding Resulting Issuer Shares; and (b) current Cuspis Shareholders will hold 8,444,316 Resulting Issuer Shares, representing approximately 15.71% of the outstanding Resulting Issuer Shares, each on an undiluted basis.

Arm's Length Qualifying Transaction

The Proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction in accordance with the policies of the Exchange.

Concurrent Financing

In connection with the Proposed Qualifying Transaction, Cytophage completed the Concurrent Financing on December 22, 2023, pursuant to which Cytophage issued 2,500,000 Subscription Receipts at a price of $1.00 per Subscription Receipt for aggregate gross proceeds of $2,500,000, in satisfaction of the requirement to complete a minimum financing of $3,000,000 pursuant to the Letter of Intent, which for greater certainty includes the aggregate gross proceeds of $522,687 from the sale of Cytophage Units under the Cytophage Private Placement.

Each Subscription Receipt will automatically be exchanged into one Cytophage Unit on the satisfaction or waiver of the escrow release conditions in accordance with the terms of the Subscription Receipt Agreement (the "**Release Conditions**"), without the payment of additional consideration or the taking of further action on the part of the subscriber. Each Cytophage Unit will consist of one Cytophage Share and one-half of one Cytophage Unit Warrant. Each Cytophage Unit Warrant will be exercisable to acquire one Cytophage Share at an exercise price of $1.40 for a period of 24 months from the date of the completion of the Proposed Qualifying Transaction, subject to an acceleration right of Cytophage in accordance with the terms set forth in the Warrant Indenture.

The gross proceeds of the Concurrent Financing will be held in escrow pending the satisfaction of the Release Conditions. In the event the event the Proposed Qualifying Transaction does not occur on the date that is 180 days following the closing date of the Concurrent Financing, subject to extension in accordance with the terms of the Subscription Receipt Agreement, the gross proceeds shall be returned to the purchasers pro rata without any deduction or interest, and the Subscription Receipts shall be automatically cancelled.

In connection with the Concurrent Financing, certain duly registered and eligible finders (the "**Finders**") are entitled to an aggregate cash fee of $42,525.00, being an amount equal to 7.0% of the aggregate gross proceeds raised from subscribers introduced by them. As additional consideration, the Finders also received an aggregate of 35,525 Cytophage Finder Warrants, being an amount equal to 7.0% of the number of Subscription Receipts issued to subscribers introduced by them. Each Finder's Warrant will be exercisable at an exercise price of $1.00 to acquire one Cytophage Unit at any time during the twenty-four (24) months following the date on which the Release Conditions are fully satisfied, or the closing of the Concurrent Financing, if the Proposed Qualifying Transaction is not completed. The Finders shall not be paid any cash fee from the proceeds of the Concurrent Financing representing the escrowed funds until such time as the Release Conditions are satisfied.

The net proceeds of the Concurrent Financing, after giving effect to the Proposed Qualifying Transaction, are expected to be used by the Resulting Issuer to fund regulatory approval(s) for existing Cytophage products, the development of new Cytophage products and for corporate and general working capital purposes.

Cytophage Private Placement

In connection with the Proposed Qualifying Transaction, Cytophage has completed a non-brokered private placement of Cytophage Units for aggregate gross proceeds of $522,687, at a price of $1.00 per Cytophage Unit.

Advisory Agreement

In connection with the Proposed Qualifying Transaction, Cytophage engaged the Advisor as an independent financial advisor to provide financial advisory services to Cytophage. Pursuant to the Advisory Agreement, Cytophage shall pay the Advisor a financial advisory fee in the aggregate amount of $50,000, with $10,000 payable upon entering the Advisory Agreement and $40,000 payable upon the earlier of: (i) the Completion of the Proposed Qualifying Transaction; (ii) the termination of the Advisory Agreement; or (iii) the date that is two months from the effective date of the Advisory Agreement. Pursuant to the Advisory Agreement, Cytophage also agreed to pay the Advisor a sponsorship fee in the aggregate amount of $100,000, with $20,000 payable upon entering the Advisory Agreement and $80,000 due upon receiving a Sponsor Report (as such term is defined in Exchange Policy 2.4) from the Advisor, if required by the Exchange.

Cuspis Secured Loan Agreement

On December 15, 2023, Cuspis advanced $25,000 to Cytophage pursuant to a 10% interest bearing promissory note, as permitted by Exchange Policy 2.4. On January 11, 2024, Cuspis and Cytophage also entered into the Cuspis Secured Loan Agreement providing for a loan in the amount of $225,000 to Cytophage, which was approved by the Exchange on January 4, 2024. The loan is intended to provide Cytophage with working capital as the parties progress towards completion of the Proposed Qualifying Transaction. In accordance with Exchange policies, the obligations under the Cuspis Secured Loan Agreement shall be secured by liens granted by Cytophage to Cuspis, including, among other things, a priority encumbrance over all present and future personal property of Cytophage. In the event the Proposed Qualifying Transaction is not completed, the loan will be repaid in full to Cuspis.

Approvals Necessary for the Proposed Qualifying Transaction

Shareholder Approval

The Proposed Qualifying Transaction does not constitute a Non-Arm's Length Qualifying Transaction since: (a) the Proposed Qualifying Transaction was negotiated by the parties dealing at arm's length with each other, and (b) no party (together with its respective Associates or Affiliates) (i) holds more than 20% of the outstanding voting securities of Cuspis and Cytophage, or (ii) holds a sufficient number of securities of both Cuspis and Cytophage so as to affect materially the control of both Cuspis and Cytophage. As a result, approval of the Proposed Qualifying Transaction by the Cuspis Shareholders is not required under the Exchange policies as a condition to the completion of the Proposed Qualifying Transaction.

In connection with the Proposed Qualifying Transaction, the Cuspis Shareholders approved the Consolidation and the Name Change, among other matters, at the Cuspis Meeting held on December 1, 2023. The resolutions approving the Consolidation and Name Change required approval by a special majority (66⅔%) of the votes cast by Cuspis Shareholders at the Cuspis Meeting. No votes are required to be excluded from the approval of any resolution at the Cuspis Meeting. The Name Change and the Consolidation will take effect by the filing of articles of amendment on or prior to the date of Closing, pending completion of all of the conditions set forth in the Business Combination Agreement. The completion of the Consolidation and Name Change are conditions to the Closing. The current directors of Cuspis have no intention of acting upon the authority granted to them under the resolutions passed at the Cuspis Meeting if the Proposed Qualifying Transaction is not completed.

Subco will obtain written shareholder approval on or around the date hereof for, among other things, the Business Combination Agreement, Amalgamation Agreement and the Amalgamation.

Pursuant to the terms of the Cytophage Shareholders' Agreement, the Amalgamation must be approved by written consent of the Cytophage Shareholders holding at least 66 2/3% of the Cytophage Shares. In addition, pursuant to the MCA, the Amalgamation must be approved by 66 2/3% of the votes cast by the Cytophage Shareholders at the Cytophage Meeting. On November 30, 2023, Cytophage obtained the requisite written shareholder approval in accordance with the Cytophage Shareholders' Agreement, and the Cytophage Shareholders approved the Amalgamation at the Cytophage Meeting.

Exchange Approval

The Completion of the Proposed Qualifying Transaction is subject to the approval of the Exchange. Listing of the Resulting Issuer Shares to be issued in connection with the Proposed Qualifying Transaction is subject to the Resulting Issuer fulfilling all requirements of the Exchange on Completion of the Proposed Qualifying Transaction.

Interests of Insiders, Promoters or Control Persons

No Insider of Cytophage or Cuspis and no Associate or Affiliate of the same, has any interest in the Proposed Qualifying Transaction, other than those which arise from the holding of Cuspis securities and/or Cytophage securities.

Upon completion of the Proposed Qualifying Transaction, it is expected that management of the Resulting Issuer will consist of Dr. Steven Theriault, Chief Executive Officer and Chief Science Officer; Michael Graham, Chief Commercial Officer; Heather Medwick, President and Julius Kalcevich, Chief Financial Officer. It is further expected that Resulting Issuer Board will consist of Dr. Steven Theriault, William Ollerhead, Harold Wolkin, Dr. Shantha Kodihalli, Robert Gabor and Andy Hurley. Of the aforementioned individuals, Dr. Steven Theriault, Harold Wolkin, Dr. Shantha Kodihalli, Robert Gabor and Andy Hurley presently serve as directors of Cytophage. Other than William Ollerhead who is anticipated to act as a director of the Resulting Issuer, all directors and officers of Cuspis will resign at or prior to the closing of the Proposed Qualifying Transaction.

The following is a summary of the interests of Insiders of Resulting Issuer, and its respective Associates and Affiliates, before and after giving effect to the Proposed Qualifying Transaction, in each case assuming completion of the Consolidation and the Proposed Qualifying Transaction. See "Part V – Information Concerning the Resulting Issuer – Directors, Officers and Promoters".

Insiders, Promoter, Control Person	Position	Number of Cuspis Shares and/or Cytophage Shares as at the Date of the Filing Statement[(1)]	Approximate Number and Percentage of Resulting Issuer Shares upon Completion of the Proposed Qualifying Transaction[(2)]
Dr. Steven Theriault *Winnipeg, Manitoba*	Chief Executive Officer, Chief Science Officer and Director of Cytophage; Proposed Chief Executive Officer, Chief Science Officer and Director of the Resulting Issuer	5,000,000 Cytophage Shares[(3)]	5,000,000 Resulting Issuer Shares (9.30%)
Michael Graham *Toronto, Ontario*	Chief Commercial Officer of Cytophage and proposed Chief Commercial Officer of the Resulting Issuer	Nil	Nil Resulting Issuer Shares (0%)
Heather Medwick *East St. Paul, Manitoba*	President of Cytophage and proposed President and Corporate Secretary of the Resulting Issuer	450,000 Cytophage Shares	450,000 Resulting Issuer Shares (0.84%)

Insiders, Promoter, Control Person	Position	Number of Cuspis Shares and/or Cytophage Shares as at the Date of the Filing Statement[1]	Approximate Number and Percentage of Resulting Issuer Shares upon Completion of the Proposed Qualifying Transaction[2]
Julius Kalcevich *Toronto, Ontario*	Chief Financial Officer of Cytophage and proposed Chief Commercial Officer of the Resulting Issuer	25,000 Cytophage Shares	100,000 Resulting Issuer Shares[4] (0.19%)
William Ollerhead *Toronto, Ontario*	Chief Executive Officer and Director of Cuspis; Proposed Director of the Resulting Issuer	1,162,500 Cuspis Shares and 832,500 Cytophage Shares[5]	1,192,972 Resulting Issuer Shares[6] (2.22%)
Harold Wolkin *Toronto, Ontario*	Director of Cytophage and proposed Director of the Resulting Issuer	682,500 Cytophage Shares[7]	833,500 Resulting Issuer Shares[8] (1.55%)
Dr. Shantha Kodihalli *Winnipeg, Manitoba*	Director of Cytophage and proposed Director of the Resulting Issuer	40,000 Cytophage Shares	40,000 Resulting Issuer Shares (0.07%)
Robert Gabor *Winnipeg, Manitoba*	Director of Cytophage and proposed Director of the Resulting Issuer	100,000 Cytophage Shares	100,000 Resulting Issuer Shares (0.19%)
Andy Hurley *Boston, Massachusetts*	Director of Cytophage and proposed Director of the Resulting Issuer	Nil	Nil Resulting Issuer Shares (0%)

Notes:

1. As of the date hereof, there are 35,000,000 Cuspis Shares (on a pre-Consolidation basis) outstanding and 42,809,040 Cytophage Shares outstanding.
2. Upon completion of the Proposed Qualifying Transaction, it is expected that there will be approximately 53,753,356 Resulting Issuer Shares (on a non-diluted basis) issued and outstanding following completion of the Concurrent Financing for gross proceeds of $2,500,000, and assuming completion of the Consolidation.
3. Held through New Leaf Biologics Ltd., an entity beneficially owned and controlled by Dr. Steven Theriault's spouse.
4. Includes an additional 25,000 Cytophage Shares held by Mr. Kalcevich personally and 50,000 Cytophage Shares held by 2253549 Ontario Limited, an entity beneficially owned and controlled by Mr. Kalcevich, that are issuable upon conversion of Subscription Receipts.
5. Mr. Ollerhead owns: (i) 712,500 Cuspis Shares personally; (ii) 450,000 Cuspis Shares through Chunkerhead Ltd., an entity beneficially owned and controlled by Mr. Ollerhead; (iii) 152,500 Cytophage Shares personally; and (iv) 680,000 Cytophage Shares through Chunkerhead Ltd.
6. Includes an additional 80,000 Cytophage Shares issuable upon conversion of Subscription Receipts.
7. Mr. Wolkin owns: (i) 582,500 Cytophage Shares jointly with his spouse; and (ii) 100,000 Cytophage Shares through Princeville Capital Corporation, an entity beneficially owned and controlled by Mr. Wolkin and his spouse.
8. Includes an additional 151,000 Cytophage Shares issuable upon conversion of Subscription Receipts.

Estimated Available Funds and Principal Purposes

Available Funds

Based on the estimated working capital of each of Cuspis and Cytophage as of December 31, 2023, upon completion of the Proposed Qualifying Transaction, the Resulting Issuer is expected to have available funds in the amounts of $7,933,244, as follows:

Estimated Available Funds	Assuming Gross Proceeds of $2,500,000 under the Concurrent Financing
Estimated working capital of Cuspis as at December 31, 2023	$5,432,838
Estimated working capital of Cytophage as at December 31, 2023	$42,831
Net Proceeds from the Concurrent Financing[(1)]	$2,457,475
Estimated available funds	**$7,933,244**

Notes:
(1) After deduction of the cash commission payable to certain Finders.

Principal Purposes of Funds

Upon completion of the Concurrent Financing and the Proposed Qualifying Transaction, the Resulting Issuer will carry on the business conducted by Cytophage. The following table sets out the proposed principal uses of the available funds after giving effect to the Proposed Qualifying Transaction based on the estimated working capital of each of Cuspis and Cytophage as of December 31, 2023:

Principal Use of Available Funds	Amount
Phase 1 Construction Costs and Leasehold Improvements for the Fort Whyte Facility	$600,000
Phase 2 Leasehold Improvements for the Fort Whyte Facility	$450,000
Letter of Credit for the Fort Whyte Facility	$308,000
Lab Equipment for the Fort Whyte Facility	$500,000
2024 Research and Development Expenses	$1,500,000
2024 General and Administrative Expenses	$2,000,000
Proposed Qualifying Transaction Expenses[(1)]	$450,000
Unallocated Working Capital	$2,125,244
Total	**$7,933,244**

Notes:
(1) Estimated expenses include legal, accounting, advisory, transfer agent fees, printing and other miscellaneous costs associated with the Proposed Qualifying Transaction.

See "Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes".

Selected *Pro Forma* Consolidated Financial Information

The following table summarizes selected pro forma financial information for the Resulting Issuer as at September 30, 2023, after giving effect to the Proposed Qualifying Transaction, and should be read in conjunction with the pro forma financial statements of the Resulting Issuer attached hereto as Schedule "E".

Pro Forma Balance Sheet ($)	Cytophage as at September 30, 2023[1]	Cuspis as at September 30, 2023	Pro Forma Adjustments ($)	Resulting Issuer Pro Forma ($)
Current Assets	$845,007	$5,541,782	$2,797,475	$9,094,264
Total Assets	$1,611,663	$5,541,782	$2,707,475	$9,860,920
Current Liabilities	$242,944	$38,303	$250,000	$531,247
Total Liabilities	$242,944	$38,303	$250,000	$531,247
Total Shareholders' Equity (deficiency)	$1,368,719	$5,503,479	$2,457,475	$9,860,920

See "Part IV – Information Concerning the Resulting Issuer – Pro Forma Consolidated Capital".

Listing and Share Price on the Exchange

The Cuspis Shares have been listed on the Exchange since February 1, 2022 under the symbol "CIII.P". Trading in Cuspis Shares is currently halted pending Completion of the Proposed Qualifying Transaction. The closing price of the Cuspis Shares on May 31, 2023, being the last day on which the Cuspis Shares traded prior to the announcement of the Proposed Qualifying Transaction on June 1, 2023, was $0.17 per Cuspis Share. The Cytophage Shares are not traded publicly nor listed on any stock exchange and there is no public market for the securities of Cytophage.

Sponsorship

Sponsorship of a Qualifying Transaction of a CPC is required by the Exchange unless exempt in accordance with Exchange Policy 2.4. The Exchange has advised Cuspis that it qualifies for an exemption from the sponsorship requirements of the Exchange in connection with the Proposed Qualifying Transaction.

Details of Any Conflict of Interest

Neither the management of Cuspis nor Cytophage is aware of any material conflicts of interest arising out of the Proposed Qualifying Transaction.

The directors and officers of Cuspis are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and the laws requiring disclosure by directors and officers of conflicts of interest. Cuspis will rely upon such laws in respect of any such conflict of interest or in respect of any breach of duty by any of its directors or officers. All such conflicts are required to be disclosed by such directors or officers in accordance with the OBCA and the directors of Cuspis are required to govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Interests of Experts

No person or company, whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement, holds, or is expected to hold, any beneficial interest, directly or indirectly, in any property of Cuspis, Cytophage or the Resulting Issuer or of an Associate or Affiliate of Cuspis, Cytophage or the Resulting Issuer and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of Cuspis, Cytophage or the Resulting Issuer or of an Associate or Affiliate of Cuspis, Cytophage or the Resulting Issuer and no such person is a Promoter of Cuspis, Cytophage or the Resulting Issuer or an Associate or Affiliate of Cuspis, Cytophage or the Resulting Issuer.

McGovern Hurley LLP has informed Cuspis that they are independent with respect to Cuspis within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Dale Matheson Carr-Hilton Labonte LLP has informed Cytophage that they are independent with respect to Cytophage within the meaning of the CPA Manitoba Code of Professional Conduct.

Risk Factors

An investment in Cuspis Shares or Resulting Issuer Shares (both before and after Completion of the Proposed Qualifying Transaction) should be considered highly speculative and involves a high degree of risk. Material risk factors affecting the Resulting Issuer include the following: the Proposed Qualifying Transaction may not be completed; limited operating history and history of losses; market for securities and volatility of share price; dilution; management and conflicts of interest; adverse general economic conditions; history of losses and negative operating cashflows; there is no assurance that Cytophage will be able to achieve its anticipated research and development milestones; future capital needs and uncertainty of additional financing; negative cash flow; failure to adequately protect its intellectual property could harm the Resulting Issuer's business; infringement on intellectual property rights of third parties; intellectual property rights claims; results of proposed lab studies and field trials; success of existing or new products; technological advances; competition; management growth; reliance on key personnel; extensive regulatory requirements; export restrictions; limited public awareness and understanding of bacteriophages; lengthy and expensive processes with uncertain outcomes; delays in product lab studies and field trials; manufacturing delays; permits and licenses; international distribution partner risks; dependence on the Distribution Agreement; investment risk; litigation risk; environmental risks and hazards; use of funds; insurance and uninsured risks; no immediate plans to pay regular dividends; technological changes rendering the Resulting Issuer's products uncompetitive or obsolete; price volatility; no assurance of active market for shares; dilution to the resulting issuer shares; public company status; reporting requirements and continuous disclosure; currency fluctuations; natural disasters; reputational risks; certain events may be outside of the control of Cytophage; health and safety regulations; termination of key agreements; and publication of inaccurate or unfavourable research and reports.

For a more detailed description of these and other risk factors affecting the Resulting Issuer, see "Part I - Risk Factors" below.

Conditional Listing Approval

On December 18, 2023, the Exchange conditionally approved the Proposed Qualifying Transaction. The Completion of the Proposed Qualifying Transaction is subject to the approval of the Exchange. Listing of the Resulting Issuer Shares to be issued in connection with the Proposed Qualifying Transaction is subject to the Resulting Issuer fulfilling all requirements of the Exchange on Completion of the Proposed Qualifying Transaction.

PART I - RISK FACTORS

AN INVESTMENT IN SECURITIES OF THE RESULTING ISSUER IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of Cuspis and Cytophage consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of Cuspis, Cytophage or the Resulting Issuer. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with the Resulting Issuer's business, actually occur, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities could decline and investors may lose all or part of their investment.

Risk Factors Relating to Cuspis

The Proposed Qualifying Transaction may not be Completed

The completion of the transactions contemplated by the Business Combination Agreement is subject to certain conditions, including, among other things, (a) obtaining all necessary regulatory approvals, including Exchange approval of the Proposed Qualifying Transaction, the Consolidation and the Name Change and other transactions comprising part of the Proposed Qualifying Transaction, (b) the approval by the Cytophage Shareholders of the Amalgamation and the transactions contemplated thereby, (c) completion of the Concurrent Financing; and (d) other customary conditions. There can be no assurance that all of the necessary regulatory and shareholder approvals will be obtained. If the transactions contemplated by the Business Combination Agreement are not completed for these reasons or for any other reasons, Cuspis will have incurred significant costs associated with the failed implementation of the Proposed Qualifying Transaction.

Furthermore, Cuspis has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that Cuspis will be able to identify a suitable Qualifying Transaction in future. Even if a proposed Qualifying Transaction is identified in the future, the completion of such other Qualifying Transaction will be subject to a number of conditions including acceptance by the Exchange and, in the case of a Non-Arm's Length Qualifying Transaction, approval of the majority of the minority shareholders.

Limited Operating History and History of Losses

Cuspis has not commenced commercial operations and has no assets other than cash. Cuspis has no history of earnings and will not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction. Until completion of a Qualifying Transaction, Cuspis is not permitted to carry on any business other than the identification and evaluation of potential transactions.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Resulting Issuer's securities will be established or sustained. The market price for the Resulting Issuer's securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Resulting Issuer. The stock market has from time-to-time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Dilution

The Proposed Qualifying Transaction will be financed all or in part by the issuance of additional securities of Cuspis and this will result in further dilution to the current Cuspis Shareholders, which dilution will be significant and will result in a change of control of Cuspis.

Management and Conflicts of Interest

The ability of Cuspis to successfully complete a Qualifying Transaction is dependent on the performance of its current directors and officers, who only devote a portion of their time to the business and affairs of Cuspis and are, or will be, engaged in other projects or businesses. The current directors, officers and Promoters of Cuspis also serve as directors and/or officers of other companies which may compete with Cuspis in its search for the businesses or assets targeted in order to complete a Qualifying Transaction. Accordingly, situations may arise where the directors, officers and Promoters of Cuspis are in a position of conflict with Cuspis.

Risk Factors Relating to the Business of Cytophage and the Resulting Issuer

History of losses and negative operating cashflows

Cytophage has a history of losses and negative operating cashflows. Cytophage has limited financial resources, has not earned product-related revenue since commencing operations, has no source of operating cash flow and there is no assurance that additional funding will be available to it. Cytophage will incur further expenses in the establishment of its business, including increased expenses relating its operations as a reporting issuer. Although Cytophage intends to generate profit and positive operating cashflows in the future, there are no guarantees that it will be able to do so. The success of Cytophage will ultimately depend on its ability to compete in a highly competitive market.

Limited operating history

Cytophage has a very limited history of operations and is in the early stage of development. As such, Cytophage is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and the lack of revenue. There is no assurance that Cytophage will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. While Cytophage has been successful in raising financing to date, there can be no assurance that it will be able to do so in the future.

Potential products are at an early stage of development

Cytophage's products are at an early stage of development and have scientific uncertainty and unproven commercial viability. Cytophage's first product is in the early stage of commercialization and has not generated revenue to date. Significant additional resources, development and testing are required for future potential products prior to planned trials and commercialization.

Cytophage has not received regulatory approval for the sale of its product candidates in any market. Accordingly, Cytophage have not generated any revenues from product sales. A substantial commitment of resources to conduct field trials and for additional product development will be required to commercialize all of its product candidates. There can be no assurance that Cytophage's potential products will meet applicable regulatory standards, be capable of being produced in commercial quantities at reasonable cost or be successfully marketed, or that the investment made by Cytophage in the commercialization of the products will be recovered through sales, license fees or related royalties.

Development of commercially unique bacteriophage using novel molecular genetic technology makes it difficult to predict the time and cost of development. No bacteriophage products developed by Cytophage have been approved in Canada or elsewhere

Cytophage is developing its product candidates with bacteriophage and molecular genetic technology. Cytophage has not, nor to its knowledge has any other company, received regulatory approval from Health Canada for an animal or human health phage product based on this approach. Cytophage believes that there has been limited approval by equivalent foreign agencies for a drug or an animal or human health phage product based on this approach. While *in vitro* studies have characterized the behavior of bacteriophages in cell cultures and there exists a body of literature regarding the use of phage therapy in humans and animals, the safety and efficacy of phage therapy has not been extensively studied in well-controlled modern trials. For human health phage therapeutic products, most of the prior research on phage-based therapy was conducted in the former Soviet Union prior to and immediately after World War II and lacked appropriate control group design or lacked control groups at all. Furthermore, the standard of care has changed substantially during the ensuing decades since those studies were performed, diminishing the relevance of prior claims of improved cure rates. Cytophage cannot be certain that its approach will lead to the development of approvable or marketable products for either human or animal health.

Developing phage-based therapies on a commercial scale will also require developing new manufacturing processes and techniques. Cytophage and its third-party collaborators may experience delays in developing manufacturing capabilities for its product candidates and may not be able to do so at the scale required to manufacture commercial quantities, if approved.

In addition, Health Canada or other regulatory agencies may lack experience in evaluating the safety and efficacy of bacteriophages based on these approaches, which could lengthen the regulatory review process, increase development costs and delay or prevent commercialization of product candidates.

Limited public awareness and understanding of bacteriophages

Bacteriophages, despite their potential, remain relatively unknown to the general public and even within certain segments of the healthcare industry. This lack of awareness may lead to misconceptions, skepticism, or hesitancy in embracing bacteriophage-based solutions. Dispelling myths, clarifying misconceptions, and educating prospective distribution partners about the benefits and applications of bacteriophages will require significant resources. The Resulting Issuer will need to heavily invest its time and resources in educational campaigns, training, and outreach to raise public awareness of bacteriophages.

Potential distribution partners tend to adopt new treatments and technologies based on proven efficacy, safety, and familiarity. Given the nascent stage of bacteriophage applications in the field of animal or human health, there may be hesitancy or reluctance from practitioners to integrate or prescribe bacteriophage-related treatments, especially when compared to more established alternatives. Moreover, regulators unfamiliar with bacteriophage technology might adopt a cautious approach, demanding rigorous testing and data before granting approvals. This cautious stance might prolong the time-to-market for the Resulting Issuer's products and services.

Bacteriophage products for animal and human health involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and field trials may not be predictive of future trial results and the Resulting Issuer's product candidates may not have favorable results in later trials or in the commercial setting

Development of animal health products can result in failure at any time during the testing and field trial process. Success in lab studies does not ensure that later large-scale efficacy trials will be successful, nor does it predict final results. Favourable results in early field trials may not be repeated in later trials. There is no assurance Health Canada, the FDA, or other similar government bodies will view the results as the Resulting Issuer does or that any future trials of the Resulting Issuer's proposed products for other indications will achieve positive results. Product candidates in later stages of field trials may fail to show the desired safety and efficacy traits despite having progressed through lab studies.

The Resulting Issuer will be required to demonstrate through larger-scale human clinical trials that any potential future product is safe and effective for use in a diverse population before it can seek regulatory approvals for commercial sale of its human health products. There is typically an extremely high rate of attrition from the failure of product candidates proceeding through preclinical studies and clinical and post-approval trials. If the Resulting Issuer's human health product candidates fail to demonstrate sufficient safety and efficacy in ongoing or future preclinical studies and clinical trials, the Resulting Issuer's operations and financial condition will be adversely impacted.

Delays in animal health trials or failure to attract trial partners could result in not achieving anticipated developmental milestones when expected, increased costs and delay the Resulting Issuer's ability to obtain regulatory approval for and commercialize its product candidates

Before the Resulting Issuer can obtain regulatory approval for a product candidate, the Resulting Issuer must undertake extensive testing to demonstrate safety and efficacy of its products to the satisfaction of Health Canada, the FDA or other regulatory agencies that oversee human or animal health. Delays in the Resulting Issuer's ability to commence field (animal) and clinical (human) trials could result in not meeting anticipated milestones and could materially impact product development costs and delay regulatory approval of its product candidates. Planned trials may not be commenced or completed on schedule, or at all. Trials can be delayed for a variety of reasons, including: delays in the development of manufacturing capabilities for its product candidates to enable their consistent production at trial scale; failures in internal manufacturing operations that result in an inability to consistently and timely produce bacteriophages in sufficient quantities to support trials; the availability of financial resources to commence and complete planned trials; delays in reaching a consensus with investigators on study design; delays in reaching a consensus with regulatory agencies on trial design or in obtaining regulatory approval to commence a trial; lower than expected recruitment for participation in trials; failure by trial sites, other third parties, or the Resulting Issuer to adhere to trial agreements; delays in reaching agreement on acceptable trial agreement terms with prospective sites or obtaining institutional review board approval; and adverse safety events experienced during trials

No completed formulation development of product candidates

The development of bacteriophage product candidates requires that the Resulting Issuer isolate, select and combine a number of bacteriophages that target the desired bacteria for that product candidate. The selection of bacteriophages for any of its product candidates is based on a variety of factors, including without limitation the ability of the selected phages, in combination, to successfully kill the targeted bacteria, the degree of cross-reactivity of the individual phages with the same part of the bacterial targets, the ability of the combined phages to satisfy regulatory requirements, the ability to manufacture sufficient quantities of the phages, intellectual property rights of third parties, and other factors. If the Resulting Issuer is unable to complete formulation development of its product candidates in the time frame that it has anticipated, then the product development timelines, and the regulatory approval of its product candidates, could be delayed.

Cytophage must continue to develop manufacturing processes for its product candidates and any delay in or inability to do so would result in delays in the production and commercialization of bacteriophage products.

Cytophage is developing novel manufacturing processes for its bacteriophage product candidates at its facility in Winnipeg, Manitoba, Canada. The manufacturing processes for its bacteriophage product candidates, and the scale-up of such processes for trials, is novel, and there can be no assurance that Cytophage will be able to complete this work in a timely manner, if at all. The manufacture of its product candidates requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. Manufacturers often encounter difficulties in production, particularly in scaling up for commercial production. These problems include difficulties with production costs and yields, quality control, including stability of the equipment and product candidates and quality assurance testing, shortages of qualified personnel, as well as compliance with strictly enforced federal, state and foreign regulations. If Cytophage were to encounter any of these difficulties, its ability to provide products to potential customers or to commercially launch a product would be jeopardized. Any delay or interruption could postpone the completion of field or clinical trials, increase the costs associated with maintaining its trial program, and, depending upon the period of delay, require Cytophage to commence new trials at an additional expense or terminate the trials completely.

In the event Cytophage's facility in Winnipeg does not receive a satisfactory GMP inspection for the manufacture of its product candidates, Cytophage may need to fund additional modifications to its manufacturing process, conduct additional validation studies, or find alternative manufacturing facilities, any of which would result in significant costs as well as a delay in obtaining approval for such product candidate. Cytophage's manufacturing facility will be subject to ongoing periodic inspection for compliance with GMP regulations. Compliance with these regulations and standards is complex and costly, and there can be no assurance that Cytophage will be able to comply. Any failure to comply with applicable regulations could result in sanctions being imposed (including fines, injunctions and civil penalties), failure of regulatory authorities to grant marketing approval of its product candidates, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or products, operating restrictions and criminal prosecution. Any of these factors could cause a delay of field or clinical trials, regulatory submissions, approvals or commercialization of Cytophage's products, entail higher costs or result in being unable to effectively commercialize its products. Furthermore, if Cytophage fails to deliver the required commercial quantities on a timely basis, pursuant to provided specifications and at commercially reasonable prices, it may be unable to meet demand for its products and would lose potential revenues.

Extensive regulatory approval requirements

Securing final regulatory approval for the manufacture and sale of human and animal healthphage products in Canada, the United States and other markets can be a long and costly process that is controlled by that particular country's national regulatory agency, and timing of receipt of regulatory approval is difficult to predict. Approval in international jurisdictions does not assure approval by other national regulatory agencies such as the United States or Canada, although often test results from one country may be used in applications for regulatory approval in another country. Regulatory agencies in certain jurisdictions may have similar regulatory approval processes, but each is different. The Resulting Issuer's product candidates could require a significantly longer time to gain regulatory approval than expected or may never gain approval. The Resulting Issuer cannot be certain that, even after expending substantial time and financial resources, it will obtain regulatory approval for any of its product candidates. A delay or denial of regulatory approval could delay or prevent its ability to generate product revenues and to achieve profitability.

Prior to obtaining final regulatory approval to market a product related to animal or human health, every national regulatory agency has a variety of statutes and regulations which govern the principal development activities. These laws require controlled research and testing of products, government review and approval of a submission containing data establishing the safety and efficacy of the product for each use sought, approval of manufacturing facilities, including adherence to certain requirements during production and storage, and in the case of human drugs, control of marketing activities, including advertising and labelling. There can be no assurance that the Resulting Issuer's product candidates will be successfully commercialized in any given country. There can be no assurance that the Resulting Issuer's licensed products will prove to be safe and effective in field or clinical trials under the standards of the regulations in the various jurisdictions or receive applicable regulatory approvals from applicable regulatory bodies.

Government regulations could inhibit the affairs of the Resulting Issuer

Biotechnology companies operate in a high-risk regulatory environment. The research, development, manufacturing, testing, potential approval and sales are all governed by multiple regulatory bodies across global jurisdictions where the Resulting Issuer ultimately intends to sell its products. There is regulatory risk related to manufacturing and manufacturing facilities, the establishing of and conduct of field or clinical trials with local partners, the review of data prior to commercialization, and marketing approval and the regulation of marketing activities and ultimately approval of the product for sale in each jurisdiction.

Governmental regulation may affect the Resulting Issuer's activities and the Resulting Issuer may be affected in varying degrees by government policies and regulations. Any changes in regulations or shifts in political conditions are beyond the control of the Resulting Issuer and may adversely affect its business. Failure to comply with applicable laws, regulations and permits may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures or costly remedial actions. Existing and possible future laws, regulations and permits governing operations and activities of biotechnology companies, or more stringent implementation thereof, could have a material

adverse impact on the Resulting Issuer and cause increases in capital expenditures or require abandonment or delays in development of its products. Amendments to current laws and regulations governing the operations and activities of the Resulting Issuer or more stringent implementation thereof may cause a delay in obtaining approval or result in the rejection of an application for regulatory approval and could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Regulatory approval, if obtained, may be made subject to limitations on the indicated uses for which the Resulting Issuer may market a product. These limitations could adversely affect the Resulting Issuer's potential product revenues. Regulatory approval may also require costly post-marketing follow-up studies. In addition, the labeling, packaging, adverse event reporting, storage, advertising, promotion and record-keeping related to the product will be subject to extensive ongoing regulatory requirements. Furthermore, for any marketed product, its manufacturer and its manufacturing facilities will be subject to continual review and periodic inspections by regulators in each jurisdiction we choose to operate, including Health Canada, the FDA or other international regulatory authorities. Failure to comply with applicable regulatory requirements may, among other things, result in fines, suspensions of regulatory approvals, product recalls, product seizures, operating restrictions and criminal prosecution.

If the Resulting Issuer is unable to obtain approval of its products in its target jurisdictions, the Resulting Issuer will not be able to commercialize its products in those target jurisdictions

The Resulting Issuer will need regulatory approval prior to marketing its product candidates in any country it proposes to market its products, regulatory bodies such as Health Canada, the FDA and the Department of Livestock Services in Bangladesh. If the Resulting Issuer fails to obtain approval to market its product candidates, it will be unable to sell its products in the target jurisdiction, which will significantly impair its ability to generate any revenues. In some cases, the Resulting Issuer may rely on a commercial or regulatory partner in a target jurisdiction to navigate the regulatory process in their assigned territory. The Resulting Issuer would rely on such partner's expertise and experience, however, there is no assurance they will be successful. If these partners are not successful it may inhibit the Resulting Issuer's ability to generate revenue or gain future approvals in that territory.

This regulatory review and approval process, which includes evaluation of field or clinical trials of the Resulting Issuer's product candidates as well as the evaluation of its manufacturing processes, can be lengthy, expensive and uncertain. To receive approval, the Resulting Issuer must, among other things, demonstrate with substantial evidence from well-controlled field or clinical trials that its product candidates are both safe and effective for each indication for which approval is sought. Satisfaction of the approval requirements typically take up to several months for animal health products, years in the case of human products, and the time needed to satisfy them may vary substantially, based on the type, complexity and novelty of the product. The Resulting Issuer does not know if or when it might receive regulatory approvals, for any of its product candidates currently under development. Moreover, approvals that the Resulting Issuer obtains may not cover all of the indications for which it is seeking approval, or could contain significant limitations in the form of narrow indications, warnings, precautions or contra-indications with respect to conditions of use. In such event, the Resulting Issuer's ability to generate revenues from such products would be greatly reduced and its business would be harmed.

Each regulator in each country the Resulting Issuer may choose to enter has substantial discretion in the approval process and may either refuse to consider any of the Resulting Issuer's applications for substantive review or may form the opinion after review of the data that one or more of its applications are insufficient to approve its product candidates. If the regulator does not consider or approve any of the Resulting Issuer's applications, it may require that it conduct additional validation studies and submit that data before the regulator will reconsider the application. Depending on the extent of these or any other studies, approval of any applications that are submitted may be delayed by months or years, or may require the Resulting Issuer to expend more resources than it has available. It is also possible that additional studies, if performed and completed, may not be successful or considered sufficient by the regulator for approval or even to make the applications approvable. If any of these outcomes occur, the Resulting Issuer may be forced to abandon one or more of our applications for approval, which might significantly harm its business and prospects.

Potential export restrictions by Canadian regulatory authorities

While there are no defined Canadian export requirements for bacteriophages at this time, there is no guarantee that Canadian regulatory authorities will not impose restrictions on export of these products internationally in the future, even if the Resulting Issuer's bacteriophage products are commercially viable and have attracted international distribution partners. Regulatory bodies, such as Health Canada, might impose restrictions based on various factors, including concerns about safety, quality control, intellectual property, or strategic considerations. Canada's involvement in various international trade agreements and treaties could influence the export of certain products, including those in the biotechnology sector. Any restrictions or tariffs imposed by these agreements might hinder the Resulting Issuer's ability to access foreign markets. Being denied export permissions could lead to perceptions that the Resulting Issuer's products might not meet international standards or that there are unresolved concerns about their safety or efficacy. Such perceptions, even if unfounded, could negatively impact the Resulting Issuer's brand reputation and customer trust.

Permits and licenses

The operations of the Resulting Issuer will require licenses and permits from various governmental authorities in the future. There can be no assurance that Resulting Issuer will be able to obtain all necessary licenses and permits that may be required.

Transitioning to a new facility

The Resulting Issuer is in the process of moving from its existing facility located in Henlow Bay, Manitoba to its new facility located in Oak Bluff, Manitoba. The process of relocating to a new facility could lead to temporary disruptions in the Resulting Issuer's operations. This includes potential downtime in research, production, and administrative tasks, which might impact timelines and delivery schedules of the its product candidates. The new facility may not be ready on time and its anticipated renovations may face delays, which may force the Resulting Issuer to relocate to a temporary facility until such renovations are complete. The move will entail significant capital expenditure, not just in acquiring and setting up the new facility, but also for potential modifications, upgrades, and unforeseen costs that might arise during the transition.

The logistical aspects of moving delicate equipment, biological materials, and data servers can be intricate and risky. Any mishandling or mismanagement can lead to damage, loss, or contamination, which could have long-term repercussions. Additionally, the new facility might require fresh approvals, certifications, and inspections from relevant regulatory bodies. This could introduce delays, especially if the new facility needs modifications to meet specific regulatory standards. Moreover, a change in facility location might affect the commute of the Resulting Issuer's employees and management, potentially leading to dissatisfaction or even attrition. Retaining talent and ensuring a smooth transition for all employees will be crucial. Moving into a new space might bring about changes in company culture, team dynamics, and operational workflows. Such transitions, if not managed carefully, could affect team morale and productivity.

Reliance on key personnel

The Resulting Issuer's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. The Resulting Issuer will rely on a limited number of key employees, consultants and members of senior management and there is no assurance that the Resulting Issuer will be able to retain such key employees, consultants and senior management. The loss of one or more of such key employees, consultants or members of senior management, if not replaced, could have a material adverse effect on the Resulting Issuer's business, financial condition and prospects.

Negative results from field trials or studies of others and adverse safety events involving the targets of the Resulting Issuer's products may have an adverse impact on future commercialization efforts

From time to time, lab studies, field trials or clinical trials on various aspects of bacteriophage products are conducted by academic researchers, competitors or others. The results of these studies or field trials, when published, may have

a significant effect on the market for the product that is the subject of the study. The publication of negative results of studies or trials or adverse safety events related to the Resulting Issuer's product candidates, or the areas in which its product candidates compete, could adversely affect the share price and the ability to finance future development of its product candidates, and its business and financial results could be materially and adversely affected.

There is no assurance that the Resulting Issuer will be able to achieve its anticipated research and development milestones required to commercialize its product candidates

The Resulting Issuer expects to use a significant portion of its available funds for research and development purposes. From time to time, the Resulting Issuer may announce the timing of certain events expected to occur, such as the anticipated timing of results from its animal or human health trials. These statements are forward-looking and are based on best estimates at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a field or clinical trial with a partner, filing of an application to obtain regulatory approval, or announcement of additional testing for a product candidate may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the availability of financing, the ability to recruit local partners for a field trial in a timely manner, the nature of results obtained during a field or clinical trial or during a research phase, or any other event having the effect of delaying the publicly announced timeline. The failure to achieve these milestones could negatively impact the Resulting Issuer's ability to raise additional funds required for operations and research and development activities, and could, in turn, impact the business and financial viability of the Resulting Issuer. The Resulting Issuer undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law.

No assurances can be given that the Resulting Issuer's products will be commercially viable or that further modification or additional products will not be required in order to meet demands or to make changes necessitated by developments made by its competitors which might render products less competitive, less marketable or even obsolete over time. The Resulting Issuer's future success will be influenced by its ability to continue to develop and adapt its current technology, especially with respect to the potential development of bacterial resistance, and to develop new competitive products. Although the Resulting Issuer is committed to the development of existing and new products and the improvement of its existing products, there can be no assurance that these research and development activities will prove profitable or that products or services resulting therefrom, if any, will be successfully produced and marketed.

The Resulting Issuer may be subject to risk from international distribution partners or customers with international operations that could materially affect its core business

The Resulting Issuer's initial targeted customers will be based in Bangladesh, Asia, South and Central America. There are different regulatory requirements for initiating field trials and achieving and commercializing product candidates in foreign countries. There may be reduced intellectual property rights in certain countries. There is foreign exchange and economic stability risk. There may be unforeseen business interruptions from geopolitical actions, including war and terrorism, or natural disasters. If any of these were to occur, it could materially harm the Resulting Issuer's business.

Future capital needs and uncertainty of additional financing

The Resulting Issuer's expected cash on hand as of the Effective Date will be sufficient to meet its presently anticipated working capital and capital expenditure requirements over the next 12 months. However, the Resulting Issuer will need to raise additional funds in order to support more rapid expansion, marketing expenses, technology investments and the funds to operate as a public company. There is no assurance that the Resulting Issuer will be successful in obtaining the required financing, including for general working capital. There can be no assurance that such additional funding, if needed, will be available on terms attractive to the Resulting Issuer or at all. Furthermore, any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of the Resulting Issuer will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of the common

shares. If adequate funds are not available on acceptable terms the Resulting Issuer may be unable to develop or enhance its business, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on the Resulting Issuer's business, financial condition and operating results.

Risks Related to Intellectual Property

Failure to adequately protect its intellectual property could harm the Resulting Issuer's business

The Resulting Issuer's commercial success will depend in part on its ability to obtain and maintain patent protection sufficient to prevent others from marketing its product candidates, as well as to defend and enforce these patents against infringement and to operate without infringing the proprietary rights of others. Protection of the Resulting Issuer's product candidates from unauthorized use by third parties will depend on having valid and enforceable patents cover its product candidates or their manufacture or use, or having effective trade secret protection. If the Resulting Issuer's patent applications do not result in issued patents, or if the patents when issued are found to be invalid, the Resulting Issuer will lose the ability to exclude others from making, using or selling the inventions claimed therein.

The patent positions of biotechnology companies can be uncertain and involve complex legal and factual questions. This is due to inconsistent application of policy and changes in policy relating to examination and enforcement of biotechnology patents to date on a global scale. The laws of some countries may not protect intellectual property rights to the same extent as the laws of countries having well-established patent systems, and those countries may lack adequate rules and procedures for defending our intellectual property rights. Also, changes in either patent laws or in interpretations of patent laws may diminish the value of the Resulting Issuer's intellectual property. The Resulting Issuer is not able to guarantee that all of its patent applications will result in the issuance of patents and cannot predict the breadth of claims that may be allowed in the patent applications or in the patent applications that the Resulting Issuer may license from others. The Resulting Issuer's intellectual property rights, including future patents, may provide only limited protection for its technology and may not be sufficient to provide a competitive advantage.

An issued patent does not guarantee the Resulting Issuer the right to practice the patented technology or commercialize the patented product. Third parties may have blocking patents that could be used to prevent the Resulting Issuer from commercializing its patented products and practicing its patented technology. The patents that may be issued in the future may be challenged, invalidated or circumvented, which could limit the ability to prevent competitors from marketing the same or related product candidates or could limit the length of the term of patent protection of the Resulting Issuer's product candidates. Moreover, because of the extensive time required for development, testing and regulatory review of a potential human health product, it is possible that, before any of the Resulting Issuer's human health product candidates can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby reducing any advantage of the patent. Patent term extensions may not be available for these patents.

The Resulting Issuer relies on trade secrets and other forms of non-patent intellectual property protection

The Resulting Issuer relies on trade secrets to protect certain aspects of its technology, including its proprietary processes for manufacturing bacteriophages. Trade secrets are difficult to protect, especially in the biotechnology and pharmaceutical industries, where much of the information about a product must be made public during the regulatory approval process. Although the Resulting Issuer uses reasonable efforts to protect its trade secrets, its employees, consultants, contractors, outside scientific collaborators and other advisors may unintentionally or willfully disclose information to competitors. Enforcing a claim that a third party illegally obtained and is using trade secret information is expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside Canada may be less willing to or may not protect trade secrets. Moreover, competitors may independently develop equivalent knowledge, methods and know-how.

If the Resulting Issuer infringes on the intellectual property rights of third parties, it may be subject to costly disputes or indemnification obligations that could adversely impact the business, financial condition or results of operations of the Resulting Issuer

The Resulting Issuer's ability to commercialize its product candidates depends on its ability to develop, manufacture, market and sell its product candidates without infringing the proprietary rights of third parties. Numerous Canadian, United States and foreign patents and patent applications, which are owned by third parties, exist in the general field of combatting antimicrobial resistant bacteria or in fields that otherwise may relate to the Resulting Issuer's product candidates. If the Resulting Issuer is shown to infringe, it could be enjoined from use or sale of the claimed invention if the Resulting Issuer is unable to prove that the patent is invalid. In addition, because patent applications can take many years to issue, there may be currently pending patent applications, unknown to the Resulting Issuer, which may later result in issued patents that its product candidates may infringe, or which may trigger an interference proceeding regarding one of the Resulting Issuer's owned or licensed patents or applications. There could also be existing patents of which the Resulting Issuer is not aware that its product candidates may inadvertently infringe or which may become involved in an interference proceeding.

The animal and human health products industries are characterized by the existence of a large number of patents and frequent litigation based on allegations of patent infringement. While the Resulting Issuer attempts to ensure that its investigational products and the methods employed to manufacture them, as well as the methods for their use it intends to promote, do not infringe other parties' patents and other proprietary rights, the Resulting Issuer cannot be certain they do not, and competitors or other parties may assert infringement to their proprietary rights in any event.

If the Resulting Issuer is required to defend itself against intellectual property rights claims, it may spend significant time and effort and incur significant litigation costs, regardless of whether such claims have merit. If the Resulting Issuer is found to have infringed on the patents, trademarks or other intellectual property rights of others, the Resulting Issuer may also be subject to substantial claims for damages or a requirement to cease the use of such disputed intellectual property, which could have an adverse effect on its operations. Such litigation or claims and the consequences that could follow could distract management of the Resulting Issuer from the ordinary operation of its business and could increase costs of doing business, resulting in a negative impact on the business, financial condition or results of operations of the Resulting Issuer.

Intellectual property rights claims may adversely affect operations

Third parties may assert intellectual property claims relating to the Resulting Issuer's technology. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the technology's long-term viability may adversely affect an investment in the Resulting Issuer. As a result, an intellectual property claim could adversely affect the business and affairs of the Resulting Issuer.

Risks Related to Reliance on Third Parties

Dependence on the Distribution Agreement with Renata

The Distribution Agreement will account for all of the Resulting Issuer's commercial revenue and is expected to continue to account for all of its commercial revenue in the near term. Any adverse development affecting the Distribution Agreement will have a material adverse effect on the Resulting Issuer's business, prospects and financial performance.

The Resulting Issuer relies on third parties to assist in conducting field trials for animal health products, and their failure to perform their obligations in a timely or competent manner may delay development and commercialization of product candidates

The Resulting Issuer uses third parties, such as contract research organizations, as well as international commercial partners to assist in conducting field trials for its animal health products. However, the Resulting Issuer may face delays outside of its control if these parties do not perform their obligations in a timely or competent fashion or if the Resulting Issuer is forced to change service providers or trial partners. This risk is heightened for trials conducted outside of Canada, where it may be more difficult to ensure that trials are conducted in compliance with the requirements of Health Canada and the FDA. Any third party hired to conduct field trials may also provide services to competitors, which could compromise the performance of their obligations to the Result Issuer. If the Resulting

Issuer experiences significant delays in the progress of its field trials, the commercial prospects for product candidates could be harmed and its ability to generate product revenue would be delayed or prevented.

Risks Related to the Industry

Competition and rapid technological advancements

The bacteriophage technology sector is an evolving and prospective space. The potential of bacteriophages to influence healthcare broadly, has garnered significant attention, leading to increased interest and investments from various interests. New entrants, including well-funded corporations and startups, may enter the market with innovative strategies, technologies, or breakthroughs. Some of these new entrants may possess significantly greater financial, technical, and marketing resources than the Resulting Issuer. Their capacity to outspend the Resulting Issuer in areas such as research and development, recruiting and retaining qualified scientific and management personnel, marketing, and acquisitions of technology and technology licenses complementary to the Resulting Issuer's programs or advantageous to its business could place the Resulting Issuer at a competitive disadvantage. The pace of innovation in the bacteriophage sector is rapid. Given the influx of investments and interest, there is a possibility that other companies could develop technologies or solutions that are more effective or commercially viable and, if the Resulting Issuer is unable to adapt and compete, its market position, financial health, and brand reputation may be negatively affected.

In general, competition in the animal and human health products industries is intense and continues to increase. Some companies that are larger and have significantly more resources than the Resulting Issuer are aggressively pursuing bacteriophage development programs. The Resulting Issuer may also face potential competition from academic institutions, government agencies and private and public research institutions engaged in the discovery and development of health products. Many of the Resulting Issuer's competitors have significantly greater financial resources and expertise in research and development, lab testing, conducting field trials, obtaining regulatory approvals, manufacturing, sales and marketing than we do. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established health companies. These competitors may succeed in developing products that are more effective, have fewer side effects and are safer or more affordable than our product candidates, which would render our product candidates less competitive or noncompetitive. Moreover, competitors that are able to achieve patent protection, obtain regulatory approvals and commence commercial sales of their products before the Resulting Issuer, and competitors that have already done so, may enjoy a significant competitive advantage.

There is a substantial risk of product liability claims in the Resulting Issuer's business. If the Resulting Issuer does not obtain sufficient liability insurance, a product liability claim could result in substantial liabilities

The business of the Resulting Issuer exposes it to significant potential product liability risks that are inherent in the development, manufacturing and marketing of animal and human health products. If the Resulting Issuer succeeds in marketing products, product liability claims could result in a Health Canada, FDA or international regulatory agency investigation of the safety or efficacy of its products, manufacturing processes and facilities or marketing programs. An investigation by any of these regulatory agencies could also potentially lead to a recall of the Resulting Issuer's products or more serious enforcement actions, or limitations on the indications, for which they may be used, or suspension or withdrawal of approval.

The Resulting Issuer has and will need to continue to secure appropriate product liability insurance. However, insurance coverage is expensive and the Resulting Issuer may not be able to secure and maintain insurance coverage at a reasonable cost or at all, and the insurance coverage that it obtains may not be adequate to cover potential claims or losses.

Risks Related to the Resulting Issuer Shares

Market Price and Volatile Securities Markets

Currently there is no public market for the Cytophage Shares, and there can be no assurance that an active market for the Resulting Issuer Shares will develop or be sustained after Completion of the Proposed Qualifying Transaction. If an active public market for the Resulting Issuer Shares does not develop, the liquidity of an investor's investment in the Resulting Issuer Shares may be limited and the share price may decline. Worldwide securities markets have been experiencing a high level of price and volume volatility and market prices of securities of many companies have experienced unprecedented declines in prices which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Market forces may render it difficult or impossible for the Resulting Issuer to secure purchasers to purchase its securities at a price which will not lead to severe dilution to existing shareholders, or at all. In addition, shareholders may realize less than the original amount invested on dispositions of their Resulting Issuer Shares during periods of such market price decline.

Dilution to the Resulting Issuer Shares

Any increase in the number of Resulting Issuer Shares subsequent to the Proposed Qualifying Transaction may have a depressive effect on the price of the Resulting Issuer Shares, and any such increase will dilute the voting power of holders of Resulting Issuer Shares.

Cytophage may in the future grant to some or all of its directors, employees and consultants options to purchase Resulting Issuer Shares at exercise prices equal to market prices at times when the public market is depressed. To the extent that significant numbers of such options are granted and exercised, the interests of then existing shareholders of Cytophage will be subject to additional dilution.

Further, any additional issuance of equity securities following the closing of the Proposed Qualified Transaction could dilute the interests of existing shareholders and could negatively affect the trading price of the Resulting Issuer Shares. Cytophage may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust the ratio of any future debt to equity and to satisfy Cytophage's obligations upon the exercise of outstanding warrants or options or for other reasons. Sales of a substantial number of Resulting Issuer Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Resulting Issuer Shares and impair Cytophage's ability to raise capital through the sale of additional equity securities. Cytophage cannot predict the effect that future sales of the Resulting Issuer Shares or other equity-related securities would have on the market price of the Resulting Issuer Shares.

The Resulting Issuer has no immediate plans to pay regular dividends on the Resulting Issuer Shares, so shareholders of the Resulting Issuer may not receive funds without selling their Resulting Issuer Shares.

The Resulting Issuer does not currently have plans to pay regular dividends on its Resulting Issuer Shares. Any declaration and payment of future dividends to holders of Resulting Issuer Shares will be at the sole discretion of the Resulting Issuer Board and will depend on many factors, including the financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations of the Resulting Issuer that the Resulting Issuer Board deems relevant.

General Risk Factors

Adverse general economic conditions

Events in the global financial markets in the past several years, including in relation to the COVID-19 pandemic, the war in Ukraine and more recently, the conflict in Israel, have had a profound and lasting impact on the global economy. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and a lack of market liquidity. A similar slowdown in the financial markets or other economic conditions, including but not limited to,

inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Resulting Issuer's operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and overall liquidity, volatile energy, commodity and consumables prices and currency exchange rates could impact costs and the devaluation and volatility of global stock markets could impact the valuation of the Resulting Issuer's equity and other securities. These factors could have a material adverse effect on the Resulting Issuer's financial condition and results of operations.

Costs complying with environmental laws and regulations

Cytophage's research and development activities use biological and hazardous materials that are dangerous to human health and safety or the environment and is subject to a variety of federal, provincial and local laws and regulations governing the use, generation, manufacture, storage, handling and disposal of these materials and wastes resulting from these materials. While Cytophage currently has all required permits, licenses, registrations, certifications and other documentation issued by a local, provincial, federal or foreign government relating to environmental matters, Cytophage is unable to predict whether any agency will adopt any regulations that could have a material adverse effect on its operations, business or assets. Cytophage has incurred, and the Resulting Issuer will continue to incur, capital and operating expenditures and other costs in the ordinary course of its business in complying with current or future environmental laws and regulations.

Cytophage has developed and follows policies, procedures, guidelines and other documentation, relating to the collection, storage, use and disposal of waste, and regulated or hazardous substances and materials, including pesticides and herbicides. Although management of Cytophage believes its safety procedures for handling and disposing of these materials comply with federal, state and local laws and regulations, it cannot entirely eliminate the risk of accidental injury or contamination from the use, storage, handling or disposal of hazardous materials. In the event of contamination or injury, the Resulting Issuer could be held liable for any resulting damages, and any liability could significantly exceed its insurance coverage.

Management of growth

The Resulting Issuer may experience growth in the scope of its operations. This growth may result in increased responsibilities for the Resulting Issuer's existing personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Resulting Issuer will need to continue to implement and improve its operational, financial and management information systems, as well as hire, manage and retain its employees and maintain its corporate culture including technical and customer service standards. There can be no assurance that the Resulting Issuer will be able to manage such growth effectively or that its management, personnel or systems will be adequate to support the Resulting Issuer's operations.

Investment risk

There is no assurance that the Resulting Issuer will achieve its investment objective. An investment may not earn any positive return and may result in the loss of some or all of the capital invested.

Litigation risks

The Resulting Issuer's business may become susceptible from time to time to various legal claims, including class action claims, in the course of its operations or with respect to the interpretation of existing agreements. Any future claims or litigation could have a material adverse effect on the Resulting Issuer's business and its profitability.

Public company status

The Resulting Issuer will incur significant legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact the Resulting Issuer's performance and could cause its results of operations and financial condition to suffer. Compliance with applicable securities laws and the rules of the TSXV increases the Resulting Issuer's expenses, including legal and accounting costs, and make some activities more time-consuming and costly which uses management resources that would otherwise be used for advancing the business.

PART II - INFORMATION CONCERNING CUSPIS

Corporate Structure

Name and Incorporation

Cuspis Capital III Ltd. was incorporated on September 3, 2019 pursuant to the OBCA. Cuspis' principal and registered office is located at 77 King Street West, TD North Tower, Suite 700, P.O. Box 118, Toronto, Ontario M5K 1G8.

Intercorporate Relationships

Cuspis will have one wholly-owned subsidiary, Subco, which will be incorporated for the sole purpose of completing the Amalgamation.

General Development of the Business

History

On July 30, 2021, Cuspis completed its first seed offering, pursuant to which it issued an aggregate of 10,000,000 Cuspis Shares at a price of $0.10 per Cuspis Share for gross proceeds of $1,000,000.

Cuspis is a CPC which completed its initial public offering on February 1, 2022 pursuant to which it sold 25,000,000 Cuspis Shares at a price of $0.20 per share for gross proceeds of $5,000,000. The Cuspis Shares became listed and posted for trading on the Exchange on February 1, 2022 under the trading symbol "CIII.P". Cuspis is a reporting issuer in each of Ontario, Alberta, Saskatchewan and British Columbia.

Cuspis currently has no active business and, prior to entering into the Business Combination Agreement, was actively seeking new ventures which would allow it to either acquire or participate in a reverse takeover.

On June 1, 2023, Cuspis announced that it had entered into the Letter of Intent with Cytophage in respect of the Proposed Qualifying Transaction, and trading in Cuspis Shares was halted in accordance with TSXV policies. Trading in Cuspis Shares will remain halted until receipt of TSXV approval and the Completion of the Proposed Qualifying Transaction.

Cuspis entered into the Business Combination Agreement on November 6, 2023.

The principal business of Cuspis is the identification, evaluation and acquisition of assets, properties or businesses or participation therein, with a view to completing a Qualifying Transaction, and, once identified and evaluated, to negotiate an acquisition or participation in such assets or businesses. Until the Completion of the Proposed Qualifying Transaction, Cuspis will not carry on business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction. The Proposed Qualifying Transaction is an arm's length transaction and will constitute Cuspis' Qualifying Transaction.

Selected Consolidated Financial Information and Management's Discussion and Analysis

The following table sets forth the selected financial information for Cuspis for the financial years ended December 31, 2022, December 31, 2021, and for the nine months ended September 30, 2023. Such information is derived from the financial statements of Cuspis which are attached hereto as Schedule "A" and "B", respectively, and are also available under Cuspis' SEDAR+ profile at www.sedarplus.ca. The information should be read in conjunction with Cuspis' financial Statements.

	Nine Months Ended September 30, 2023 (unaudited) ($)	Year Ended December 31, 2022 (audited) ($)	Year Ended December 31, 2021 (audited) ($)
Expenses	$55,572	$792,244	$42,684
Net income or (loss)	$114,069	($706,206)	($42,378)
Total assets	$5,541,782	$5,413,711	$1,030,409
Total liabilities	$38,303	$24,301	$78,966
Shareholder's equity	$5,503,479	$5,389,410	$951,443

Management's Discussion and Analysis for the financial condition and results of operations of Cuspis for the financial year ended December 31, 2022 and the nine months ended September 30, 2023 are included in Schedule "A" and Schedule "B", respectively, to this Filing Statement.

Description of the Securities

General

The authorized capital of Cuspis consists of an unlimited number of Cuspis Shares. There are currently 35,000,000 Cuspis Shares issued and outstanding.

Cuspis Shares

The holders of the Cuspis Shares are entitled to dividends, if, as and when declared by the Cuspis Board, to one vote per share at meetings of the shareholders of Cuspis and, upon liquidation, dissolution or winding-up of Cuspis to receive such assets of Cuspis as are distributable to the holders of the Cuspis Shares. All of the Cuspis Shares are fully paid and non-assessable.

Cuspis Option Plan

Cuspis adopted the Cuspis Option Plan on December 23, 2021 for its officers, directors, consultants, and employees to which Cuspis may grant options to acquire a maximum number of Cuspis Shares equal to 10% of the total issued and outstanding Cuspis Shares.

The Cuspis Board may, from time to time, in its discretion, and in accordance with the requirements of the Exchange, grant to officers, directors, and technical consultants to Cuspis, non-transferable options to purchase Cuspis Shares, provided that the number of Cuspis Shares reserved for issuance will not exceed 10 % of the issued and outstanding Cuspis Shares exercisable for a period of up to 10 years from the date of grant. The number of Cuspis Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Cuspis Shares and the number of Cuspis Shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding Cuspis Shares. The number of Cuspis Shares issuable at any given time to Eligible Charitable Organizations in aggregate will not exceed one percent (1%) of the issued and outstanding Cuspis Shares of the Issuer as at the date of grant of any Cuspis Option. Cuspis Options representing not more than 10% of the issued and

outstanding Cuspis Shares may be granted to Insiders within any twelve-month period. Cuspis Options may be exercised within the greater of 12 months after the Completion of the Proposed Qualifying Transaction and 90 days following cessation of the optionee's position with Cuspis, provided that if the cessation of office, directorship or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Cuspis Shares acquired pursuant to the exercise of options prior to the Completion of the Proposed Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "Part IV – Information Concerning the Resulting Issuer - Escrowed Securities."

At the Cuspis Meeting, the Cuspis Shareholders will be asked to approve an amendment to the Cuspis Option Plan to permit cashless exercise and net exercise, at the discretion of the Cuspis Board, which will facilitate exercise of options by charity option holders, or option holders for whom traditional exercise might pose a challenge. In connection with a cashless exercise of options, a brokerage firm will loan money to a participant to purchase Cuspis Shares underlying the options and will sell a sufficient number of Cuspis Shares to cover the exercise price of the options in order to repay the loan made to the participant, and the participant retains the balance of the Cuspis Shares. In connection with a net exercise of options, the options are exercised without the option holder making any cash payment to Cuspis, and instead the option holder receives only the number of underlying shares that is equal to the quotient obtained by dividing; (i) the product of the number of options being exercised multiplied by the difference between the volume-weighted average price ("**VWAP**") of the underlying shares and the exercise price of the subject options; by (ii) the VWAP of the underlying shares.

As of the date hereof, an aggregate of 3,500,000 Cuspis Options and 350,000 Cuspis Charity Options are outstanding pursuant to the Cuspis Option Plan, as follows:

Name and Position of Holder	Number of Cuspis Options	Exercise Price(s)	Expiry Date
William Ollerhead Director and CEO	980,000	$0.10-$0.20	February 1, 2032
Grant McCutcheon Director and CFO	840,000	$0.10-$0.20	February 1, 2032
Jack Schoenmakers Director	840,000	$0.10-$0.20	February 1, 2032
Fraser Elliott Director	840,000	$0.10-$0.20	February 1, 2032
Let's Talk Science (Charitable registration number: 88540 0846 RR0001)	175,000	$0.20	February 1, 2032
Freeing the Human Spirit (Charitable registration number: 896568417 RR0001)	175,000	$0.20	February 1, 2032

Notes:

1. Each Cuspis Option and Cuspis Charity Option is exercisable to purchase one (1) Cuspis Share.

As of the date hereof there are nil Cuspis Options currently available for future grants.

On February 1, 2022 Cuspis completed its initial public offering of 25,000,000 Cuspis Shares at a price of $0.20 per share for gross proceeds of $5,000,000. In connection with its initial public offering, Cuspis issued non-transferrable Cuspis Agent Warrants to purchase 2,500,000 Cuspis Shares at a price of $0.20 expiring February 1, 2027.

Upon completion of the Proposed Qualifying Transaction, the Resulting Issuer will adopt the Cuspis Option Plan.

Prior Sales

Since the date of incorporation of Cuspis, a total of 35,000,000 Cuspis Shares have been issued (pre-Consolidation). Cuspis has not issued any securities of Cuspis during the 12-month period before the date of this Filing Statement.

Stock Exchange Price

The Cuspis Shares commenced trading on the TSXV on February 1, 2022. On June 1, 2023, trading of the Cuspis Shares was halted in connection with the announcement by Cuspis of the Proposed Qualifying Transaction and has remained halted since that date. The last trade of the Cuspis Shares prior to the trading halt (which trade occurred on May 31, 2023) was $0.17 per Cuspis Share.

The following table sets out the trading information for the Cuspis Shares for the periods indicated.

Period	High Close ($)	Low Close ($)	Volume
November 2022	0.18	0.11	121,500
December 2022	0.11	0.11	11,500
January 2023	0.12	0.10	108,000
February 2023	0.15	0.12	474,500
March 2023	0.12	0.105	150,500
April 2023	0.15	0.105	120,000
May 2023	0.17	0.11	454,000
June 2023[(1)]	-	-	-
July 2023	-	-	-
August 2023	-	-	-
September 2023	-	-	-
October 2023	-	-	-
November 2023	-	-	-
December 2023	-	-	-
January 2024[(2)]	-	-	-

Notes:

1. The Cuspis Shares were halted from trading on June 1, 2023 pending announcement of the Business Combination.
2. January 1 to January 30, 2024.

Non-Arm's-Length Transactions

Pursuant to the Finders Fee Agreement, Cuspis will pay a cash finder's fee of $75,000 (the "**Cuspis Finder's Fee**") to Cuspis Partners, a non-arm's length party to Cuspis, in connection with the completion of the Proposed Qualifying Transaction. The purpose of the payment of the Cuspis Finder's Fee by Cuspis is to compensate Cuspis Partners for the introduction to Cytophage and for the finance advisory services in connection with the Proposed Qualifying Transaction. Exchange Policy 2.4 requires that the payment of the Cuspis Finder's Fee receive disinterested shareholder approval. Accordingly, disinterested Cuspis Shareholders approved the payment of the Cuspis Finder's Fee at the Cuspis Meeting on December 1, 2023.

Arm's-Length Qualifying Transaction

The acquisition by Cuspis of all of the issued and outstanding Cytophage Shares is not a Related Party Transaction for the purposes of Exchange policies and Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* and is not a Non-Arm's Length Qualifying Transaction pursuant to the policies of the Exchange. As a result, approval of the Amalgamation or the Business Combination by Cuspis' shareholders is not required under the Exchange policies as a condition to the completion of the Proposed Qualifying Transaction.

Legal Proceedings

There are no actual or pending material legal proceedings to which Cuspis is a party or of which any of its assets is subject. Management of Cuspis is not aware of any such legal proceedings contemplated against Cuspis.

Auditor, Transfer Agent and Registrar

The auditor of Cuspis is McGovern Hurley LLP, whose principal office is located at 251 Consumers Road, Suite 800, Toronto, ON M2J 4R3.

The transfer agent and registrar for the Cuspis Shares is TSX Trust Company, located at its Toronto office located at 301 – 100 Adelaide St. W., Toronto, ON M5H 4H1.

Material Contracts

Since incorporation, the only material contracts entered into by Cuspis, other than contracts entered into in the ordinary course of business, are as follows:

(e) the Subscription Receipt Agreement;

(f) the Warrant Indenture;

(g) the Business Combination Agreement;

(h) that certain transfer agency and registrar agreement dated as of December 21, 2021 between Cuspis and TSX Trust Company;

(i) that certain agency agreement dated as of December 23, 2021 among Cuspis, iA Private Wealth Inc. and Echelon Wealth Partners Inc., as agents, in connection with Cuspis' initial public offering;

(j) that certain escrow agreement dated as of December 10, 2021 among Cuspis, TSX Trust Company and those shareholders of Cuspis that executed such agreement; and

(k) the Cuspis Option Plan; and

(l) the Finders Fee Agreement.

Copies of the material contracts are available under Cuspis' issuer profile on SEDAR+ at www.sedarplus.ca.

PART III - INFORMATION CONCERNING CYTOPHAGE

The following information has been provided by Cytophage and is presented on a pre-transaction basis. Please see the discussion under "Part IV - Information Concerning the Resulting Issuer" for information on the pro forma business, financial and share capital of the Resulting Issuer following Completion of the Proposed Qualifying Transaction.

Corporate Structure

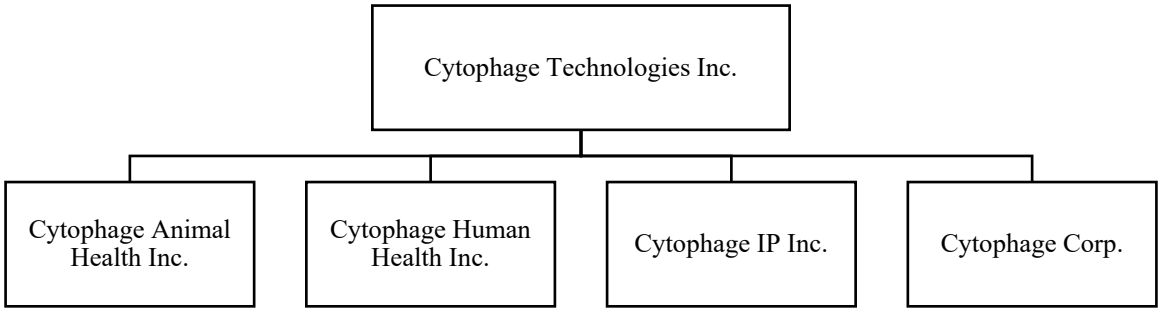
Name and Incorporation

The full corporate name of Cytophage is "Cytophage Technologies Inc." Cytophage was incorporated on September 20, 2013 under the name "Ewing Asset Management Inc." pursuant to the OBCA. On February 6, 2015, Cytophage amended its articles to change its name to "Cytophage Technologies Inc.". On December 9, 2019, Cytophage filed articles of continuance, whereby it continued into the Province of Manitoba pursuant to provisions of the MCA.

Cytophage's head office is located at 26 Henlow Bay, Winnipeg, Manitoba, Canada R3Y 1G4. Cytophage's registered office is located at MLT Aikins LLP, 30th Floor, 360 Main Street, Winnipeg, Manitoba, Canada R3C 4G1.

Intercorporate Relationships

As of the date of this Filing Statement, Cytophage has the following, direct and indirect, wholly-owned subsidiaries: (i) Cytophage IP Inc.; (ii) Cytophage Human Health Inc.; (iii) Cytophage Animal Health Inc.; and (iv) Cytophage Corp. The following diagram sets forth the relationship between Cytophage and its subsidiaries:



Cytophage Animal Health Inc., Cytophage Human Health Inc. and Cytophage IP Inc. were incorporated pursuant to the MCA on August 4, 2021. The registered office address of Cytophage IP Inc., Cytophage Human Health Inc. and Cytophage Animal Health Inc. is 30th Floor, 360 Main Street, Winnipeg, Manitoba, Canada R3C 4G1. Cytophage IP Inc. holds all Cytophage IP.

Cytophage Corp. was incorporated in the State of Delaware on February 6, 2023. Its registered office address is 3411 Silverside Road, Tatnall Building #104, Wilmington, County of New Castle, USA 19810.

General Development of the Business

History

On March 5, 2021, Cytophage completed a non-brokered private placement offering of Cytophage Shares for aggregate gross proceeds of $6,563,444 at a price of $1.30 per Cytophage Share. The private placement closed in multiple tranches on February 5, 2020, February 24, 2020 and March 5, 2021.

On March 22, 2021, Cytophage announced that it will start testing on animals a throat and nasal spray that would stop infection by COVID-19 and its variants.

On April 12, 2021, Cytophage was awarded $431,000 in federal and provincial government funding from the Canadian Agricultural Partnership - Ag Action Manitoba Fund to evaluate the efficacy of its swine phages in animal studies.

On August 4, 2021, Cytophage Animal Health Inc., Cytophage Human Health Inc. and Cytophage IP Inc. were incorporated pursuant to the MCA.

In August 2021, Cytophage began animal testing for its Clostridium Perfringens poultry phage product.

On June 30, 2022, Cytophage was awarded US$250,000 in non-dilutive funding to develop biological solutions for plant bacterial challenges at the Donald Danforth Plant Science Center in St. Louis, Missouri. The funding was provided by the Wells Fargo Innovation Incubator. Studies on the cassava plant using Cytophage's phage products are ongoing at the Danforth Donald Danforth Plant Science Center.

On February 6, 2023, Cytophage Corp. was incorporated in the State of Delaware, USA.

In February 2023, Cytophage completed its AviPhage study entitled "Bacteriophage Cocktail to Curb Salmonella Transmissions in Broilers." The study showed that, in broiler chickens, AviPhage removes the lethal effect of *Salmonella* and *E. coli* and decreases transmission of bacterial infections within the flock. The result was healthier chickens and increased weight gain.

In April 2023, Cytophage completed its AviPhage CP study entitled "Bacteriophage Treatment of Necrotic Enteritis Disease in Broilers." The study showed that AviPhage CP reduces necrotic enteritis disease severity in broiler chickens infected with *Clostridium perfringens.*

In May 2023, Cytophage completed its PhageFend study entitled "Evaluation of the ability of Farm Phage - PhageFend to reduce *Salmonella* on experimentally contaminated chicken breasts." The study results showed that PhageFend significantly reduced the viable *Salmonella* population when applied to contaminated skinless, boneless chicken breasts.

In May 2023, Cytophage completed its AviPhage study entitled "Evaluation of the ability of FarmPhage product AviPhage to protect layer hens from *Salmonella* and *E. coli.*" The study results showed that AviPhage removed the lethal effect of *Salmonella* and *E. coli*. As well, it decreased colonization in birds if an infection was present and decreased transmission of bacterial infection within the flock.

On May 31, 2023, Cytophage entered into the Letter of Intent with Cuspis in respect of the Proposed Qualifying Transaction.

On June 9, 2023, Cytophage, together with its collaborators in Ottawa, Canada, published new results in the publication of "Combining Bacteriophage and Vancomycin is Efficacious Against MRSA biofilm-like Aggregates Formed in Synovial Fluid" through the NIH National Library of Medicine.

On June 23, 2023, Cytophage submitted it's first GRAS notice to the Office of Food Additive Safety of the FDA, which such notice concluded, through scientific procedures, that the bacteriophage cocktail PhageFend is generally regarded as safe and is not subject to pre-market approval requirements for use in food.

On June 29, 2023, Cytophage submitted it's first LONO to the Health Products and Food Branch of Health Canada to review the use of PhageFend as an antimicrobial food processing aid to reduce *Salmonella* on the surface of raw, skinless and boneless poultry meat.

On June 30, 2023, Cytophage completed the first tranche of the Cytophage Private Placement for aggregate gross proceeds of $306,687 at a price of $1.00 per Cytophage Unit (each Cytophage Unit consists of one share and one-half of one Cytophage Warrant with an exercise price of $1.40 and a two-year expiry).

On July 4, 2023, Julius Kalcevich was appointed Chief Financial Officer of Cytophage and Michael Graham, the previous Chief Financial Officer, moved to the role of Chief Commercial Officer of Cytophage.

On July 10, 2023, Cytophage entered into the Distribution Agreement with Renata Limited-Animal Health Division Dhaka, Bangladesh ("**Renata**") for the distribution of Cytophage's animal health products by Renata in Bangladesh, Myanmar, Nepal and Sri Lanka.

In July 2023, Cytophage completed its AviPhage study entitled "Evaluation of the ability of FarmPhage product, AviPhage, to protect broiler chickens from *Salmonella* and *E. coli"* in Bangladesh. The study found that the treated birds were healthier and heavier than untreated birds. Further, mortality was decreased by more than 20%.

On August 31, 2023, Cytophage completed the second tranche of the Cytophage Private Placement for aggregate gross proceeds of $216,000 at a price of $1.00 per Cytophage Unit (each Cytophage Unit consists of one share and one-half of one Cytophage Warrant with an exercise price of $1.40 and a two-year expiry).

On November 6, 2023, Cytophage entered into the Business Combination Agreement with Cuspis.

On December 22, 2023, Cytophage closed the Concurrent Financing for aggregate gross proceeds of $2,500,000 at a price of $1.00 per Subscription Receipt.

Significant Acquisitions and Dispositions

Cytophage has not made any significant acquisitions or dispositions for which financial statements would be required under the policies of the TSXV.

Narrative Description of the Business

Cytophage is a Canadian biotechnology company that develops and commercializes pathogen-specific bacteriophage, or phage, products to address bacterial challenges affecting animal health, human health and food security. Cytophage harnesses the power of phages as an innovative tool to prevent and treat bacterial infections. Its proprietary technology creates combinations of natural, modified and synthetic phages that target and destroy harmful bacterial cells. These phages are effective at finding and targeting specific bacteria and overcoming cellular defences to destroy specific harmful bacteria, as opposed to traditional broad-spectrum antibiotics that target both helpful and harmful bacteria.

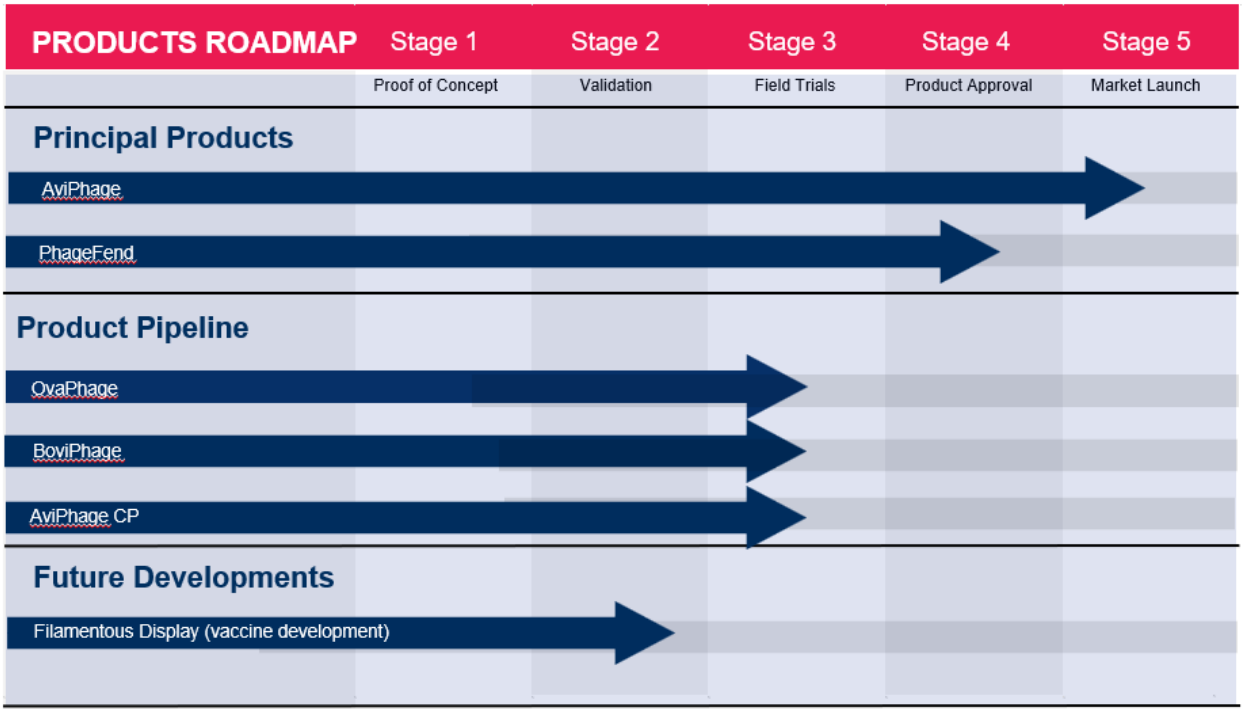
The commercial production of animal protein for human consumption is inherently challenged by bacterial infections that affect animal health and ultimately the quality and quantity of the end product. For instance, apart from the bacteria that cause illness and death in chickens, there are also bacteria that can infect chickens at various stages of production that can lead to illness in humans, such as the *Salmonella* and *E. coli* bacteria. Historically these challenges have been met with the use of low dose antibiotics to prevent illness and enhance animal growth. Approximately 70% of antibiotics produced are used in animal health which has contributed to the rise of resistant infections in humans. The evolution of antibiotic resistant strains of certain bacteria has led to changing legislation and the enforcement of a reduction in the administration of antibiotics to animals. Many countries have banned or limited prophylactic antibiotic use in animal production including 27 countries in the European Union, the United States, Canada, Brazil, Bangladesh, India and Mexico. The impact of governments banning antibiotics for prevention and growth enhancement in livestock is increased costs of food production and consequently, decreased food security.

Consumers are also affecting the move away from antibiotic use in livestock. Growing evidence on the impact of antibiotics found in food on human antibiotic resistance has been made available to the public. The market demand for antibiotic free livestock has become a competitive advantage for suppliers to food retailers and restaurants. All of these factors have resulted in an increased number of farmers raising livestock without antibiotics, thereby creating a strong market opportunity for non-antibiotic products. To date there has been few alternatives to replace antibiotics in terms of their ability to control bacterial infection in animal populations and protect the investment of producers without contributing to further antibiotic resistance. Phages address antibiotic resistance and allow for the development antibiotic-free agricultural products.

In light of these issues, Cytophage has become a leading developer of phage products that address common bacterial infections that were previously managed with antibiotics. Given the majority of antibiotics produced are used in animal agriculture, Cytophage is initially focusing on the animal health market, addressing common bacterial infections in livestock. Cytophage's first commercial product is AviPhage, a phage solution to address bacterial infections in poultry. Cytophage has also developed a phage product to enhance food security, PhageFend that is an antimicrobial for the surface of chicken meat and carcasses, and food processing facility surfaces. Further, Cytophage has products in its pipeline that address surface contamination on eggs (OvaPhage), mastitis in dairy cows (BoviPhage), and necrotic enteritis in poultry (AviPhage CP). On the human health side, Cytophage is currently testing its filamentous phage platform by developing an antiviral for coronavirus, focused on preventing transmission of the virus. This work is intended to inform the development of new products for respiratory viruses including the potential for a broad strain flu-vaccine.

The following Roadmap shows Cytophage's products that are ready for commercialization (Principal Products), those that are nearing completion of the field studies (Pipeline Products) and those that are early in their development (Future Developments), along with their current stage. Each Cytophage product goes through five stages which are briefly highlighted as follows:

- Stage 1 Proof of Concept: isolation and evaluation of phage candidate;
- Stage 2 Validation: laboratory testing on small cohort of target animal;
- Stage 3 Field Trials: testing on large cohort of target animal;
- Stage 4 Product Approval: approvals from distribution partners and associated regulatory bodies in target territory; and
- Stage 5 Market Launch: manufacturing and sales of phage product.



Bacteriophages

Pathogenic bacteria cause illness in humans and animals. These harmful bacteria reproduce quickly in the body and produce toxic proteins. Antibiotics are the usual treatment, but bacterial mutations that result in antibiotic resistance are becoming more common world-wide (e.g., methicillin-resistant *Staphylococcus aureus*). An alternative approach to treating bacterial infections with antibiotics is to use bacteriophages. Bacteriophages are ubiquitous viruses that have evolved to specifically target and destroy strictly bacterial cells and are safe for humans, plants and animals. Phages infect and rapidly kill the bacterial host by multiplying inside and then bursting through the cell membrane in order to release the next generation of phages into the surrounding environment, ready to infect and kill additional nearby target bacterial cells until the bacteria have been eliminated. When there are no target bacteria left for the phages to infect, the phages are removed through natural clearance processes.

Phages have the potential to provide both an alternative to, and a synergistic approach with, antibiotic therapy. Phages offer several differentiating attributes compared to classic antibiotics:

- *Highly specific/selective bactericidal agents, sparing the microbiome*. Since each strain of phage generally exploits only a particular bacterial host, phages may be a precision tool to reduce or eliminate specific strains of harmful bacteria without exposing patients to risks of eliminating beneficial bacteria through the use of antibiotics.

- *No known toxicities associated with chemical structures*. Antibiotic use is often associated with toxicities (e.g., kidneys, bone marrow, hearing). Phages are highly unlikely to carry structural features or be metabolized by the body to produce structural elements that confer chemical toxicities associated with small molecules.

- *Distinct mechanism of bactericidal action*. Since phages use different mechanisms of action, their activity is independent of antibiotic resistance and as such could provide much needed therapy for multi-drug resistant infections.

- *Replication competent*. It is possible that phage replication at the site of infection facilitates effective dosing.

- *High potential for added functionality through genetic engineering*. Phage genomes can be modified to confer benefits that address limitations, if any, that are observed during development. Traits such as host range, burst size and biofilm disruption can be improved. These potential improvements help to assure phage therapeutics efficacy in difficult settings and over time as new isolates emerge.

Phages were discovered in 1915 and were shown to kill bacteria taken from patients suffering from dysentery. Furthermore, it was noted that phage numbers rose as patients recovered from infection, suggesting a direct association. Throughout the pre-antibiotic era, phages were widely used as an effective therapeutic agent to combat a variety of bacterial infections. However, phage use was displaced by the common use of broad-spectrum antibiotics in the early 1940s, with antibiotics being seen for many years as the superior treatment to combat bacterial disease, particularly in Western medicine. This attitude persisted until the development of the wide-ranging, and in some cases total, resistance to antibiotics seen within the last 10 years. Cytophage believes that the continuing emergence of antibiotic-resistant bacteria provides the opportunity to revitalize phage use.

Bacteriophages disrupt bacterial growth by: (1) attaching to the targeted bacteria, (2) inserting genetic information, (3) replicating using the host bacterium, (4) destroying the bacterium, and (5) moving on to kill more bacteria. This allows for a continued production of bacteriophage to disrupt bacterial growth. The discovery and subsequent study of phages have divided them into two major classes: lytic and temperate phages. The life cycle of temperate phages does not necessarily result in the death of their host. Temperate phages are able to integrate their genome into the host bacterium without subsequent lysis (i.e., cell death) in a process known as lysogeny. This integration can result in the transfer of genes (such as toxin genes or antibiotic resistance genes). Conversely, lytic phages lack the genes for lysogeny, therefore infection of a bacterial host by a lytic phage results in the lysis of the bacterial host.

Using comparative genomics, Cytophage is able to distinguish between lytic and temperate phages. As well, in silico analyses are used to confirm that the phages used in any of Cytophage's products do not contain genes encoding for virulence factors or antibiotic resistance markers. With this knowledge, Cytophage can generate modified phages, synthetic phages and fully synthetic phages to address resistance genes and other inherent issues that some phage can have. These modifications are carried using many different techniques, such as site directed mutagenesis, and in house techniques which are corporate trade secrets. Cytophage also has the ability to modify the binding domain of phages and train phages using environmental modifications to adjust the binding sites to allow for tackling multiple pathogenic strains. Removing any toxic or insertion (i.e., resistance) genes gives Cytophage a starting point in the development of functional bacteriophage that may be commercially viable. Removal or disruption of all insertion genes, and the ability to insert genes of interest, allow for Cytophage's tailored approach.

Most of the recent work on bacteriophage production has involved making random mutations and selecting improved bacteriophages, or inserting a gene into the bacteriophage to allow it to evade bacterial defences. Cytophage has taken a unique approach to generating bacteriophages which are commercially viable by:

- defining the temperate genes and determining if modifications are required;
- binding efficacy and opening the binding ability of the bacteriophage to other disease-causing serotypes;
- ensuring that the bacteriophage can be grown to high titers and is stable when grown; and
- when required, having the ability (gene insertion) to insert genes of function or structure to generate a viable commercial product.

These methods are used for creating specific bacteriophage that are highly effective in killing specific harmful bacteria. With the growing threat of antimicrobial resistance, Cytophage believes it is essential that phage safety and efficacy is demonstrated by conducting rigorous lab studies and field trials required for regulatory approval. This also facilitates commercialization of these alternatives to traditional antibiotics and brings a potential solution to antibiotic-resistant bacterial infections to market.

Principal Products

Cytophage's commercial efforts are currently focused on animal health bacteriophage products. Cytophage is starting with two principal products: AviPhage and PhageFend, both of which fall under the brand trade name of FarmPhage. These products have been lab and field tested.

AviPhage

As of the date hereof, Cytophage has completed its product development for a phage product designed to combat *Salmonella* and *E. coli* infections in live poultry under the trade name AviPhage. AviPhage is a bacteriophage cocktail of at least two of a set of six lytic bacteriophages. It is applied into the drinking water of the animals to be treated for use over the animal's life cycle. In broiler chickens, which are typically larger breeds with more muscle content and are primarily bred for meat production, AviPhage removes the lethal effect of *Salmonella* and *E. coli* and decreases transmission of bacterial infections within the flock. This is carried out by prophylactically treating broiler chickens (life span 30-35 days), where disease is prevented through the life span. If chickens are treated prophylactically starting at day 1-2 of their life cycle, disease is prevented. The result is healthier chickens and increased weight gain. The figures below show the results of Cytophage's AviPhage study, which indicates there is a 22% increase in protein production, 22% decrease in mortality, and a 12% decrease in the amount of food needed to grow the chicken (Cytophage Study Report: Evaluation of the ability of FarmPhage product, AviPhage, to protect broiler chickens from *Salmonella* and *E. coli*". July 2023).

Results of Broiler Chicken Trials

	Untreated	FarmPhage™	
Sale Date	13/06/2023	11/06/2023	
Batch Size	1025	820	
No. Birds Sold	908	748	
Total Body Weight (Kg)	1113	1122	
Avg. Body Weight/Bird (Kg)	1.225	1.5	+22.4%
Mortality (%)	11.4	8.8	-22.8%
Feed Conversion Ratio	1.77	1.55	-12.4%

IN-FIELD BARN TRIAL – BROILERS

Results – End of trial

	Untreated	FarmPhage™
Sale Date	13/06/2023	11/06/2023
Batch Size	1025	820
No. Birds Sold	908	748
Total Body Weight (Kg)	1113	1122
Avg. Body Weight/Bird (Kg)	1.225	1.5
Mortality (%)	11.4	8.8
FCR	1.77	1.55

CYTOPHAGE.COM

In layer chickens (life span 1-1.5 years), which are typically smaller breeds and are primarily bred for egg production, AviPhage also removes the lethal effect of *Salmonella* and *E. coli*, decreases colonization in birds if an infection is present and decreases transmission of bacterial infection within the flock. Diseased birds that are infected with

Salmonella and *E. coli* prior to phage treatment will require a few days to remove the *E. coli* infection and a few months to remove *Salmonella* colonization once treated. The result is healthier chickens and an increase in egg production (Cytophage Study Report: "Evaluation of the ability of FarmPhage™ to protect layer hens from *Salmonella* and *E. coli*". May 2023). As demonstrated in the graph/pictures below, Aviphage is very effective at removing pathogenic bacteria.

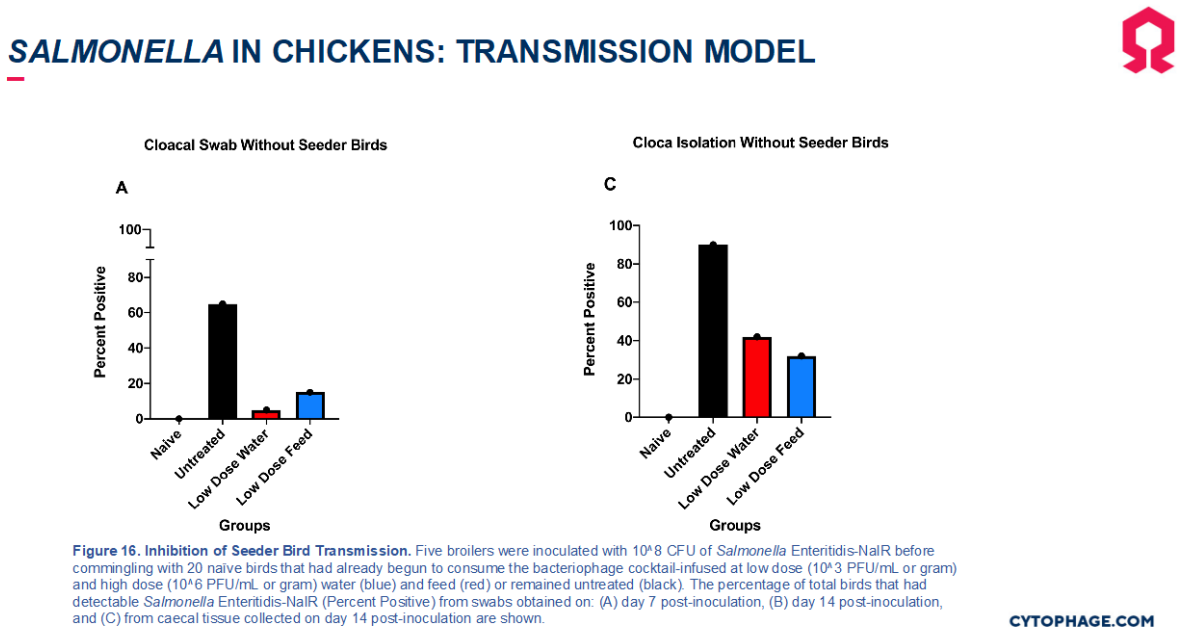


Figure 16. Inhibition of Seeder Bird Transmission. Five broilers were inoculated with 10^8 CFU of *Salmonella* Enteritidis-NalR before commingling with 20 naive birds that had already begun to consume the bacteriophage cocktail-infused at low dose (10^3 PFU/mL or gram) and high dose (10^6 PFU/mL or gram) water (blue) and feed (red) or remained untreated (black). The percentage of total birds that had detectable *Salmonella* Enteritidis-NalR (Percent Positive) from swabs obtained on: (A) day 7 post-inoculation, (B) day 14 post-inoculation, and (C) from caecal tissue collected on day 14 post-inoculation are shown.

Cytophage is preparing a regulatory approval submission to the FDA highlighting its conclusions that AviPhage is Generally Recognized as Safe (GRAS). Approval timelines are not provided by the FDA for these applications. Cytophage is in consultations with the federal government of Canada as to the appropriate regulatory pathway.

Renata, an animal health company headquartered in Bangladesh, has been engaged as the distributor for AviPhage in Southeast Asia. As of the date of this Filing Statement, Renata has submitted an application for regulatory approval to sell AviPhage in Bangladesh as a probiotic, and it is anticipated that it will be approved in the first quarter of 2024. See "Market" for more information on Renata.

PhageFend

Cytophage has developed PhageFend, which is a bacteriophage designed to combat *Salmonella* and *E. coli* infections as a surface decontamination product for poultry meat, poultry carcasses and food processing areas. Study results showed that PhageFend reduced the viable *Salmonella* population by over 98% in as little as five minutes when applied to contaminated skinless, boneless chicken breasts (Cytophage Study Report: "Evaluation of the ability for FarmPhage™ - PhageFend to reduce *Salmonella* on experimentally contaminated chicken breasts". May 2023).

Cytophage has submitted it's GRAS application to the Office of Food Additive Safety of the FDA, in which Cytophage concluded, through scientific procedures, that the bacteriophage cocktail PhageFend is generally recognized as safe and is not subject to pre-market approval requirements for use in food. As well, the regulatory approval application for PhageFend has been submitted to Health Canada for review and provision of a LONO. Once these approvals are received, the product will move into its commercialization phase.

Product Pipeline

Cytophage has three animal health products in the pipeline: OvaPhage, BoviPhage and AviPhage CP. These products have been tested in the lab setting and are currently in field trials.

OvaPhage

OvaPhage is a novel product candidate comprised of a cocktail of bacteriophages that target and act as an egg surface bacteria decontaminate. In 2020, approximately 1.5 trillion chicken eggs were produced globally (*www.fao.org/poultry-production-products/products-processing/en/*). In Canada, there are 240 hatching egg producers operating in eight provinces. In 2022, these farms produced over 850 million broiler hatching eggs worth more than $461.3 million (*https://agriculture.canada.ca/en/sector/animal-industry/poultry-egg-market-information/hatching#*). Currently, chemical disinfectants are being used for egg cleaning which causes breaks in the cuticle lining of the egg and may lead to bacterial infection. Approximately 10-20% of the eggs are washed with the disinfectant, with losses being variable between farms. Bacteriophage treatment can replace disinfection use and increase hatchability. Bacteriophage would be applied to the surface of the egg using a spray/dip before the egg is put into incubation. Laboratory testing for the efficacy of OvaPhage has been completed. The testing demonstrated a good reduction of bacterial contamination which will correlate into increased hatch rates. Cytophage intends to complete field testing with egg producers by the end of the first quarter of 2024, with a view to commercialization by the second half of 2024. The anticipated cost to complete field testing and reach commercialization for Cytophage's OvaPhage product is approximately $175,000, which includes costs associated with conducting additional lab studies, field trials and salaries. Cytophage is in the process of preparing an application for regulatory approval from the FDA (GRAS) and Health Canada (LONO). It is anticipated that these applications will be submitted before the end of the first quarter of 2024.

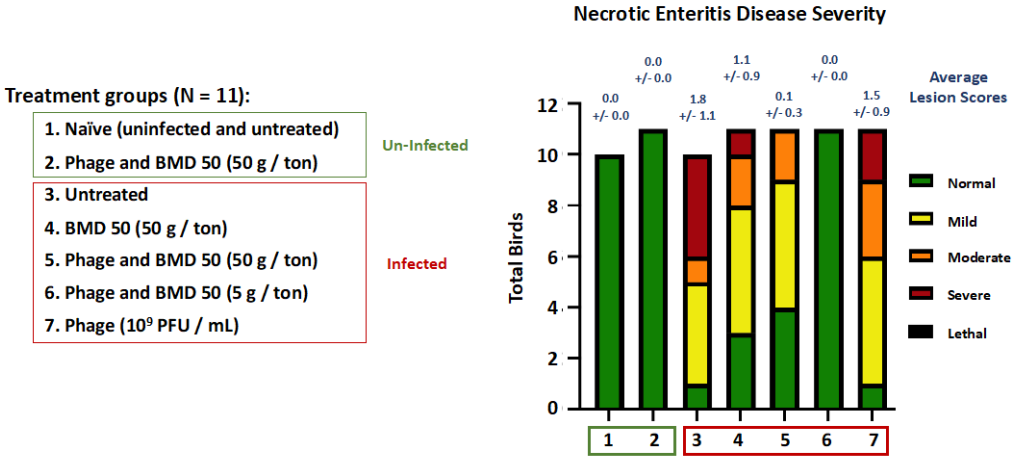
BoviPhage

BoviPhage is a phage cocktail designed to treat the bacterial problems causing bovine mastitis in cows by providing a dip or liquid injection into the cow's udder. BoviPhage is currently undergoing efficacy testing and testing for interactions in the lab setting. Cytophage began collecting field samples for the testing of BoviPhage in the fourth quarter of 2023, with product evaluation by Renata in a barn setting in 2024. The anticipated cost to complete animal field testing, regulatory approval, and reach commercialization for Cytophage's BoviPhage product is approximately $425,000, which includes costs associated with conducting additional lab studies, field testing and salaries.

AviPhage CP

Cytophage has developed AviPhage CP, a *Clostridium perfringens* (*C. perfringens)* phage product candidate, which when used in conjunction with low dose antibiotics, reduces necrotic enteritis ("**NE**") disease severity in chickens. Cytophage believes there is significant interest in a *C. perfringens* bacteriophage treatment such as AviPhage CP, given that *C. perfringens* has become highly resistant to antibiotics.

To date, Cytophage has conducted a lab study to develop an NE model in broiler chickens using *C. perfringens* strains. All study groups challenged with *C. perfringens* showed 100% positivity for *C. perfringens*, decreased average body weight gain and NE lesions in the intestine. With this disease model completed, AviPhage CP was further tested in birds. This study showed a reduction of *C. perfringens* in bacteriophage-treated chickens as shown in the graph below. The application of phage resulted in the hampering of NE disease and bacterial tissue burden and improvements in performance metrics of weight gain and feed conversion (Cytophage study report "Bacteriophage Treatment of Necrotic Enteritis Disease in Broilers". April, 2023).



Cytophage intends to conduct animal field trials of its AviPhage CP product in barns with a large number of broiler chickens, anticipated to begin in the fourth quarter of 2023, with a view to commercialization by the end of 2024. The anticipated cost to complete animal field testing, regulatory approval, and reach commercialization for Cytophage's AviPhage CP product is approximately $295,000, which includes costs associated with conducting additional lab studies, field testing and salaries.

Future Developments

At present, the one area that Cytophage is committed to exploring revolves around its unique filamentous phage and the potential uses of this phage as a vaccine platform.

Filamentous Bacteriophage

The novel use of phages against viral infections, not just bacterial infections, has huge implications for the use of bacteriophages. While bacteriophages are most often used to address bacterial challenges, phage display techniques using filamentous bacteriophages can be used to stimulate an antibody-mediated immune response to a viral infection. Filamentous phages are worm-like long, thin and flexible phages, 6 nanometers in diameter and about 100-2000 nanometers long. They are from the genus Inovirus. With their lack of toxic elements and their inability to infect human/animal cells, bacteriophage as a vaccine platform is an effective and inexpensive alternative to current vaccine platforms.

Cytophage discovered a unique filamentous phage in 2022. Since then, Cytophage has been exploring opportunities to develop vaccine-like products focusing on viral pathogens including coronavirus and influenza. Due to the ability of viruses to cause epidemics in both humans and animals, the need to rapidly develop vaccines is critical to mitigate the high morbidity and mortality rates associated with viral infections.

Phage-based vaccines offer an alternative to current vaccine technologies as they are highly stable under a wide range of storage and transportation conditions, have inherent adjuvant capacity and are cost-effective to produce. The research program area focus of this project will be to validate the effectiveness of filamentous phage-based vaccine platforms against the SARS-CoV-2 virus. A candidate filamentous phage has been isolated from environmental samples. This filamentous phage has characteristics that lend it to being a strong vaccine product, including:

- Easily manipulated DNA genomes;
- Relatively large data capacity (large, numerous protein display);
- Continuously bud from bacterial cells – cells become "phage factories";

- Uniquely suited for phage display and DNA delivery vehicles;
- Can be replicating or non-replicating; and
- Patentable template which allows for quick modifications.

This project is still in the research and development stage. Cytophage anticipates starting animal studies and determining antibody production in vivo starting in the second quarter of 2024. The estimated cost associated with this project is approximately $250,000 to complete these initial animal trials.

Operations

Cytophage has adopted a partnership distribution model for selling AviPhage whereby a third-party firm is responsible for the sales and marketing of Cytophage's products, with the support and cooperation of Cytophage. The distribution partner, in collaboration with Cytophage, is also required to submit applications for regulatory approval in their granted jurisdiction. To date, Cytophage has signed a single distribution agreement with Renata, a pharmaceutical and animal health product company based in Bangladesh. Pursuant to the Distribution Agreement, Renata has exclusive rights to sell all Cytophage products, starting with AviPhage, in Bangladesh, Nepal, Sri Lanka and Myanmar for an initial term of five (5) years. The Distribution Agreement will renew for successive one (1) year terms unless either Cytophage or Renata give at least ninety (90) days written notice to terminate of termination.

As of the date hereof, Renata is currently preparing the application for regulatory approval to sell AviPhage in Bangladesh. In Bangladesh, bacteriophages are regulated as probiotics by the Department of Livestock Services ("**DLS**"). Product sales of AviPhage to Renata are anticipated to begin in the first quarter of 2024. Renata will receive a concentrated AviPhage solution from Cytophage. Renata will dilute the concentration to commercial levels and then bottle, label and package the solution for use by the end consumer.

Cytophage can produce 125 milliliters ("**ml**"), 250 ml, 500 ml and 1 litre bottles of AviPhage which can be sold to Renata. Forty-five liters of a phage product will produce enough phage to fill approximately 850 of the 500 ml bottles. A single 500 ml bottle diluted will provide approximately 300,000 treatments, enough to cover the entire life cycle of a flock of chicken (the average chicken life cycle is 30 to 35 days).

Cytophage estimates that pricing of its phage products to distributors will range from 30% to 50% of the retail price. Though Cytophage's products may initially be priced higher than typical antibiotics, they are competitively priced within the phage space. A significant advantage is Cytophage's ability to offer a single product for multiple issues, unlike certain competitors, which have separate products for different bacterial threats.

Production (Manufacturing)

Cytophage's phage discovery platform consists of screening panels of relevant isolates against an extensive, in-house phage library. Utilizing proprietary methods, phage combinations with superior attributes are identified. This enables Cytophage to efficiently identify optimal product candidates. The individual bacteriophages are prepared by Cytophage using well established bacteriophage production protocols. An overview of the process is schematically presented in the Overview of the Method of Manufacturing Phage figure below. For each individual component phage, a bioreactor with sterile medium at temperatures that support growth is inoculated with the host bacterial strain. Once the bacterial host has reached a target concentration (colony forming units/ml), the culture is infected with the phage at a previously determined multiplicity of infection (which is the ratio of phage to bacteria) and incubated. The suspension is then clarified and bacteria is removed by centrifugation and filtration (Figure A). After the initial filtration, the phages are concentrated and washed by diafiltration (Figure B). During this process, a substantial quantity of medium components and host proteins are removed and replaced by a phage buffering solution. Finally, the individual component phages are sterilized using a sterilization grade filter.

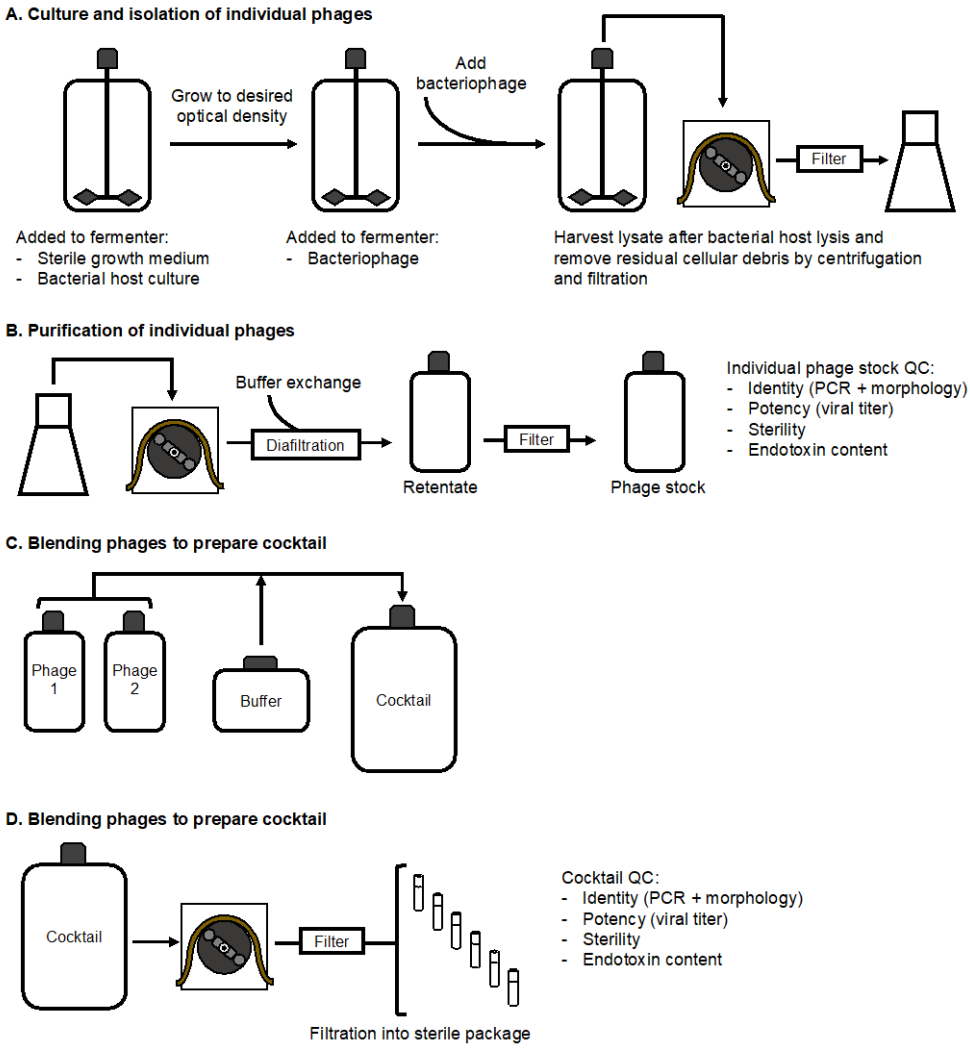
The phage product is prepared so that each phage is approximately equally represented as active ingredients (0.00009%) and a sterile buffered solution (>99%) as a solvent resulting in a solution containing a lytic titer of ≥ 1 x 1010 plaque forming units/ml (Figure C). The final solution is mixed and final filtration is carried out using a sterilization grade filter and transferred aseptically into sterile final fill containers (Figure D). Due to the two-step manufacturing process, quality control is performed at two separate levels for each phage product. First, each

individual phage is analyzed to ensure it meets the release specifications before it can be used to prepare a batch of phage product.

Standard phage titration protocols are used to ensure the lytic titer (i.e., potency). If the lytic titer is below the minimum standard, the batch may be concentrated and retested. The sterility of the product is tested by a 7-day enrichment of 1% of each batch in non-selective bacterial growth medium, followed by plating of the enrichment on non-selective bacterial growth medium agar plates. If any bacterial colonies appear after plating, the product is re-filtered or discarded.

Identity of the phage is confirmed by internally validated polymerase chain reaction using component phage specific primers and morphological characterization. Endotoxin content is quantified using a commercially available endpoint amebocyte lysate assay kit. If the batch fails the quality standard, diafiltration can be performed again and the batch will be retested for all specifications.

Overview of the Method of Manufacturing Phage



Only once the component phages have been confirmed to meet the release specifications can a batch of phage product be produced by blending the component phages. Each batch of phage product is then analyzed to ensure it meets the release specifications. If the batch fails the quality standard, it can be reprocessed and retested for all of the specifications or discarded.

While Cytophage produces the bacteriophage products itself in its own facilities, Cytophage may also seek the services of JAFRAL Ltd. in Slovenia, an independent contract manufacturing organization that focuses on production of non-GMP and GMP bacteriophages.

Facilities

Cytophage's current headquarters are located at 26 Henlow Bay, Winnipeg, Manitoba where it leases laboratory and office space for the research and development of its phage products (the "**Henlow Bay Facility**"). The Henlow Bay Facility consists of approximately 3,000 square feet of lab space and 3,000 square feet of office space. The lab space is certified by Health Canada as a Biosafety Level II facility, authorized to work with specific pathogens and toxins. Fifteen staff currently work within this facility, with the Chief Financial Officer and Chief Commercial Officer being located in Toronto, Ontario. The management staff located in Toronto have leased office space within a shared office space facility.

During the COVID-19 pandemic, Cytophage ensured lab space availability in the event of a government-mandated shut-down of the leased building. A lab was established within a non-residential building on property owned by the Chief Executive Officer of Cytophage to ensure the continued operation of the business. The lab space is offered to Cytophage on a rent-free basis and now provides overflow capacity for lab work. Cytophage also owns a portable 340 square feet seacan or mobile manufacturing facility that has been built to accommodate its current manufacturing requirements. The mobile manufacturing facility will be inspected by an auditor for GMP certification and by Health Canada to ensure it meets regulatory requirements. Cytophage anticipates that it will be GMP certified in the first quarter of 2024.

The lease for the Henlow Bay Facility is set to expire on March 31, 2024, at which point Cytophage will re-locate to a new facility located at 200-400 Fort Whyte Way Ltd, Oak Bluff, Manitoba (the "**Fort Whyte Facility**"). The Fort Whyte Facility is a 20,000 square foot building with some existing office space, however, tenant improvements are required to create a Biosafety Level II lab space, lab office areas (phase 1 of construction) and additional administration offices (phase 2 of construction). Assuming completion of the Concurrent Financing, phase 1 of the proposed construction is expected to be about 12 weeks, with phase 2 being completed by late 2024. Part of the Fort Whyte Facility will be warehouse space that will house Cytophage's portable manufacturing facility and will allow for lab or manufacturing growth. The portable facility will provide the technology, manufacturing capability and scalability to fully meet demand of Cytophage's products at a lower cost. Once phase 1 of construction of the Fort Whyte Facility is complete, Cytophage's Biosafety Level II facility license will transfer to the Fort Whyte Facility. It is expected that the Fort Whyte Facility will be GMP certified in the first quarter of 2024. The Fort Whyte Facility will be more than adequate for Cytophage's current and future needs as it expands on its research, development, manufacturing and commercialization activities.

Market

Cytophage was founded with the goal of helping tackle the global issue of antimicrobial resistance – the phenomenon whereby bacteria become resistant to the antibiotics traditionally used to treat infections in animals and humans. These antimicrobial-resistant bacterial infections increase morbidity and mortality, are expected to become the leading cause of death by 2050 and impose high costs on the healthcare system. The World Health Organization has also declared antimicrobial resistance bacteria as one of the greatest threats to human health (*www.who.int/news-room/spotlight/ten-threats-to-global-health-in-2019*). If nothing is done by 2050, the World Health Organization predicts that antimicrobial resistance will cause in excess of 10 million human deaths annually, more than cancer and HIV combined (*www.who.int/news/item/29-04-2019-new-report-calls-for-urgent-action-to-avert-antimicrobial-resistance-crisis*).

This pervasive problem is compounded by the fact that approximately 70% of antibiotics currently produced annually are used in animal health (Boeckel, T.P.V. et al. Reducing antimicrobial use in food animals. Science 2017, 357,1350–135). In response, governments are taking steps to control, restrict or ban antibiotics in animal care. Many countries have banned or limited prophylactic antibiotics use in animal production, including but not limited to, 27 European Union countries, the United States, Canada, Brazil, Bangladesh, India and Mexico.

Additionally, there is increasing consumer demand for antibiotic free products based on the growing perception of antibiotic effects on animals. In 2016, Consumer Reports found that 55% of shoppers reported buying meat or poultry raised without antibiotics more often than they did in 2012 (*www.consumerreports.org/media-room/press-releases/2016/11/majority-of-americans-consume-prescription-medications-antibiotics-still-misunderstood*) and the United States Department of Agriculture noted a significant increase in organic food sales in recent years (*www.ers.usda.gov/data-products/organic-market-overview/*). Further, in 2020 the United States Food Marketing Institute suggested that health and well-being were driving factors for purchasing decisions, including interest in organic and antibiotic-free foods (*www.fmi.org/docs/default-source/webinars/fmi-grocery-shopper-trends-2020-webinar-presentation-slides.pdf*).

While antibiotic use is being limited by legislation, bacterial threats still remain, causing increased production cost and lowered food security. Cytophage believes it can fill the void of effective bacterial remediation products left by the loss or limitation of antibiotics.

Target Markets

There are three main markets in the animal health sector which Cytophage is focusing its production efforts on, including (1) *Salmonella* and *E. coli*, (2) Bovine Mastitis and (3) *Clostridium perfringens*. This order also reflects the priorities of Cytophage.

Salmonella and E. Coli

AviPhage

While animal protein continues to experience price inflation, chicken and eggs remain relatively affordable. Demand for poultry meat and eggs is expected to continue increasing due to population growth and rising individual consumption, and the fact that there are no cultural or religious barriers to the consumption of poultry.

In 2020, approximately 100 billion chickens were produced globally which highlights the pervasiveness of poultry as a source of animal protein for human consumption (*www.fao.org/poultry-production-products/products-processing/en/*). *Salmonella and E. coli* are among the most common bacterial infections affecting chickens. *Salmonella* infections originating from chickens represent a significant economic burden globally and infection rates vary significantly around the world. The direct costs associated with human medical treatment of salmonellosis caused by the consumption of contaminated chicken meat and the indirect costs, such as lost work productivity from illness, are considerable. Additionally, outbreaks often lead to large-scale recalls of tainted chicken products, resulting in significant financial losses for producers. These economic ramifications highlight the need for improved safety practices in poultry production and processing to reduce the incidence of Salmonella contamination and its associated costs. In the United States alone, the estimated annual medical costs related to non-typhoidal *Salmonella*, a major proportion of which is attributed to contaminated poultry, ranged from $365 million to over $2 billion, depending on the severity of the cases and the methodologies used in estimates. This figure does not account for additional indirect costs such as lost work productivity and substantial financial losses poultry producers face during product recalls. These economic implications underscore the critical importance of enhanced safety measures in poultry production and processing (Boeckel, T.P.V. et al. Reducing antimicrobial use in food animals. Science 2017, 357,1350–135).

E. coli infections in chickens, particularly avian pathogenic *E. coli*, pose a notable economic challenge for the poultry industry. While *E. coli* is more commonly associated with beef and produce in terms of human infections, in poultry, it can lead to systemic infections, reduced egg production, and increased mortality, with economic implications unique to the individual producer. *E. coli* infection rates also vary depending on region but infections are extremely common. In a recent Ontario study testing for *E. coli* in the intestines of small flocks of 1,025 chickens, *E. coli* was detected in

99 per cent of those tested (Lebert L, Martz SL, Janecko N, Deckert AE, Agunos A, Reid A, Rubin JE, Reid-Smith RJ, McEwen SA. Prevalence and antimicrobial resistance among Escherichia coli and Salmonella in Ontario smallholder chicken flocks. Zoonoses Public Health. 2018 Feb;65(1):134-141. doi: 10.1111/zph.12381). The direct costs from veterinary services, medication, and the culling of affected birds can be substantial. In 2022, Agriculture Canada estimated the average live-weight price of broiler chickens was approximate $2/Kg. The average market weight for a chicken in Canada is 1.5Kg to 2Kg which would indicate a revenue loss of $3-$4 per lost bird, not including lost input costs experienced prior to mortality. Additionally, the decrease in production efficiency and potential trade restrictions can further strain the industry economically. A study by *Landers et al.* (2012) suggests that multidrug-resistant infections, which include resistant *E. coli* strains, cost the United States healthcare system upwards of $20 billion annually in direct healthcare costs, although this figure encompasses more than just poultry-related incidents (Landers, T. F., Cohen, B., Wittum, T. E., & Larson, E. L. (2012). A review of antibiotic use in food animals: perspective, policy, and potential. Public health reports, 127(1), 4-22).

Cytophage has conducted several field trials evaluating the benefits of AviPhage product in supporting optimal health and productivity in livestock. These studies indicate that AviPhage can play an important role in combating bacterial infections, reducing or even eliminating the need for antibiotics, and ensuring the overall health of chickens. Cytophage not only has demonstrated the effectiveness of AviPhage in poultry (i.e., broiler chickens and egg-laying hens), but has also undertaken extensive studies showcasing the inherent safety of AviPhage and its other products. The efficacy of AviPhage in poultry underscores its commercial potential in the animal health field (Cytophage Study Report: "Bacteriophage Cocktail to Curb *Salmonella* Transmission in Broilers". Feb 2023; Cytophage Study Report: "Evaluation of the ability of FarmPhage to protect layer hens from *Salmonella* and *E. coli".* May 2023).

OvaPhage

In 2020, approximately 1.5 trillion chicken eggs were produced globally (*www.fao.org/poultry-production-products/products-processing/en/*). *Salmonella* and *E. coli* can impact the egg-hatching process in poultry, influencing economic viability and productivity in the industry. The bacteria generally infiltrate eggs through transovarian transmission or by penetrating through the eggshell, particularly when eggs are laid in contaminated environments. Once inside, these bacteria can multiply and produce toxins that adversely affect the developing embryo. Mechanistically, *Salmonella* and *E. coli* can disrupt cellular functions, impair nutrient absorption, and induce inflammatory responses within the eggs, which consequently hamper normal embryonic development, potentially leading to mortality before hatching. When considering hatch rates, infections can significantly reduce them due to both embryonic deaths and the production of non-viable chicks that fail to thrive post-hatching. The economic implications of bacterial infections affecting egg hatchability are multifaceted, encompassing the immediate loss of chicks, increased costs related to veterinary services, sanitation practices, and potential losses linked to compromised future production. Furthermore, if infected chicks do hatch, they can serve as vectors, spreading the bacteria throughout the flock, and potentially, into products intended for human consumption, which poses additional economic and public health concerns. While there is no published data on hatching rates, industry insiders have communicated that the hatch rate in Canada is currently 86%. With each chick selling for approximately $.70, Canadian farmers could increase their revenue if the hatching rate increases 4% by an estimated $24 million annually. Cytophage is currently working with hatching egg producers to develop a cost-effective delivery system for the treatment of eggs. Once testing is complete, the product will move forward into commercialization.

Bovine Mastitis - BoviPhage

Bovine mastitis is caused by inflammation of the udder in response to a bacterial infection. The infection can be both clinical, with clear signs of infection such as swelling and redness of the udder and fever in the cow, or sub-clinical, with the presence of somatic cells in the milk which is a sign of a low-grade infection. In both cases, the infection will lead to a decrease in milk quality and quantity. Mastitis is caused by a wide range of bacterial species that exists as both a part of the cow's natural microbiota and in the barn environment. Multiple studies have shown that there are significant geographical differences in the isolation of individual species causing mastitis. However, members of the *Staphylococcus* genus consistently rank among the top three for the most common causes of bovine mastitis globally.

Treatment of these bacterial infections are complicated by a very high rate of antimicrobial resistance within this genus. Furthermore, many countries are attempting to scale back or outright ban the use of antibiotics in conventional

farming in addition to pre-existing bans within organic or biodynamic farming. Currently no approved bacteriophage products are on the market. Importantly, multiple studies have found bacteriophage to be effective in killing mastitis-causing bacteria in vitro focusing on *Staphylococcus aureus, E. coli, S. Aureus* and *Streptococcus sp* (Nale JY, McEwan NR. Bacteriophage Therapy to Control Bovine Mastitis: A Review. Antibiotics (Basel). 2023 Aug 10;12(8):1307. doi: 10.3390/antibiotics12081307. PMID: 37627727; PMCID: PMC10451327).

The economic impact of bovine mastitis is also significant. The National Mastitis Counsel estimates that it costs dairy producers in the United States over $2 billion USD annually. The average case of clinical mastitis costs a United States dairy producer approximately $200 to $400 USD. In Canada, the average cost is closer to $600-$800 USD.

Clostridium Perfringens - AviPhage CP

C. perfringens is a common intestinal microbe of both healthy and diseased poultry, which can lead to the development of NE, a devastating enteric disease caused by *C. perfringens* that compromises the performance, health, and welfare of chickens. NE in poultry, predominantly caused by the bacterium *C. perfringens*, inflicts significant economic and operational challenges on the chicken industry, with estimates suggesting a global economic burden exceeding $6 billion USD annually. The mechanism of NE involves the colonization of *C. perfringens* in the chicken's intestine, where it produces potent toxins, notably NetB, that induce damage to the intestinal lining, thereby initiating necrosis of intestinal tissues. The disease commonly progresses in two stages: the subclinical phase, marked by minor but impactful damage to the intestinal wall, and the clinical phase, often characterized by extensive intestinal necrosis, systemic illness, and in severe cases, death. The detrimental economic implications arise not only from the tangible losses due to increased mortality rates (which can soar up to 50% during outbreaks) and decreased production, but also from ancillary costs related to veterinary interventions, preventative measures, and treatments, affecting overall operational viability and profitability in the poultry sector (Keyburn, A. L., Bannam, T. L., Moore, R. J., & Rood, J. I. (2014). NetB, a pore-forming toxin from necrotic enteritis strains of Clostridium perfringens. Toxins, 6(11), 3228-3246).

Marketing Plans and Strategies

The markets for all products being developed by Cytophage may be large and will require significant marketing capability. Cytophage's marketing approach is to collaborate with arms-length distribution partners knowledgeable in the animal health space for the marketing of its initial phage products. Cytophage also engages consultants for market intelligence and conducts field trials alongside distributors to engage potential customers. The primary strategy involves trialing the product with the distributor's largest and/or most influential potential customers, facilitated through distributor relationships. Moreover, Cytophage is active in trade shows, prioritizing those emphasizing innovation in agriculture, livestock, and animal health. Cytophage has historically participated in media articles relating to bacteriophage technology and will continue to do so as a mechanism to increase general brand awareness.

Strategy

Cytophage's strategy is to demonstrate the safety, tolerability and efficacy of multiple animal health phage products in controlled field trials required for regulatory approval in its target jurisdictions and support commercialization in multiple indications of unmet need in the animal health space. Eventually, Cytophage will demonstrate applications to human health threats from infections caused by multidrug-resistant and difficult-to-treat pathogens. Currently, Cytophage is focusing on the sale of its products outside of Canada and the United States where phages are not classified as drugs and where they are more readily received from a government approval perspective, particularly those where phages are already in the marketplace.

Cytophage has animal health as its primary entry point to commercialization as there is an unmet need, the regulatory pathway is less onerous than human health, and the use of antibiotics is thought to be the primary driver of antimicrobial resistance. Cytophage has chosen to generate its first products for the poultry market, specifically chickens (both broiler and egg layers), targeting *Salmonella* and *E. coli* which are among the most common bacterial infections experienced by chicken producers and have large commercial impact. Chickens are produced in nearly

every country in the world, have no religious or cultural restrictions and have one of the shortest commercial production cycles of any major animal protein.

Cytophage has entered into the Distribution Agreement with Renata to lead the process of the regulatory submission in Bangladesh and provide for the sale of its product AviPhage for the treatment of *Salmonella* and *E. coli*. In Bangladesh, over-the-counter antibiotic sales have been prevalent leading to antibiotic overuse. Consequently, a new law has been enacted that makes all antibiotics prescription-only. This limitation on antibiotic usage emphasizes the need for effective alternatives. In Bangladesh, phages are classified as probiotics (a non-prescription health product). Cytophage believes there is a significant market available for antibiotic substitutes and, once AviPhage receives regulatory approval in Bangladesh, Cytophage and Renata will be well positioned to address such need.

In the near-term, Cytophage anticipates that it will begin to sell its AviPhage product in Bangladesh in the first quarter of 2024. Long-term, Cytophage plans to expand into the Latin American market in 2024, followed by Canada, the United States and European countries in 2025. Early commercial success with its AviPhage product will allow Cytophage to complete the development of other products in its animal health portfolio, including BoviPhage, OvaPhage and AviPhage CP, and eventually fund the development of products in other segments such as human health.

Competitive Conditions

The development and commercialization of new products to combat antimicrobial resistance is a highly competitive field. Cytophage faces competition from many different sources, including commercial pharmaceutical and biotechnology enterprises, academic institutions, government agencies and private and public research institutions all seeking to develop novel treatment modalities for bacterial infections. Many of Cytophage's competitors have significantly greater financial, product development, manufacturing and marketing resources. Large pharmaceutical companies have extensive experience in clinical development and obtaining regulatory approval for products. In addition, many universities and private and public research institutes are active in antibacterial research. Cytophage also may compete with these organizations to recruit scientists and clinical development personnel.

To Cytophage's knowledge, there are only a few notable competitors focusing on developing bacteriophage products to treat animal diseases, including CTCBio Co., Ltd. from South Korea, Proteon Pharmaceuticals S.A. from Poland, and Intralytics, Inc. from the Netherlands. Specifically in the South Asian region, both CTCBio Co., Ltd. and Proteon Pharmaceuticals S.A. are attempting to make inroads. CTCBio Co., Ltd. has tried to expand into the Latin American market, especially Mexico.

Cytophage's ability to compete successfully will depend largely on its ability to leverage its collective experience in scientific research, phage discovery, development and commercialization to:

- discover, develop and manufacture phage products that are differentiated from other products in the market and at a competitive price point;
- build trust and brand recognition to establish market presence;
- build partnerships with local distribution partners to increase awareness and promotional activities;
- collaborate closely with distribution partners to ensure compliance with local regulations and obtain required regulatory approvals;
- obtain patent and/or proprietary protection for phage products and technologies; and
- commercialize phage products, if approved.

Key factors affecting the success of any approved Cytophage product include its efficacy, safety profile, interactions, pricing and level of promotional activity relative to those of its competitors in a given market. While many companies have recently begun exploring the potential of bacteriophages, Cytophage's methods and technology have been under development in one form or another for over 15 years. To its knowledge, Cytophage is the only company that currently has the ability to use natural, modified, synthetic and fully synthetic bacteriophages. Based on available promotional material from competitors in the animal health space, these companies are using only phages sourced from the natural

environment which may have limited applications for specific bacterial strains, contain toxic genes, or cause resistance in the target bacteria within a short time of continuous application. Moreover, Cytophage expects other phage companies to experience product obsolescence over time due to their products being based on environmentally sourced phages. Ongoing use of these phages typically leads to resistance over time. Most competitor phages engage in lysis (cell death) but may also undergo lysogenesis, which is understood to be the primary mechanism that drives bacterial resistance as this process allows the bacteria to survive the bacteriophage infection. However, Cytophage's phages undergo only lysis (killing), reducing or eliminating the potential for resistance typically associated with lysogenesis. Continuous monitoring ensures product efficacy, and if resistance emerges, the phage composition is adapted to maintain product performance. Cytophage's innovative techniques allow it to effectively tackle bacterial resistance, broaden the host range of its products and customize its products to target regional bacterial strains.

Government Regulation

Government authorities in Canada, at the federal, provincial and local level, and in other countries extensively regulate, among other things, the development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of biological products such as those Cytophage is developing. Generally, before a new biologic can be marketed, considerable data demonstrating its quality, safety, efficacy, purity, and/or potency must be obtained, organized into a format specific for each regulatory authority, submitted for review and approved by the regulatory authority where the product is intended to be marketed. While Cytophage has internal expertise in the different facets of applying for and obtaining regulatory approvals, Cytophage also contracts with consultants to provide specific regulatory expertise not currently found internally and intends to collaborate closely with current and potential distribution partners to ensure compliance with local regulations. Prior to market entry, Cytophage supports its claims with third-party data and conducts localized field trials. This approach not only ensures adherence to regulatory standards but also establishes credibility among local stakeholders.

Animal Health Product Approval

Cytophage's current regulatory focus is on gaining approval for its animal health phage products. Animal health product regulatory approval required for Cytophage to achieve its stated business objectives depends on the regulatory pathway. While product approval in various countries differ, the process in most countries begins with classifying the product based on purpose or use. In Canada, as with many countries, bacteriophages do not fit within existing classifications and regulatory frameworks due to the unique biology of bacteriophages. Canada currently does not have a guidance document for bacteriophage regulatory approval that reflects the unique nature of the product (non-chemical). The Canadian government is currently working to develop regulatory pathways for products such as phages that do not fit within the current classification system. Cytophage will work with the Canadian government as it develops an appropriate regulatory pathway for bacteriophages.

Similarly, in United States, the FDA has several regulatory pathways depending on bacteriophage use. These may include drug, veterinary drug, biological intermediates and biological drug substances, each with its own unique set of criteria for product approval.

Cytophage's products, subject to varying applications, will face distinct regulations in each country in which they are placed. In contexts where products are consumed by living entities, the regulatory process is more rigorous than for disinfecting applications. In Bangladesh, products consumed by chickens are classified as probiotics and fall under the regulatory purview of the DLS within the Ministry of Fisheries and Livestock.

Specific Review and Approval Programs

A Letter of No Objection (LONO) from Health Canada or a Generally Recognized as Safe (GRAS) notice from the FDA, permits the sale of the products as a Food Additive or Food Processing Aid. In Canada, a LONO is issued for a substance of product that meets the administrative definition of food processing aids to be intended as antimicrobial agents applied directly on foods processed in federally registered meat establishments. Health Canada also recognizes the evaluation and acceptance of a processing aid from other like-minded agencies (e.g., the FDA) as a basis for issuing a LONO for an identical product provided that it is classified as a food processing aid in Canada. This requires

the appropriate scientific rigor and evidence to evaluate chemicals or other substances used in manufacturing of processing human food in Canada.

In the United States, any substance that is intentionally added to food is a food additive that is subject to premarket review and approval by FDA, unless the substance is generally recognized, among qualified experts, as having been adequately shown to be safe under the conditions of its intended use, or unless the use of the substance is otherwise excepted from the definition of a food additive. This is commonly referred to as GRAS.

Cytophage products have been or are in the process of being submitted to regulatory authorities for review, including PhageFend (applications submitted in the United States and in Canada), AviPhage (applications being prepared for the United States, Canada and Bangladesh), and OvaPhage (application being prepared for the United States and Canada). See "Principal Products" above for more information on these applications.

Human Health Product Approval

Cytophage is currently exploring opportunities to develop vaccine-like products focusing on influenza (e.g., avian, swine and human). The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, provincial, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Generally, the process required before a biological product may be marketed involves three stages, (i) developing the new vaccine, (ii) preclinical studies, and (iii) clinical trials.

Before testing any compounds with potential therapeutic value in humans, the product candidate enters the preclinical testing stage. Preclinical tests include laboratory evaluations of product biology, toxicity and formulation, as well as animal studies to assess the potential safety and activity of the biological product candidate. Cytophage filamentous phage vaccine product is currently in the preclinical study stage.

Clinical trials involve the administration of the product candidate to healthy volunteers or patients under the supervision of qualified investigators, generally independent physicians. Human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

- Phase 1: The product candidate is initially introduced into healthy human subjects and tested primarily for safety and dosage tolerance. Absorption, metabolism, distribution and excretion may also be tested.

- Phase 2: The product candidate is evaluated in a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product candidate for specific targeted diseases and to determine dosage tolerance, optimal dosage and dosing schedule.

- Phase 3: Clinical trials are undertaken to further evaluate dosage, clinical efficacy and safety in an expanded patient population at geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the product and provide an adequate basis for product labeling. Generally, two adequate and well-controlled Phase 3 clinical trials are required by the FDA and other regulatory authorities for approval of a marketing application.

Following Phase 3, a regulatory application is prepared and submitted by the manufacturer to the government regulatory body for review and approval. Governments review the evidence and scientific data of a vaccine candidate to ensure it is safe, it works, it meets manufacturing standards, and the benefits outweigh the risks. Once approval is received, the product might advance into Phase 4 clinical trials to evaluate the new vaccine's safety and effectiveness in thousands of people over a longer period of time. This entire process can take up to 20 years and cost tens of millions of dollars, however, this can be expedited in certain circumstances as evidenced by the SARS-CoV-2 vaccines.

Facility Approval

Cytophage currently holds and is in full compliance with a Pathogen and Toxin Level II Licence issued by the Government of Canada for research being conducted within its Henlow Bay Facility laboratory space, but is not GMP certified as of the date hereof. GMP is a comprehensive manufacturing system designed to ensure product consistency and quality to mitigate and eliminate significant risk such as cross-contamination, mislabeling and process failures. GMP acts as a protective shield, safeguarding both Cytophage and customers throughout the entire manufacturing process, ensuring top-notch product quality from start to finish. Receiving a GMP certification also provides sufficient regulatory compliance that may be required by Cytophage's international commercial partners to ensure its products meets all necessary facility and process standards, registrations, licenses, and approvals. Once phase 1 of construction of the Fort Whyte Facility is complete, Cytophage's Biosafety Level II facility license will transfer to the Fort Whyte Facility. It is expected that the Fort Whyte Facility and the mobile manufacturing facility will be GMP certified in the first quarter of 2024.

Proprietary Protection

General

Cytophage's goal is to protect the proprietary technology that it believes is important to its business, including to obtain, maintain and enforce patent protection for its product candidates, formulations, processes, methods and any other proprietary technologies, preserve its trade secrets and operate without infringing on the proprietary rights of other parties, both in Canada and in other countries. Cytophage uses patents, trademarks and trade secrets (all described individually below) as a means to protect its intellectual property. As well, all Cytophage contracts provide for confidentiality and intellectual property rights in favour of Cytophage, and all contracts with employees provide for development and assignment of intellectual property rights to Cytophage.

Patents

Cytophage's success in preserving market exclusivity for its technology and product candidates relies on patent protection. Cytophage's patent strategy is four-fold: (i) patent the process of making the engineered bacteriophages; (ii) patent the preferred/optimum "base model" modified bacteriophage; (iii) patent specific bacteriophages produced that are particularly effective; and (iv) patent methods of growing commercial quantities of the specific bacteriophages.

This strategy is designed to prevent competitors from selling or using, without licence: (1) the methods outlined above, (2) the competitor's modified bacteriophage made by these methods, or (3) copies of Cytophage's specific patented bacteriophages.

As of the date of this Filing Statement, two international patents applications have been filed that claim the processes set out above, as well as specific bacteriophages produced to date. Cytophage anticipates that additional patents will be filed as these processes are further refined and as particularly useful bacteriophages are developed. Below is a summary of Cytophage's patent applications:

Patent	Serial No.	Country/Organization	Filing Date	Status
Engineered Bacteriophage	PCT/CA2019/0509	World Intellectual Property Organization	July 18, 2019	Published
Engineered Bacteriophage	17/627,817	United States	July 18, 2019	Published
Engineered Bacteriophage	19937888.6	European Patent Convention	July 18, 2019	Published

Engineered Bacteriophage	201980100474.4	China	July 18, 2019	Published
Engineered Bacteriophage	2019457251	Australia	July 18, 2019	Pending
Engineered Bacteriophage	3147651	Canada	July 18, 2019	Pending
Genetically Engineered Bacteriophage	PCT/CA2019/0500	World Intellectual Property Organization	January 21, 2019	Published
Genetically Engineered Bacteriophage	3088786	Canada	January 21, 2019	Published
Genetically Engineered Bacteriophage	19741092.1	European Patent Convention	January 21, 2019	Published
Genetically Engineered Bacteriophage	2019208460	Australia	January 21, 2019	Pending
Genetically Engineered Bacteriophage	16/962,881	United States	July 17, 2020	Published
Genetically Engineered Bacteriophage	201980009329.5	China	July 19, 2020	Published

Trade Secrets

Cytophage also depends upon the skills, knowledge, experience and know-how of its management and research and development personnel, as well as that of its advisors, consultants and other contractors. Trade secrets and know-how are valuable tools for protecting Cytophage's inventions. There is a balance to be considered between having inventions (phages) made public once a patent has expired versus keeping them a trade secret. While some phages and production processes will be patented, others may be kept as trade secrets. This determination will be made in consultation with Cytophage's intellectual property counsel. Cytophage believes that some of its phage products will be difficult to reverse-engineer, and therefore keeping them as a trade secret may have advantages over time.

Trademarks

In addition, Cytophage relies on trademark protection to protect its corporate name and product brands. Below is a table summarizing the brands names protected by trademark and the jurisdictions where trademark applications have been submitted.

Country	**Cytophage**	**FarmPhage**	**PhageFend**	**AviPhage**
Canada	✓	✓	✓	✓
United States	✓	✓	✓	✓
Bangladesh	✓	✓		✓
Sri Lanka	✓	✓		✓
Mexico		✓		
Korea		✓		
Thailand		✓		

Employees

As of the date hereof, Cytophage has 17 full time employees of which 15 are based in Winnipeg, while its Chief Commercial Officer and Chief Financial Officer are located in Toronto.

Bankruptcy and Reorganizations

There has been no bankruptcy or any receivership or similar proceedings against Cytophage or any voluntary bankruptcy, receivership or similar proceedings by Cytophage within the two most recently completed financial years, or the current financial year. There have been no material reorganizations of Cytophage within the last two financial years or the current financial year.

Selected Consolidated Financial Information and Management's Discussion and Analysis

The following table sets forth certain selected balance sheet data and financial information as at and for the financial years ended December 31, 2022 and 2021 (audited) and the nine months ended September 30, 2023 (unaudited). Such data has been derived from the financial statements of Cytophage for such period attached hereto as Schedule "C" and "D", respectively. Cytophage's financial statements are expressed in Canadian dollars; all dollar figures expressed in the following table refers to Canadian dollars.

	December 31, 2021 (audited)	**December 31, 2022 (audited)**	**September 30, 2023 (reviewed)**
Total Revenues	Nil	Nil	Nil
Total Expenses	$3,235,166	$3,682,393	$3,342,062
Net Income (Loss)	($3,235,166)	($3,682,393)	$(3,342,062)
Net Income (Loss) per Share	($0.08)	($0.09)	$(0.08)
Current Assets	$4,959,988	$2,754,669	$845,007
Total Assets	$5,832,450	$3,689,855	$1,611,663
Current Liabilities	$172,929	$238,469	$242,944
Total Liabilities	$280,821	$238,469	$242,944
Working Capital	$4,787,059	$2,516,200	$602,063
Shareholders' Equity	$5,551,625	$3,451,386	$1,368,719

Management's Discussion and Analysis for the financial condition and results of operations of Cytophage for the financial year ended December 31, 2022 and the nine months ended September 30, 2023 are included in Schedule "C" and Schedule "D", respectively, to this Filing Statement.

Description of the Securities of Cytophage

The authorized share capital of Cytophage consists of an unlimited number of Cytophage Shares, an unlimited number of Class B common shares, an unlimited number of Class C common shares and an unlimited number of Class D common shares. As of the date hereof, 42,809,040 Cytophage Shares, nil Class B common shares, nil Class C common shares and nil Class D common shares are issued and outstanding as fully paid and non-assessable shares prior to completion of the Concurrent Financing.

As of the date hereof, Cytophage has the following securities issued and outstanding: (i) 50,000 Cytophage Options with an exercise price of $0.10; (ii) 1,950,000 Cytophage Options with an exercise price of $0.28; (iii) 810,000 Cytophage Options with an exercise price of $0.65; (iv) 470,000 Cytophage Options with an exercise price of $1.30; (v) 980,000 Cytophage Options with an exercise price of $1.00; (vi) 5,000,000 Cytophage Warrants with an exercise price of $0.50; (vii) 261,344 Cytophage Warrants with an exercise price of $1.40; and (viii) 2,500,000 Subscription Receipts.

Subject to the provisions of the MCA, holders of Cytophage Shares, Class B common shares, Class C common shares and Class D common shares are entitled to receive notice of and to attend all meetings of the Cytophage Shareholders

and shall have one vote, in person or by proxy, for each share held at all meetings of the Cytophage Shareholders. Cytophage Shareholders are entitled to (a) receive any dividends as and when declared by the Cytophage Board out of the assets of Cytophage properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine, and (b) receive the remaining property of Cytophage (after payment of all outstanding debts) in the event of any liquidation, dissolution or winding-up of Cytophage. Except for the provisions of the Cytophage Shareholders' Agreement, which shall be terminated upon Completion of the Proposed Qualifying Transaction, the holders of Cytophage Shares have no pre-emptive, redemption or conversion rights.

Pursuant to the Concurrent Financing, Cytophage issued 2,500,000 Subscription Receipts, each representing the right of the holder thereof to receive, in certain circumstances set forth in the terms of the Subscription Receipt Agreement, one Cytophage Unit, consisting of one Cytophage Share and one-half of one Cytophage Unit Warrant, without any further act or formality, and for no additional consideration. Each Cytophage Unit Warrant entitles the holder thereof to purchase one Cytophage Share for a period of 24 months following the Completion of the Proposed Qualifying Transaction at a price of $1.40 per Cytophage Share, subject to adjustment and acceleration as provided in the Warrant Indenture entered into between Cytophage and TSX Trust Company, in its capacity as warrant agent. Cytophage issued to Finders the Cytophage Finder Warrants equal to 7.0% of the number of Subscription Receipts issued to subscribers introduced by them, with each such Cytophage Finder Warrant exercisable to purchase one Cytophage Unit (subject to any necessary adjustments, as applicable) at an exercise price of $1.00 for a period of 24 months following the Completion of the Proposed Qualifying Transaction.

Consolidated Capitalization

The following table sets forth the capitalization of Cytophage as at the dates indicated.

Designation of Security	Amount authorized or to be authorized	Amount outstanding as at September 30, 2023	Amount outstanding as of the Effective Date [(1)]
Cytophage Shares	Unlimited	42,809,040	53,753,356
Class B Common Shares	Unlimited	Nil	Nil
Class C Common Shares	Unlimited	Nil	Nil
Class D Common Shares	Unlimited	Nil	Nil
Cytophage Warrants[(3)]	N/A	5,261,344	6,511,344[(2)]
Cytophage Options[(4)]	N/A	4,260,000	4,260,000
Cytophage Finder Warrants[(5)]	N/A	Nil	35,525

Notes:

1. As of the date hereof, there are 5,261,344 Cytophage Warrants and 4,260,000 Cytophage Options issued and outstanding.
2. Includes 5,261,344 Cytophage Warrants and 1,250,000 Cytophage Unit Warrants issued upon conversion of Subscription Receipts issued under the Concurrent Financing. Each Cytophage Unit Warrant will be exercisable to acquire (1) Cytophage Share at an exercise price of $1.40 per Cytophage Share for a period of twenty-four (24) months from the Closing Date of the Proposed Qualifying Transaction, subject to acceleration in accordance with the terms of the Warrant Indenture.
3. Each Cytophage Warrant is exercisable to acquire one (1) Cytophage Share at an exercise price ranging from $0.50 and $1.40 per Cytophage Share and expires between August 31, 2025 and October 1, 2026.
4. Each Cytophage Option is exercisable to acquire one (1) Cytophage Share at an exercise price ranging from $0.10 to $1.30 per Cytophage Share and expires between June 30, 2024 and October 11, 2030.
5. Each Cytophage Finder Warrant will be exercisable to acquire one (1) Cytophage Unit at an exercise price of $1.00 per Cytophage Unit for a period of twenty-four (24) months from the Closing Date of the Proposed Qualifying Transaction. Each Cytophage Unit consists of one Cytophage Share and one-half-of one Cytophage Warrant, with each whole Cytophage Warrant entitling the holder to purchase one Cytophage Share at a price of $1.40 for a period of two years from the date of issuance.

Prior Sales

The table below sets forth for the 12-month period prior to the date of this Filing Statement details of the price at which securities have been issued or are to be issued by Cytophage, the number of securities issued at that price and the date on which the securities were issued.

Date	Number and Type of Security	Issue Price per Security	Nature of Issuance
December 31, 2022	1,191,078 Cytophage Shares[1]	$0.95	Warrant Exercise
March 20, 2023	150,000 Cytophage Shares [1]	$0.95	Warrant Exercise
April 6, 2023	77,000 Cytophage Shares [1]	$0.95	Warrant Exercise
May 3, 2023	630,000 Cytophage Options[2]	$1.00	Compensation for services rendered
June 30, 2023	306,687 Cytophage Units[3]	$1.00	Private Placement
August 31, 2023	216,000 Cytophage Units[3]	$1.00	Private Placement
October 11, 2023	350,000 Cytophage Options[2]	$1.00	Compensation for services rendered
December 22, 2023	2,500,000 Subscription Receipts	$1.00	Concurrent Financing
December 22, 2023	35,525 Cytophage Finder Warrants	$1.00	Concurrent Financing

Notes:

1. The Cytophage Warrants were exercised to purchase one Cytophage Share at a price of $0.95 per Cytophage Share.
2. Consists of: (i) 630,000 Cytophage Options granted to the directors of Cytophage, and (ii) 350,000 Cytophage Options granted to the Chief Financial Officer of Cytophage. The Cytophage Options have an exercise price of $1.00 and are exercisable for a period of seven years from the date of issuance.
3. Each Cytophage Unit consists of one Cytophage Share and one-half-of one Cytophage Warrant, with each whole Cytophage Warrant entitling the holder to purchase one Cytophage Share at a price of $1.40 for a period of two years from the date of issuance.

Stock Exchange Price

None of the securities of Cytophage are, or have ever been, listed for trading on any stock exchange or other securities market.

Executive Compensation

At no time prior to the date of this Filing Statement was Cytophage a reporting issuer under applicable Canadian securities laws. Notwithstanding this fact, the following disclosure of executive compensation is made in accordance with the requirements of NI 51-102 for the executive officers and directors of Cytophage for fees earned for the financial years ended December 31, 2022 and December 31, 2021. The following disclosure reflects all compensation paid to the Cytophage NEOs for the periods referenced, in respect of services provided to Cytophage on a consolidated basis. Cytophage's NEOs are Dr. Steven Theriault, Chief Executive Officer and Chief Science Officer, Michael Graham, former Chief Financial Officer and Heather Medwick, President.

Compensation Philosophy

Cytophage strives to attract the necessary management talent in order to help it achieve its short and long-term goals. Compensation for NEOs consists of two main elements.

- **Base Salary**: Strong base salaries are necessary to attract and retain senior executives to Cytophage. The level of the CEO salary is determined by the board of directors based on knowledge of the market conditions and taking into account the specific skillset, experience and contributions to the company. The levels of the other NEOs are determined by the CEO based on his knowledge of market conditions, taking into account

each individual's specific skillset, experience and contributions to the company. These salary levels are set such that paying them would not be detrimental to financial health of the company.

- **Annual Cash Bonus**: Cash based award bonus plans serve to focus employees' efforts on key objectives, increase employee motivation by establishing a clear link between pay and performance and support stakeholder ideals by allowing employees to share in the success of the business. The size and timing of these grants is determined by the board of directors for the CEO and by the CEO for the other NEOs based on discussions with the board of directors.

- **Stock-based compensation**: Stock-based compensation aligns the interests of NEOs with Cytophage's long term goals. Depending on the situation unique to each NEO, these grants may come in the form of stock options or warrants. The size and timing of these grants is determined by the board of directors for the CEO and by the CEO for the other NEOs based on discussions with the board of directors.

Compensation Governance

Compensation of directors and executive offices is determined through regular, transparent discussions held throughout the year by the compensation committee of Cytophage. For the year ended December 31, 2022, the members of the Governance, Nominating and Compensation committee of Cytophage included Robert Gabor (Chair), Harold Wolkin, Shantha Kodihalli and Steven Theriault. Future decisions related to management compensation and/or director compensation will be made by a new compensation committee to be formed upon completion of the Proposed Qualifying Transaction.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by Cytophage to each current and former NEO and director for the financial years ended December 31, 2022 and 2021.

Table of Compensation Excluding Compensation Securities							
Name and Position	**Financial Year Ended December 31**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Steven Theriault[(1)], *Chief Executive Officer, Chief Science Officer and Director*	2022	$350,000	Nil	Nil	Nil	Nil	$350,000
	2021	$328,218	$49,233	Nil	Nil	Nil	$377,450
Michael Graham[(2)], *Former Chief Financial Officer*	2022	$225,000	Nil	Nil	Nil	Nil	$225,000
	2021	$184,950	$22,500	Nil	Nil	Nil	$207,450
Heather Medwick[(3)], *President*	2022	$200,000	Nil	Nil	Nil	Nil	$200,000
	2021	$174,750	$18,500	Nil	Nil	Nil	$193,250
Harold Wolkin[(4)], *Director*	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Robert Gabor[(5)], *Director*	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Shantha Kodihalli[(6)], *Director*	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Paul Gallagher[(7)],	2022	Nil	Nil	Nil	Nil	Nil	Nil

Table of Compensation Excluding Compensation Securities							
Name and Position	**Financial Year Ended December 31**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Director	2021	Nil	Nil	Nil	Nil	Nil	Nil

Notes:
(1) Dr. Theriault has served as the Chief Executive Officer and as a director of Cytophage since 2017.
(2) Mr. Graham served as the Chief Financial Officer of Cytophage from 2017 to 2023. In July 2023, Mr. Graham transitioned to the role of Chief Commercial Officer of Cytophage. Julius Kalcevich was appointed Chief Financial Officer of Cytophage in July 2023.
(3) Ms. Medwick has served as the President of Cytophage since 2018.
(4) Mr. Wolkin has served as a director of Cytophage since June 25, 2020.
(5) Mr. Gabor has served as a director of Cytophage since March 19, 2019.
(6) Dr. Kodihalli has served as a director of Cytophage since June 25, 2020.
(7) Mr. Gallagher has served as a director of Cytophage since June 25, 2020.

Stock Options and Other Compensation Securities

During the financial year ended December 31, 2022, the following compensation securities were granted or issued to the directors and NEOs by Cytophage:

Name and position	**Type of compensation security**	**Number of compensation securities, number of underlying securities, and percentage of class**	**Date of issue or grant**	**Issue, conversion or exercise price ($)**	**Closing price of security or underlying security on date of grant ($)[(2)]**	**Closing price of security or underlying security at year end ($)[(2)]**	**Expiry date**
Steven Theriault, *Chief Executive Officer, Chief Science Officer and Director*	Nil	Nil	Nil	Nil	-	-	Nil
Michael Graham, *Chief Financial Officer*	Nil	Nil	Nil	Nil	-	-	Nil
Heather Medwick, *President*	Nil	Nil	Nil	Nil	-	-	Nil
Harold Wolkin, *Director*	Cytophage Options	120,000	February 11, 2022	$1.30	N/A	N/A	February 11, 2029
Robert Gabor, *Director*	Cytophage Options	100,000	February 11, 2022	$1.30	N/A	N/A	February 11, 2029
Dr. Shantha Kodihalli, *Director*	Cytophage Options	100,000	February 11, 2022	$1.30	N/A	N/A	February 11, 2029
Paul Gallagher, *Director*	Cytophage Options	100,000	February 11, 2022	$1.30	N/A	N/A	February 11, 2029

Notes:
(1) None of the executives of Cytophage received Cytophage Options during the financial year ended December 31, 2022.

(2) Prior to the Cytophage Private Placement, the previous private placement financing of Cytophage Shares completed in March 2021 was completed at a price of $1.30 per Cytophage Share.

Exercise of Compensation Securities by Directors and NEOs

No compensation securities were exercised by a director or NEO during the financial year ended December 31, 2022.

Cytophage Option Plan

Cytophage adopted the Cytophage Option Plan on October 30, 2019. Pursuant to the Cytophage Option Plan, the board of directors of Cytophage is authorized to grant to directors, officers, employees and consultants of Cytophage or its subsidiaries stock options to purchase Cytophage Shares, provided that the number of Cytophage Shares reserved for issuance under the Cytophage Option Plan shall not exceed ten percent (10%) of the issued and outstanding Cytophage Shares as at the date of grant of any Cytophage Option, exercisable for a period of up to ten (10) years from the date of grant, unless a shorter exercise period is otherwise fixed by the Cytophage Board. As of the date of this Filing Statement, there are 4,260,000 Cytophage Options outstanding under the Cytophage Option Plan.

Employment, Consultant and Management Agreements

Dr. Steven Theriault, Chief Executive Officer, Chief Science Officer and a Director of Cytophage

Dr. Steven Theriault entered into an employment agreement with Cytophage dated October 30, 2019, as amended on January 4, 2024, with respect to his role as the Chief Executive Officer and Chief Science Officer of Cytophage. In consideration for Dr. Theriault's services, Cytophage has agreed to: (i) pay a base salary of $250,000; and (ii) pay a discretionary annual bonus, payable in cash or Cytophage Shares (subject to approval of the Exchange), at the sole option of the Dr. Theriault. If Dr. Theriault's employment agreement is terminated by Cytophage without cause or by Dr. Theriault for good reason or upon a change of control of Cytophage, Dr. Theriault is entitled to receive an amount equal to two (2) times his annual base salary. Effective April 1, 2021, Dr. Theriault's annual base salary was increased to $350,000.

Michael Graham, Chief Commercial Officer of Cytophage

Michael Graham entered into an employment agreement with Cytophage dated June 1, 2018 with respect to his role as the then Chief Financial Officer of Cytophage. In consideration for Mr. Graham's services, Cytophage has agreed to: (i) pay a base salary of $144,000, to be payable in cash, Cytophage Shares or a combination of both, at the sole option of Mr. Graham; and (ii) pay a discretionary annual bonus. Effective December 15, 2021, Mr. Graham's annual base salary was increased to $225,000. Mr. Graham has since transitioned to the role of Chief Commercial Officer of Cytophage.

Heather Medwick, President of Cytophage

Heather Medwick entered into an employment agreement with Cytophage dated June 1, 2018 with respect to her role as the President of Cytophage. In consideration for Ms. Medwick's services, Cytophage has agreed to: (i) pay a base salary of $144,000, to be payable in cash, Cytophage Shares or a combination of both, at the sole option of Ms. Medwick; and (ii) pay a discretionary annual bonus. Effective January 1, 2022, Ms. Medwick's annual base salary was increased to $200,000.

Julius Kalcevich

Julius Kalcevich entered into an employment agreement with Cytophage dated July 4, 2023 with respect to his role as the Chief Financial Officer of Cytophage. Mr. Kalcevich was appointed Chief Financial Officer effective July 4, 2023. In consideration for Mr. Kalcevich's services, Cytophage has agreed to: (i) pay a base salary of $225,000, to be payable in cash, Cytophage Shares or a combination of both, at the sole option of Mr. Kalcevich; and (ii) pay a discretionary annual bonus.

Pension Disclosure

Cytophage does not have any defined benefit plans or defined contribution plans, being plans that provide for payments or benefits at, following, or in connection with retirement, or provide for deferred compensation plans.

Non-Arm's Length Party Transactions

Other than as described herein, within five years prior to the date hereof, Cytophage has not acquired any assets or been provided any services from any director, officer, Insider or Promoter of Cytophage, except in their capacities as directors, officers, employees or consultants of Cytophage.

Legal Proceedings

There are no legal proceedings material to Cytophage to which Cytophage or a subsidiary of Cytophage is a party or of which any of their respective property is the subject matter and no such proceedings known to Cytophage are contemplated.

Material Contracts

The only material contract entered into by Cytophage in the last two years (other than contracts entered into in the ordinary course of business) include:

(1) the Business Combination Agreement;

(2) the Subscription Receipt Agreement;

(3) the Warrant Indenture;

(4) the Cytophage Option Plan;

(5) the Advisory Agreement; and

(6) the Distribution Agreement.

The material contracts will be available for inspection at the offices of Cytophage at 26 Henlow Bay, Winnipeg, Manitoba, Canada R3Y 1G4, until the date of closing of the Proposed Qualifying Transaction and for a period of 30 days thereafter.

PART IV - INFORMATION CONCERNING THE RESULTING ISSUER

Corporate Structure

Name and Incorporation

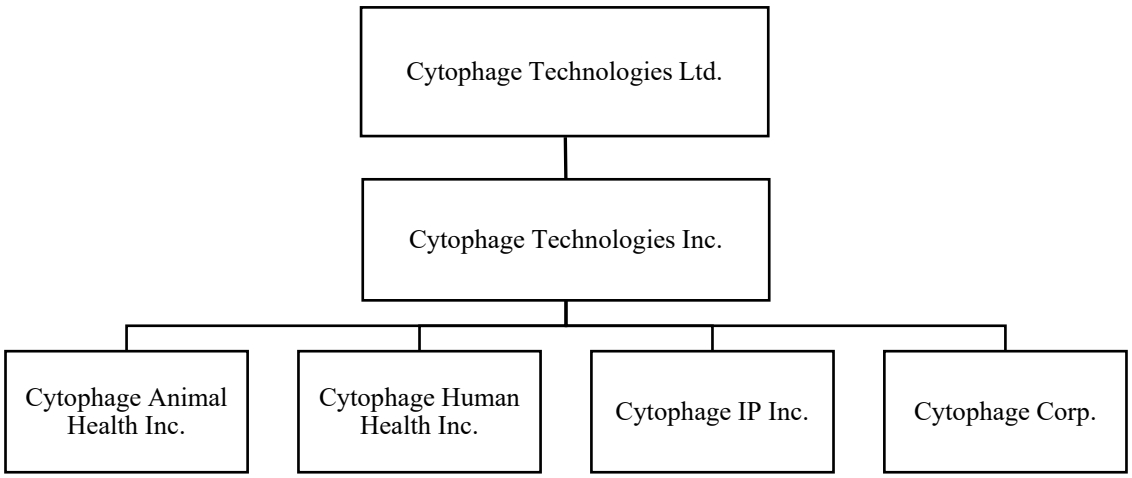
Following the Completion of the Proposed Qualifying Transaction, the Resulting Issuer will operate under the name "Cytophage Technologies Ltd." and will continue to be governed by the provisions of the OBCA.

The registered and head office of the Resulting Issuer will be 26 Henlow Bay, Winnipeg, Manitoba, Canada R3Y 1G4.

Intercorporate Relationships

Following the completion of the Proposed Qualifying Transaction, the Resulting Issuer will own, directly or indirectly, all of the issued and outstanding Cytophage Shares. As a result of the Proposed Qualifying Transaction, the previous shareholders of Cytophage will become shareholders of the Resulting Issuer.

The following organizational chart demonstrates the intended corporate structure of the Resulting Issuer:



Narrative Description of the Business

The Resulting Issuer's business objectives after the Completion of the Proposed Qualifying Transaction will be the business objectives of Cytophage, namely a biotechnology issuer. For the narrative description of the business of the Resulting Issuer, see "Part III – Information Concerning Cytophage – General Development of Business", in particular the information under the heading "Principal Products or Services".

Description of the Securities

Upon Completion of the Proposed Qualifying Transaction, the Cuspis Shares (on a post-Consolidation basis) will be the Resulting Issuer Shares, the Cuspis Options (on a post-Consolidation basis) will be the Resulting Issuer Options, the Cuspis Charity Options (on a post-Consolidation basis) will be the Resulting Issuer Charity Options and the Cuspis Agent Warrants (on a post-Consolidation basis) will be the Resulting Issuer Agent Warrants. Upon Completion of the Proposed Qualifying Transaction, the Cytophage Options will be the Resulting Issuer Replacement Options, the

Cytophage Warrants and Cytophage Unit Warrants will be the Resulting Issuer Replacement Warrants and the Cytophage Finder Warrants will be the Resulting Issuer Replacement Finder Warrants. For a description of the attributes of the Cuspis Shares, please refer to "Part II – Information Concerning Cuspis – Description of the Securities" of this Filing Statement. please refer to "Part III – Information Concerning Cytophage – Description of the Securities of Cytophage" of this Filing Statement.

Pro Forma Consolidated Capitalization

The following table sets forth the pro forma share capital of the Resulting Issuer as of the date hereof on a consolidated basis, after giving effect to the Proposed Qualifying Transaction.

Designation of Security	Amount authorized or to be authorized	Amount outstanding after giving effect to the Proposed Qualifying Transaction[(1)]
Resulting Issuer Shares	Unlimited	53,753,356
Resulting Issuer Options	N/A	844,432
Resulting Issuer Charity Options	N/A	84,443
Resulting Issuer Replacement Options	N/A	4,260,000
Resulting Issuer Replacement Warrants	N/A	6,511,343[(2)]
Resulting Issuer Agent Warrants	N/A	603,165
Resulting Issuer Replacement Finder Warrants	N/A	35,525

Notes:

(1) Assuming completion of the Consolidation.
(2) Includes 5,261,344 Cytophage Warrants and 1,250,000 Cytophage Unit Warrants issuable upon conversion of Subscription Receipts issued in connection with the Concurrent Financing.

Fully Diluted Share Capital

The following tables outline the expected number and percentage of securities of the Resulting Issuer to be outstanding on a non-diluted and fully-diluted basis after giving effect to the Proposed Qualifying Transaction and the Concurrent Financing:

	After Giving Effect to the Proposed Qualifying Transaction		
Designation of Security	**Number[(1)(2)]**	**Percentage (undiluted)**	**Percentage (fully-diluted)**
Resulting Issuer Shares			
Shares Issued			
Cuspis Shares	8,444,316	15.71%	12.78%
Cytophage Shares	45,309,040	84.29%	68.55%
Subtotals	**53,753,356**	**100%**	**81.33%**
Reserved for issuance under the:			
Resulting Issuer Options[(4)]	844,432	-	1.28%

Resulting Issuer Charity Options[5]	84,443	-	0.13%
Resulting Issuer Agent Warrants[6]	603,165	-	0.91%
Resulting Issuer Replacement Options[7]	4,260,000	-	6.45%
Resulting Issuer Replacement Warrants[8]	6,511,344[3]	-	7.96%
Resulting Issuer Replacement Finder Warrants[9]	35,525	-	0.05%
Total (fully-diluted)	**66,092,265**		**100%**

Notes:

(1) After giving effect to the Consolidation and completion of the Concurrent Financing for aggregate gross proceeds of $2,500,000.
(2) All outstanding Cytophage Options, Cytophage Warrants (including Cytophage Unit Warrants) and Cytophage Finder Warrants will be exchanged for equivalent securities of Cuspis (after giving effect to the Consolidation) based upon the Exchange Ratio.
(3) Includes 5,261,344 Cytophage Warrants and 1,250,000 Cytophage Unit Warrants issuable upon conversion of Subscription Receipts issued in connection with the Concurrent Financing.
(4) Each Resulting Issuer Option is exercisable to acquire (1) Resulting Issuer Share at an exercise price ranging from $0.4145 and $0.8290 and expires on February 1, 2032.
(5) Each Resulting Issuer Charity Option is exercisable to acquire (1) Resulting Issuer Share at an exercise price of $0.8290 and expires on February 1, 2032.
(6) Each Resulting Issuer Agent Warrant is exercisable to acquire (1) Resulting Issuer Share at an exercise price of $0.8290 expiring February 1, 2027.
(7) Each Resulting Issuer Replacement Option is exercisable to acquire one (1) Resulting Issuer Share at an exercise price ranging from $0.10 to $1.30 and expires between June 30, 2024 and October 11, 2030.
(8) Each Resulting Issuer Replacement Warrant will be exercisable to acquire (1) Resulting Issuer Share at an exercise price ranging from $0.50 and $1.40 and expires between August 31, 2025 and twenty-four (24) months from the Closing Date of the Proposed Qualifying Transaction.
(9) Each Resulting Issuer Replacement Finder Warrant will be exercisable to acquire one (1) unit of the Resulting Issuer on the same terms as the Cytophage Units, with an exercise price of $1.00 for a period of twenty-four (24) months from the Closing Date of the Proposed Qualifying Transaction.

Available Funds and Principal Purposes

Available Funds

The following table sets forth the estimated available funds of the Resulting Issuer after giving effect to the Concurrent Financing as of December 31, 2023.

Estimated Available Funds	Assuming Gross Proceeds of $2,500,000 under the Concurrent Financing
Estimated working capital of Cuspis as at December 31, 2023	$5,432,838
Estimated working capital of Cytophage as at December 31, 2023	$42,831
Net Proceeds from the Concurrent Financing[1]	$2,457,475
Estimated available funds	**$7,933,244**

Notes:
(1) After deduction of the cash commission payable to certain Finders.

Principal Purposes of Funds

Cuspis and Cytophage anticipate that immediately following Closing of the Proposed Qualifying Transaction, the Resulting Issuer will have available funds of approximately $7,933,244, based on the estimated working capital of each of Cuspis and Cytophage as of December 31, 2023. See the pro forma financial statements of the Resulting Issuer attached hereto as Schedule "E" and "Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes – Available Funds". The Resulting Issuer intends to use the funds as set out below:

Principal Use of Available Funds	Amount
Phase 1 Construction Costs and Leasehold Improvements for the Fort Whyte Facility	$600,00
Phase 2 Leasehold Improvements for the Fort Whyte Facility	$450,000
Letter of Credit for the Fort Whyte Facility	$308,000
Lab Equipment for the Fort Whyte Facility	$500,000
2024 Research and Development Expenses	$1,500,000
2024 General and Administrative Expenses	$2,000,000
Proposed Qualifying Transaction Expenses[(1)]	$450,000
Unallocated Working Capital	$2,125,244
Total	**$7,933,244**

Notes:

(1) Estimated expenses include legal, accounting, advisory, transfer agent fees, printing and other miscellaneous costs associated with the Proposed Qualifying Transaction.

The Resulting Issuer will spend the available funds on completion of the principal purposes as indicated above. Notwithstanding the foregoing, there may also be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve these objectives. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements to meet its objectives, in which case the Resulting Issuer expects to either issue additional equity securities or incur indebtedness. There is no assurance that additional funds required by the Resulting Issuer will be available if needed. However, it is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives over the next 12 months.

Dividends

The proposed directors of the Resulting Issuer anticipate that the Resulting Issuer will retain all future earnings and other cash resources for the future operation and development of its business, and accordingly, do not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the board of the directors of the Resulting Issuer after taking into account many factors including the Resulting Issuer's operating results, financial condition and current and anticipated cash assets.

Principal Securityholders

To the knowledge of Cuspis or Cytophage, upon completion of the Proposed Qualifying Transaction, no person will beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the equity of the Resulting Issuer.

Directors, Officers and Promoters

Name, Address, Occupation and Security Holdings

The following are the names and municipalities of residence of each proposed director and officer of the Resulting Issuer, the positions and offices to be held with the Resulting Issuer, their respective principal occupations within the five preceding years and the number and percentage of common shares of the Resulting Issuer which will be held by each of them on completion of the Amalgamation, after giving effect to the Concurrent Financing. Each director will hold office until the next annual meeting of the Resulting Issuer unless their office is earlier vacated in accordance with the MCA.

Name and Municipality of Residence[1]	Position to be Held with the Resulting Issuer	Principal Occupation for the last five years	Number and Percentage of Resulting Issuer Shares After Giving Effect to the Proposed Qualifying Transaction[1]
Dr. Steven Theriault *Winnipeg, Manitoba*	Chief Executive Officer, Chief Science Officer and a Director	Chief Executive Officer of Cytophage Technologies Inc. (2017 to Present)	5,000,000 Resulting Issuer Shares[2] (9.30%)
Heather Medwick *East St. Paul, Manitoba*	President and Corporate Secretary	President of Cytophage Technologies Inc. (2018 to Present)	450,000 Resulting Issuer Shares (0.84%)
Julius Kalcevich *Toronto, Ontario*	Chief Financial Officer	Chief Financial Officer of Cytophage Technologies Inc. (2023 to Present). Prior thereto, the Chief Financial Officer of iAnthus Capital Holdings, Inc. (2016-2022)	100,000 Resulting Issuer Shares (0.19%)
Michael Graham *Toronto, Ontario*	Chief Commercial Officer	Chief Commercial Officer of Cytophage Technologies Inc. (2023 to Present). Prior thereto, the Chief Financial Officer of Cytophage Technologies Inc. (2017 to 2023)	Nil Resulting Issuer Shares (0%)
William Ollerhead[4] *Toronto, Ontario*	Director	Managing Director, Ollerhead Capital[3] (2010 to Present)	1,192,972 Resulting Issuer Shares (2.22%)
Harold Wolkin[4] *Toronto, Ontario*	Director	Independent Corporate Director (2013 to Present)	833,500 Resulting Issuer Shares (1.55%)
Robert Gabor[4] *Winnipeg, Manitoba*	Director	Chair, Public Utilities Board of Manitoba (2016 to Present)	100,000 Resulting Issuer Shares (0.19%)
Dr. Shantha Kodihalli *Winnipeg, Manitoba*	Director	Director, Preclinical Research, Emergent BioSolutions Canada (2014 to Present)	40,000 Resulting Issuer Shares (0.07%)
Andy Hurley *Boston, Massachusetts*	Director	Chief Commercial Officer of Shield Therapeutics (2023 to Present). Prior thereto, Chief Commercialization and Clinical Medical Officer at Agenus Inc. (2021-2022). Prior thereto, Senior Vice President/Global Division Head, Syneos Health (2018-2021)	Nil Resulting Issuer Shares (0%)

Notes:

(1) Upon completion of the Proposed Qualifying Transaction, it is expected there will be approximately 53,753,356 Resulting Issuer Shares (on a non-diluted basis) issued and outstanding, assuming, (i) completion of the Concurrent Financing for aggregate gross proceeds of a minimum of $2,500,000; and (ii) completion of the Consolidation.

(2) Resulting Issuer Shares will be held through New Leaf Biologics Ltd., an entity controlled by Dr. Steven Theriault's spouse.

(3) Ollerhead Capital is a registered business name of Chunkerhead Ltd.

(4) Member of the proposed Audit Committee.

At the Cuspis Meeting, the Cuspis Shareholders conditionally elected a slate of six individuals to serve as directors of the Resulting Issuer. The election of such persons was contingent on the closing of the Proposed Qualifying Transaction.

The term of office of the directors expires annually at the time of the Resulting Issuer's annual general meeting or when or until their successor is duly appointed or elected. The term of office of the Resulting Issuer's executive

officers expires at the discretion of the Resulting Issuer's directors. One of the directors of the Resulting Issuer will not be independent of the Resulting Issuer within the meaning of National Instrument 58-101, being Dr. Steven Theriault, the proposed Chief Executive Officer and Chief Science Officer of the Resulting Issuer. Other than Dr. Theriault, the remaining proposed directors of the Resulting Issuer are considered to be independent within the meaning of National Instrument 58-101.

Shareholdings of Directors and Executive Officers

As at the date of this Filing Statement, after giving effect to the Proposed Qualifying Transaction (including the Concurrent Financing), the proposed directors and executive officers of the Resulting Issuer, as a group, will own, directly or indirectly, approximately 7,716,472 Resulting Issuer Shares, representing approximately 14.36% of the issued and outstanding Resulting Issuer Shares (on a non-diluted basis), and assuming no convertible securities are exercised.

Biographies of Directors and Executive Officers

The following is a brief description of each of the proposed directors and executive officers of the Resulting Issuer.

Dr. Steven Theriault - Chief Executive Officer and Director, Age 49

Dr. Steven Theriault, the founder of Cytophage, is a synthetic biologist with 20 years research and commercial experience in generating biological solutions for biological problems. His research on the Ebola virus contributed to the development of the Canadian Ebola vaccine that was a critical tool in curtailing the 2016 outbreak. As the Chief of the Applied Research Program at the Canadian Science Centre for Human and Animal Health, Dr. Theriault worked extensively at the global level on issues related to the efficacy of microbicides in containment laboratories and outbreak areas, genetic systems to evaluate pathogenesis in viral infectious agents, and advances in decontamination. As a professor at the University of Manitoba, he has taught numerous courses in microbiology, cell biology, immunology and virology. Through his private laboratory, Dr. Theriault has commercialized his discoveries related to bioremediation and pathogen reduction processes. Dr. Theriault's interests have turned to addressing antimicrobial resistance through the use of bacteriophages. His template technology creates bacteriophages that are tailored to kill specific bacteria as opposed to the lengthy discover-in-nature process that currently exists. To commercialize his invention, Dr. Theriault established Cytophage Technologies Inc. and is currently the Chief Executive Officer and Chief Science Officer of Cytophage.

Julius Kalcevich – Chief Financial Officer, Age 48

Mr. Kalcevich is an experienced finance and investment banking professional with an extensive background in corporate finance, strategy development and financial management. Most recently, Mr. Kalcevich held the position of CFO of iAnthus Capital Holdings, Inc., which owns and operates licensed cannabis cultivation, processing, and dispensary facilities throughout the United States. As a founding team member of iAnthus, Mr. Kalcevich helped grow the company from a staff of 10 people to an organization with over 1000 personnel and revenue of $200 million. Previously, Mr. Kalcevich was a partner with BG Partners Corp., a Toronto based merchant bank focused on early stage and venture financings. Prior to this, he was a director in the investment banking groups of CIBC World Markets and Dundee Capital Markets where he assisted in the completion of over 40 transactions representing over $5 billion of transaction volume. Mr. Kalcevich earned a B.A. in Economics at McGill University and an MBA at Columbia University.

Heather Medwick – President, Age 62

Ms. Medwick has acted as President of Cytophage since 2018. As the former President and CEO for the International Centre for Infectious Diseases and Industry Consultant for the Province of Manitoba, Ms. Medwick brings over 20 years of management experience in the administration, development, evaluation and dissemination of evidence-based knowledge for decision-making by industry and government. Ms. Medwick holds a BA/BPHE from Queen's University and a joint MPA from the University of Winnipeg/University of Manitoba.

Michael Graham – Chief Commercial Officer, Age 46

Mr. Graham was the CFO of Cytophage from 2017 to July 2023, helping Cytophage raise almost $17 million to support its growth and development. Mr. Graham transitioned to the role of Chief Commercial Officer of Cytophage in July 2023. Immediately prior to joining Cytophage, Mr. Graham was a Director and the CFO of RHC Capital, a Canadian listed public issuer, aiding to restructure and execute a qualifying transaction. Mr. Graham was also the CFO of the resultant issuer, Royal Helium (TSXV: RHC). Before moving to work on the issuer side, Mr. Graham, spent over 10 years in capital markets supporting growth companies in the public and private domain as an investment banker and institutional equity broker. Mr. Graham earned a BPHE and MBA from the University of Toronto.

William Ollerhead – Director, Age 58

Mr. Ollerhead is the principal of Ollerhead Capital, a division of the private investment, management services, and corporate finance consulting company Chunkerhead Ltd., where he serves as the Managing Director. He is also the President of Cuspis Capital Partners Ltd. Mr. Ollerhead has over 30 years of experience in the capital markets and corporate finance field. He presently serves as: (a) a director of Graphene Manufacturing Group Ltd., (TSX-V: GMG), and as a member of its audit committee, and chair of its Remuneration Committee; (b) as a director of Thermal Energy International Inc. (TSX-V: TMG), and the chair of TMG's audit committee; and (c) as a director and chief executive officer of Cuspis Capital II Ltd. (TSX-V:CCII.P). Mr. Ollerhead has served on the boards of both public and private companies, and not-for-profit organizations, in various capacities – including chairman, director, and as a member and chair of audit committees.

In 1997, Mr. Ollerhead founded Ollerhead Capital Corporation which, until its sale in December of 2009, provided corporate finance advisory services relating to the structuring and arranging of approximately $800 million worth of private debt transactions.

Prior to 1997, Mr. Ollerhead worked for an independent full-service investment dealer as a member of both its corporate finance, and fixed income sales and trading departments. Prior to that, he worked with two Canadian institutional investors, MetLife and Sun Life, latterly co-administering approximately $2 billion in private placement investments. Mr. Ollerhead began his career in capital markets in 1989, as the equity analyst for the Canadian equity portfolio of MetLife's Canadian subsidiary. His investment and capital markets experience has provided him with exposure to, and knowledge of, a broad range of industries.

Mr. Ollerhead holds a B.A. with a concentration in Statistics from the University of Western Ontario, and an M.B.A. with a concentration in Finance from McGill University. In 2010, he completed the Directors Education Program at the Institute of Corporate Directors at University of Toronto's Rotman School of Management

Harold Wolkin – Director, Age 71

Harold Wolkin has over 30 years of experience as an investment banker and financial analyst. He has extensive experience in advising CEO's and Boards of Directors of both public and private companies. Harold has successfully assisted 50+ companies in going public and acquiring investment growth capital. Harold has taken leadership roles on numerous boards including his current roles as Chair of the Audit Committee of Baylin Technologies and Lead Director of Cipher Pharmaceuticals.

Robert Gabor – Director, Age 69

Mr. Robert Gabor left the practice of law after 36 years to accept the position as chair of the Public Utilities Board of Manitoba. As a partner at Aikins, MacAulay and Thorvaldson LLP, Mr. Gabor was the Head of the Commercialization Unit. His practice covered the areas of administrative law to corporate-commercial and technology law, including intellectual property, cyber security and privacy law. Mr. Gabor was appointed as a commissioner on the Royal Commission on Electoral Reform and Party Financing from 1990-92. Mr. Gabor is a Past Member of the International Board of Governors of The Hebrew University of Jerusalem. Mr. Gabor received the Queen's Diamond Jubilee Medal for community services in 2012.

Dr. Shantha Kodihalli – Director, Age 62

Dr. Kodihalli is an accomplished R&D executive with 20 years of experience in leading preclinical programs including the development and characterization of animal models, advancement of vaccine and therapeutic against infectious agents, and progressing medical countermeasures for licensure by the FDA. She has an extensive track record of therapeutic drug development against infectious disease targets from the pipeline, preclinical, clinical to licensure. Dr. Kodihalli is accomplished in FDA Animal Rule; Good Laboratory Practices; animal models of infectious disease and acute radiation syndromes; medical countermeasure development for licensure under the Animal rule; pre-IND and IND briefing packages; BLA preparations for submission for both Animal rule and traditional licensure pathways for biologicals; government contracting; and contract research organization oversight.

Andy Hurley – Director, Age 55

Andy Hurley is an executive leader with over 30 years of experience in successfully building and leading commercial and medical teams. His experience ranges from launching 21 different drugs across global markets, to building first-in-company commercial teams and launch strategies within previous R&D companies as a CCO, to rebuilding a clinical operations department following leadership departures and clinical setbacks, and leading a large commercial consulting division within the top CCO organization in the industry. Recently, Mr. Hurley joined Shield Therapeutics' Executive Team as Chief Commercial Officer with responsibility for US sales, marketing, operations, managed markets and patient services. Before joining Shield, Mr. Hurley was Chief Commercial and Medical/Clinical Officer at Agenus Inc. where he was responsible for leading the commercial, medical affairs and clinical operations functions. Prior to Agenus, Mr. Hurley was Senior Vice President of a commercial division at Syneos Health where he led a global team that launched nine products across several therapeutic areas during his tenure at the company. Mr. Hurley has also held senior leadership roles across commercialization, marketing, sales, and operations functions at Ocular Therapeutix, Sunovion, Dyax, NitroMed and Forest Pharmaceuticals. Mr. Hurley has a BSc in Consumer Studies from the University of Vermont and did post-graduate work in Finance and Marketing at Bentley University's McCallum Graduate School of Business.

Promoter Consideration

The Resulting Issuer does not expect to have any promoters other than its directors and officers, nor has the Resulting Issuer or Cytophage had a promoter other than such persons within the two years immediately preceding the date of this Filing Statement.

Corporate Cease Trade Orders or Bankruptcies

Other than as described below, no proposed director, officer or promoter of the Resulting Issuer, or any shareholder anticipated to hold sufficient number of securities of the Resulting Issuer to materially affect the control of the Resulting Issuer, is, or, within 10 years before the date of this Filing Statement, has been, a director, officer or promoter of any person or company that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order that denied the relevant company access to any exemptions under applicable securities legislation that was in effect for a period of more than 30 consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Julius Kalcevich, the Chief Financial Officer of Cytophage, was the Chief Financial Officer of iAnthus Capital Holdings Inc. ("**iAnthus**") from June 2016 until November 2022. In April 2020, iAnthus defaulted on its senior secured and unsecured debt due to a lack of access to capital markets due to the COVID-19 pandemic. On July 10, 2020, iAnthus entered into a restructuring support agreement with its secured and unsecured debenture holders to recapitalize the company. The recapitalization closed on June 24, 2022 pursuant to the terms of a plan of arrangement, which was approved by iAnthus at a meeting of holders of the company's common shares, options and warrants, as

well as by 100% of the holders of the secured debentures and 100% of the holders of the unsecured debentures, on September 14, 2020, and by the Supreme Court of British Columbia on October 5, 2020. iAnthus was subject to a cease trade order from June 22, 2020 to August 14, 2020, as iAnthus was not able to file its financial statement due to the material events surrounding the company's default. The cease trade order was lifted when iAnthus became current with all overdue filings.

Penalties or Sanctions

No proposed director, officer or promoter of the Resulting Issuer, or any shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to materially affect control of the Resulting Issuer; is, or, within the last 10 years, has been:

(a) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to materially affect the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

Conflicts of Interest

Directors and officers of the Resulting Issuer may also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's-length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. It is expected that all conflicts of interest will be resolved in accordance with the OBCA, the policies of the Exchange and all other applicable securities laws, regulations and policies. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Exchange or Market	Position	From	To
William Ollerhead	Thermal Energy International Inc. (Ontario)	TSX-V	Director	October 2011	Present
	Graphene Manufacturing Group Ltd. (Alberta)	TSX-V	Director	April 2021	Present

Name	Name and Jurisdiction of Reporting Issuer	Exchange or Market	Position	From	To
	Cuspis Capital II Ltd. (Ontario)	TSX-V	Director and Chief Executive Officer	September 2019	Present
	Cuspis Capital Ltd. (Ontario)	TSX-V	Director and Chief Executive Officer	February 2019	April 2021
Harold Wolkin	Baylin Technologies Inc.	TSX	Director	November 2013	Present
	BYND Cannasoft Enterprises Inc.	CSE	Director	March 2021	Present
	Cipher Pharmaceuticals Inc.	TSX	Director	August 2016	Present
	Ceres Global Ag Corp.	TSX	Director	January 2022	Present
	Deal Pro Capital Corp.	TSX-V	Director	August 2021	Present
	Enviro Global Limited (formerly Range Energy Resources Inc.)	CSE	Director	November 2019	Present
Andy Hurley	Shield Therapeutics plc	LSE	Chief Commercial Officer	April 2023	Present
	Agenus Inc.	Nasdaq	Chief Commercial Officer	January 2021	July 2022
	Ocular Therapeutix Inc.	Nasdaq	Chief Commercial Officer	October 2016	March 2018
Julius Kalcevich	iAnthus Capital Holdings Inc.	CNE	Chief Financial Officer	June 2016	November 2022

Audit Committee

The Audit Committee's Charter

The full text of the Resulting Issuer's Audit Committee Charter is appended hereto as Schedule "F".

Composition of the Audit Committee

It is anticipated that the Audit Committee will be comprised of three directors as follows: William Ollerhead, Harold Wolkin and Robert Gabor, two of whom are "independent", as such term is defined within the meaning of National Instrument 52-110, being Mr. Wolkin and Mr. Gabor. Mr. Ollerhead may not be considered "independent" as he is, and will have been, an executive officer of Cuspis within the last three years. Each proposed member of the Audit Committee is also "financially literate", as such term is defined within the meaning of National Instrument 52-110, and possesses education or experience that is relevant for the performance of their responsibilities as Audit Committee members.

Relevant Education and Experience

All of the proposed members of the Audit Committee have extensive experience in financial matters, through their participation in the management of private and publicly traded companies, and each has a broad understanding of accounting principles used by Cytophage and hence the Resulting Issuer to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of its internal controls and procedures for financial reporting. In addition to each Audit Committee member's general business experience, see "Part IV – Information Concerning the Resulting Issuer - Biographies of Directors and Executive

Officers", above, for additional detail regarding each member's education and experience which is potentially relevant to the performance of their responsibilities as audit committee members.

Exemptions

As the Resulting Issuer will be listed on the TSXV, it will be a "venture issuer" and may avail itself of the exemption in Section 6.1 of NI 52-110, which provides that venture issuers are not required to comply with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110. Part 3 of NI 52-110 requires the independence of each member of an audit committee, subject to limited exemptions. Part 5 of NI 52-110 requires the disclosure of audit committee information in an annual information form. It is expected that the Resulting Issuer will also rely on the exemption in Part 3 as not all of the members of its Audit Committee may be considered independent, and it is expected that it will also rely on the exemption in Part 5 because, as a venture issuer, it is not required to file an annual information form.

Pre-Approval of Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted by the Resulting Issuer. It is proposed that the engagement of non-audit services will be, considered by the board of directors, and where applicable by the Audit Committee, on a case-by-case basis.

Corporate Governance

Board of Directors

The proposed Resulting Issuer Board intends to exercise independent supervision over management through frequent meetings of the board and meetings with senior management.

All of the directors of the Resulting Issuer will be considered independent except for Dr. Steven Theriualt, the proposed Chief Executive Officer and Chief Science Officer of the Resulting Issuer.

Directorships

For a list of the proposed directors' directorships in other reporting issuers in the past five years, please see "Part IV – Information Concerning the Resulting Issuer – Other Reporting Issuer Experience", above.

Orientation and Continuing Education

The Resulting Issuer has not yet developed an official orientation or training program for directors or for the continuing education of directors. If and when new directors are added, however, it is expected that they will have the opportunity to become familiar with the Resulting Issuer through meetings with the other directors and officers of the Resulting Issuer. As each director has a different skill set and professional background, orientation and training activities will be tailored to the particular needs and experience of each director. It is expected that inquiries will be handled by the board of directors on a case-by-case basis with outside consultation, if required. The Resulting Issuer plans to make continuing education available to directors as the need or opportunity arises, and encourages open discussion at all meetings to foster and encourage critical thinking and learning.

Ethical Business Conduct

The Resulting Issuer has not adopted a written code of ethics for its directors, officers, employees and consultants. The board of directors, however, is expected to conduct itself with high business and moral standards and follow all applicable legal and financial requirements, and set an example for management.

The proposed board considers that the fiduciary duties placed on individual directors by the Resulting Issuer's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate

legislation on the individual director's participation in decisions of the board in which the director has an interest, are sufficient to ensure that the board operates independently of management and in the best interests of the Resulting Issuer and its shareholders.

Nomination of Directors

It is expected that the Resulting Issuer Board as a whole will be responsible for identifying, as needed, new candidates for the board of directors and recommending director nominees for the next annual meeting of the shareholders.

Compensation

It is expected that the Resulting Issuer Board and the Compensation Committee will be responsible for determining all forms of compensation for directors and the Chief Executive Officer, including fees and salaries, bonuses and long-term incentives in the form of stock options and awards.

When determining the compensation of officers of the Resulting Issuer, the Resulting Issuer Board intends to consider: (i) recruiting and retaining officers critical to the success of the Resulting Issuer and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Resulting Issuer's shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general.

In making its decisions, the Resulting Issuer Board will rely upon the general experience of its committee members, but as needed may retain and otherwise consult with outside consultants to provide independent reports on compensation paid by comparable companies.

Other Board Committees

It is expected that following the completion of the Proposed Qualifying Transaction, the Resulting Issuer Board will appoint the Compensation Committee which will be responsible for ensuring that the Resulting Issuer has in place an appropriate plan for executive compensation and for making recommendations to the Resulting Issuer Board with respect to the compensation of the Resulting Issuer's executive officers. The Compensation Committee of the Resulting Issuer is proposed to be comprised of: Robert Gabor (Chair), Harold Wolkin, Shantha Kodihalli and Steven Theriault.

The Compensation Committee's responsibilities will include: reviewing and approving the compensation of the Chief Executive Officer and other officers of the Resulting Issuer appointed by the Resulting Issuer Board; reviewing and approving the compensation policies, plans and programs for the Resulting Issuer's executive officers and other senior management, as well as its overall compensation plans and structure; reviewing and discussing with management and recommending to the Resulting Issuer Board the disclosure to be included under the caption "Executive Compensation" for use in any annual reports, prospectuses, proxy circulars or information circulars; and recommending to the board of directors the compensation for directors; administering the Resulting Issuer Option Plan and share compensation arrangements.

The Compensation Committee will seek to ensure an objective process for determining compensation through compliance with the board's conflicts of interest guidelines. The Compensation Committee will review the various compensation elements both individually and in total to seek alignment with the Resulting Issuer's compensation program objectives. The Compensation Committee will then make recommendations on all executive pay, short-term incentives and long-term incentive options to the Resulting Issuer Board for approval.

Assessments

It is expected that the effectiveness of the Resulting Issuer Board, its committees and individual directors will be assessed on an ongoing basis by the board of directors as a whole. The Resulting Issuer Board has not, as yet, adopted formal procedures for assessing the effectiveness of the board, committees or individual directors. The Resulting

Issuer Board will monitor and from time to time discuss the adequacy of information given to directors, the effectiveness of communications between board members themselves and between the board and management, and the processes of the board and its committees. Directors will be encouraged to discuss any perceived issues or weaknesses that they feel may impair the effective operation of the board.

Executive Compensation

Compensation Discussion and Analysis

It is expected that the Compensation Committee will ensure that total compensation paid to all NEOs is fair and reasonable and is consistent with the Resulting Issuer's compensation philosophy. The objective is to establish annual and long-term incentive plans that align compensation and performance, are competitive, consistent with company objectives and provide an appropriate mix of cash and stock compensation. It is expected that the Resulting Issuer's compensation philosophy will be to foster entrepreneurship at all levels of the organization through, among other things, the granting of stock-based compensation, which could be a significant component of executive compensation. This approach is based on the assumption that the performance of the Resulting Issuer Share price over the long term is an important indicator of long-term performance.

It is expected that the Resulting Issuer's compensation philosophy will be based on the following fundamental principles:

(a) Compensation programs align with shareholder interests – the Resulting Issuer aligns the goals of executives with maximizing long term shareholder value; and

(b) Performance sensitive – compensation for executive officers should be linked to individual performance company milestones and market performance of the Resulting Issuer and fluctuate with the performance; and

(c) Offer market competitive compensation to attract and retain talent – the compensation program should provide market competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest caliber.

Aggregate compensation for each NEO is expected to be designed to be competitive. It is expected that the compensation committee will review from time to time the compensation practices of comparable companies when considering the Resulting Issuer's executive compensation policy.

From time to time, on an ad hoc basis, it is expected that the Compensation Committee will review data related to compensation levels and programs of various companies that are similar in size to the Resulting Issuer and operate within the biotechnology industry. It is expected that the Compensation Committee will also rely on the experience of its members as officers and/or directors at other companies in similar lines of business as the Resulting Issuer in assessing compensation levels.

Executive Compensation

On completion of the Proposed Qualifying Transaction, it is expected that Dr. Steven Theriault, Julius Kalcevich, Michael Graham and Heather Medwick will be the only NEOs of the Reporting Issuer and will continue to receive their annual base salary pursuant to their respective employment agreements with Cytophage. Following Completion of the Proposed Qualifying Transaction, the Resulting Issuer Board will hold a meeting to review the compensation of certain officers and members of senior management of the Resulting Issuer. The terms and conditions of any adjustments to terms of employment have not yet been determined and will be subject to the prior approval of the Resulting Issuer Board. See "Part III – Information Concerning Cytophage - Employment, Consultant and Management Agreements". It is anticipated that each NEO will be eligible for an annual incentive award that will have a stock-based and cash-based component, with the amount of the annual incentive award to be aligned with the individual's annual performance as well as the Resulting Issuer's performance.

Aligning the Interests of the NEOs with the Interests of the Shareholders of the Resulting Issuer

Transparent, objective and easily verified corporate goals, combined with individual performance goals, is expected to play an important role in creating and maintaining an effective compensation strategy for the NEOs. It is expected that the planned objectives of the Resulting Issuer will be to establish benchmarks and targets for its NEOs which, if achieved, will enhance shareholder value. It is expected that a combination of fixed and variable compensation will be used to motivate executives to achieve overall corporate goals. It is expected that the three basic components of the Resulting Issuer's executive officer compensation program will be: (i) fixed salary; (ii) annual incentives (cash bonus); and (iii) stock and award-based compensation.

It is expected that the fixed salary will comprise a portion of the total cash-based compensation; however, annual incentives and option-based compensation represent compensation that is "at risk" and thus may or may not be paid to the respective executive officer depending on: (i) whether the executive officer is able to meet or exceed their applicable performance targets; and (ii) market performance of the Resulting Issuer Shares. To date, no specific formulae have been developed to assign a specific weighting to each of these components. Instead, the Resulting Issuer Board is expected to consider each performance target and the Resulting Issuer's performance and assigns compensation based on this assessment and the recommendations of the Compensation Committee.

Base Salary

It is expected that the Compensation Committee and the Resulting Issuer Board will approve the salary ranges for the NEOs. The base salary review for each NEO will be based on assessment of factors such as current competitive market conditions, compensation levels within compensation practices of similarly situated companies and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. It is expected that the Resulting Issuer may consider comparative data for the Resulting Issuer's peer group which would be accumulated from a number of external sources including independent consultants. The Resulting Issuer's policy for determining salary for executive officers is expected to be consistent with the administration of salaries for all other employees.

Annual Incentives

It is expected that the Resulting Issuer, in its discretion, may award annual incentive awards in order to motivate executives to achieve both short term and long terms corporate goals. It is expected that the Compensation Committee and the Resulting Issuer Board will approve an annual incentive award that could include both a cash based and stock-based component. The success of NEOs in achieving their individual objectives and their contribution to the Resulting Issuer in reaching its overall goals are to be factors in the determination of their annual bonus. The process will see the CEO provide a recommendation on the awards for the other senior executives to the Compensation Committee. The Compensation Committee will review the recommendation and provide its recommendation on the annual incentive awards for the senior executive as well as for the CEO to the Resulting Issuer Board. The Resulting Issuer Board will make the final decision on the incentive awards.

It is expected that the Compensation Committee will assess each NEO's performance on the basis of their respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Resulting Issuer that arise on a day-to-day basis. This assessment is expected to be used by the Compensation Committee in developing its recommendations to the Resulting Issuer Board with respect to the determination of annual bonuses for the NEOs. It is expected that the Resulting Issuer Board will rely heavily on the recommendations of the Compensation Committee in granting annual incentives.

As Part of the Annual Incentive Awards

The Resulting Issuer intends to grant Resulting Issuer Options to its directors, officers, employees and consultants; however, the details of such grants have not yet been determined and will be subject to the prior approval of the Resulting Issuer Board. The value of option-based awards will be calculated according to the Black-Sholes valuation methodology in order to quantity the dollar value of the award. Such stock options are expected to be granted under the Resulting Issuer Option Plan in effect upon Completion of the Proposed Qualifying Transaction. For an overview

of the Resulting Issuer Option Plan, please see the discussion under the heading "Part II – Information Concerning Cuspis – Cuspis Option Plan".

Compensation of Executives

It is expected that the Resulting Issuer Board will approve a targeted annual incentive award for each NEO at the beginning of each financial year. The targeted amounts are expected to be determined by the Compensation Committee based on a number of factors, including comparable compensation of similar companies. Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities, is expected to trigger the award of a bonus payment to the NEOs. The NEOs are expected to receive a partial or full incentive payment depending on the number of the predetermined targets met and the Compensation Committee's and the Resulting Issuer Board's assessment of overall performance. It is expected that the determination as to whether a target has been met will ultimately be made by the Resulting Issuer Board and the Resulting Issuer Board will reserve the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

Pension Plan Benefits

During the 12-month period following Completion of the Proposed Qualifying Transactions, it is not expected that the Resulting Issuer will provide for defined benefit plans or defined contribution plans, being plans that provide for payments or benefits at, following, or in connection with retirement, or provide for deferred compensation plans.

Compensation of Directors

The directors of the Resulting Issuer will be remunerated for their services; however, the amounts of such fees will be determined at the discretion of the board of directors of the Resulting Issuer following Completion of the Proposed Qualifying Transaction. It is expected that there will be a stock-based and a cash-based component to directors' compensation, as well as differential compensation for the Chair. The value of option-based awards will be calculated according to the Black-Sholes valuation methodology in order to quantity the dollar value of the award. The Resulting Issuer may also grant Resulting Issuer Options to directors in recognition of the time and effort that such directors devote to the Resulting Issuer.

Indebtedness of Directors and Officers

No individual who is, or at any time since the beginning of the most recently completed financial year of Cuspis or Cytophage, was, a director or officer of Cuspis or Cytophage, no proposed director or officer of the Resulting Issuer, and no associate of any such director, officer or proposed nominee, is indebted to Cuspis or Cytophage or any of its subsidiaries (other than for "routine indebtedness" as defined by applicable securities legislation) or has any indebtedness that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Cuspis, Cytophage or any of its subsidiaries.

Investor Relations Arrangements

There is no written or oral agreement or understanding that has been reached with any person to provide any promotional or investor relations services for the Resulting Issuer.

Options to Purchase Securities

The following table sets out information, as of the date of this Filing Statement, of stock options to purchase Resulting Issuer Shares that will be held upon completion of the Proposed Qualifying Transaction to the extent presently known:

Holder of Resulting Issuer Options	Number of Holders	Resulting Issuer Shares Underlying Resulting Issuer Options and Resulting	Exercise Price Range ($)	Expiry Date Range

		Issuer Replacement Options		
Proposed and Former Executive Officers	5	2,202,665	$0.10-$1.00	June 30, 2024 – February 1, 2032
Proposed and Former Directors (other than those who are executive officers)	8	2,039,075	$0.10-$1.30	October 29, 2026 - February 1, 2032
Proposed and Former Executive Officers of all subsidiaries	-	-	-	-
Other Proposed and Former Employees	3	510,000	$0.28-$0.65	October 29, 2026 - October 3, 2027
Proposed and past Consultants	3	150,000	$0.28-$1.30	April 20, 2024 - May 3, 2030
Any other person or company	2[(2)]	84,443	$0.20	February 1, 2032
Total	21	4,986,183	$0.10-$1.30	April 20, 2024 – February 1, 2032

Notes:

(1) The proposed officers of all subsidiaries of the Resulting Issuer are the same proposed officers of the Resulting Issuer and, accordingly, we have not repeated this information.
(2) Let's Talk Science (Charitable registration number: 88540 0846 RR0001) and Freeing the Human Spirit (Charitable registration number: 896568417 RR0001) will each hold 175,000 Resulting Issuer Charity Options.
(3) Each Resulting Issuer Option and Resulting Issuer Charity Option is exercisable into one (1) Resulting Issuer Share.

Resulting Issuer Option Plan

Upon Completion of the Proposed Qualifying Transaction, the Resulting Issuer will adopt the Cuspis Option Plan. For a description of the attributes of the Cuspis Option Plan, please refer to "Part II – Information Concerning Cuspis – Cuspis Option Plan" of this Filing Statement. A Copy of the Cuspis Option Plan may be inspected at no charge during regular business hours upon received written request one (1) Business Day in advance at the principal offices of Cuspis until Closing and at the principal offices of the Resulting Issuer for a period of 30 days thereafter.

Other Security Based Compensation

The following table sets out information, as of the date of this Filing Statement, of the Resulting Issuer Replacement Warrants to purchase Resulting Issuer Shares that will be held upon completion of the Proposed Qualifying Transaction to the extent presently known:

Holder of Resulting Issuer Replacement Warrants	Number of Holders	Resulting Issuer Shares Underlying Resulting Issuer Replacement Warrants	Exercise Price Range ($)	Expiry Date Range

Proposed and Former Executive Officers	2	5,050,000	$0.50-$1.40	August 31, 2025 – 2 years following completion of the Proposed Qualifying Transaction
Proposed and Former Directors (other than those who are executive officers)	3	160,500	$1.40	June 30, 2025 - 2 years following completion of the Proposed Qualifying Transaction
Total	5	5,210,500	$0.50-$1.40	June 30, 2025 – 2 years following completion of the Proposed Qualifying Transaction

Notes:

(1) Each Resulting Issuer Replacement Warrant is exercisable into one (1) Resulting Issuer Share.

Pursuant to the Concurrent Financing, Cytophage issued 35,525 Cytophage Finder Warrants, each exercisable to purchase one Cytophage Unit at an exercise price equal to $1.00, subject to adjustment, in accordance with the terms of the finder warrant certificate governing such warrants. At the Effective Time of the Proposed Qualifying Transaction, each Cytophage Finder Warrant shall be exchanged for one Resulting Issuer Replacement Finder Warrant and the Cytophage Finder Warrant so exchanged shall be cancelled.

Escrowed Securities

CPC Escrowed Securities

The following table sets out, as of the date of this Filing Statement and to the knowledge of Cuspis and Cytophage, the name of the holders of the aggregate of approximately 2,412,662 Resulting Issuer Shares (the "**CPC Escrowed Securities**") on a post-Consolidation basis, which were originally issued prior to or in connection with the CPC initial public offering and will continue to be subject to an Exchange Form 5D – Escrow Agreement (on an undiluted basis):

		Prior to Giving Effect to the Proposed Qualifying Transaction and after Giving Effect to the Consolidation		After Giving Effect to the Proposed Qualifying Transaction	
Name	**Designation of Class**	**Number of Securities Held in Escrow**	**Percentage of Class[(1)]**	**Number of Resulting Issuer Securities to be held in escrow**	**Percentage of class of Resulting Issuer Securities[(2)(3)]**
The Linton Family Trust, *Ottawa, Ontario*	Cuspis Shares	120,633	1.43%	120,633	0.22%
Darin Thompson, *Toronto, Ontario*	Cuspis Shares	120,633	1.43%	120,633	0.22%
Bill Hilson, *Toronto, Ontario*	Cuspis Shares	120,633	1.43%	120,633	0.22%
Andrew Day, *Oakville, Ontario*	Cuspis Shares	108,570	1.29%	108,569	0.20%

		Prior to Giving Effect to the Proposed Qualifying Transaction and after Giving Effect to the Consolidation		After Giving Effect to the Proposed Qualifying Transaction	
Name	**Designation of Class**	**Number of Securities Held in Escrow**	**Percentage of Class[1]**	**Number of Resulting Issuer Securities to be held in escrow**	**Percentage of class of Resulting Issuer Securities[2][3]**
Roger Dent, *Toronto, Ontario*	Cuspis Shares	96,506	1.14%	96,506	0.18%
Michael McIntosh, *Toronto, Ontario*	Cuspis Shares	96,506	1.14%	96,506	0.18%
Lori Fisher,[3] *Toronto, Ontario*	Cuspis Shares	96,506	1.14%	96,506	0.18%
Michael Labiak, *La Salle, Ontario*	Cuspis Shares	96,506	1.14%	96,506	0.18%
Taylor MacDonald,[4] *Vancouver, B.C.*	Cuspis Shares	90,475	1.07%	90,474	0.17%
Rob Shewchuk, *Calgary, Alberta*	Cuspis Shares	90,475	1.07%	90,474	0.17%
Bob McWhirter & Deborah E. Thompson, *Toronto, Ontario*	Cuspis Shares	72,380	0.86%	72,379	0.13%
Sandy Edmonstone, [5] *Calgary, Alberta*	Cuspis Shares	72,380	0.86%	72,379	0.13%
Dr. Robert Groh and Dr. Seonwha Chun,[6] *Wiarton, Ontario*	Cuspis Shares	72,380	0.86%	72,379	0.13%
Dale McCutcheon, *Toronto, Ontario*	Cuspis Shares	72,380	0.86%	72,379	0.13%
David Keating, *Toronto, Ontario*	Cuspis Shares	72,380	0.86%	72,379	0.13%
Jacqueline Logan, *Keswick, Ontario*	Cuspis Shares	60,317	0.71%	60,316	0.11%
Rob Triebe, *Ottawa, Ontario*	Cuspis Shares	60,317	0.71%	60,316	0.11%
Craig Burrows, *Calgary, Alberta*	Cuspis Shares	48,254	0.57%	48,254	0.09%

		Prior to Giving Effect to the Proposed Qualifying Transaction and after Giving Effect to the Consolidation		After Giving Effect to the Proposed Qualifying Transaction	
Name	**Designation of Class**	**Number of Securities Held in Escrow**	**Percentage of Class[1]**	**Number of Resulting Issuer Securities to be held in escrow**	**Percentage of class of Resulting Issuer Securities[2][3]**
Mark Binns and Kate Binns,[7] *Vancouver, B.C.*	Cuspis Shares	48,254	0.57%	48,254	0.09%
Derek Schoenmakers, *Waterloo, Ontario*	Cuspis Shares	24,127	0.29%	24,126	0.04%
Rory Ollerhead, *Bradford, Ontario*	Cuspis Shares	24,127	0.29%	24,126	0.04%
William Ollerhead, *Toronto, Ontario*	Cuspis Shares	120,633	1.43%	120,633	0.22%
	Cuspis Options	236,441	-	Nil	-
Chunkerhead Ltd.,[8] *Toronto, Ontario*	Cuspis Shares	108,570	1.29%	108,570	0.20%
Grant McCutcheon, *Toronto, Ontario*	Cuspis Shares	150,791	1.79%	150,791	0.28%
	Cuspis Options	202,664	-	Nil	-
Jack Schoenmakers,[9] *St. Catherines, Ontario*	Cuspis Shares	217,140	2.57%	217,140	0.40%
	Cuspis Options	202,664	-	Nil	-
C. Fraser Elliott, *Toronto, Ontario*	Cuspis Shares	150,791	1.79%	150,791	0.28%
	Cuspis Options	202,664	-	Nil	-
Let's Talk Science (Charitable registration number: 88540 0846 RR0001)	Cuspis Charity Options	42,221	-	Nil	-
Freeing the Human Spirit (Charitable registration number: 896568417 RR0001)	Cuspis Charity Options	42,221	-	Nil	-

Notes:

(1) The escrow agent of these Resulting Issuer Shares will be TSX Trust Company (or such other escrow agent as the Resulting Issuer may appoint).
(2) Assuming completion of the Consolidation.
(3) Ms. Lori Fisher owns these Cuspis Shares through Stone Capital Management.
(4) Mr. MacDonald owns these Cuspis Shares through Caerus Management Ltd.
(5) Ms. Sandy Edmonstone owns these Cuspis Shares through Stoneco Investments Inc.
(6) Dr. Robert Groh and his spouse, Dr. Seonwha Chun own these Cuspis Shares through 1985628 Ontario Inc.
(7) Mr. Mark Binns and his spouse, Kate Binns own these Cuspis Shares through Binns Holdings Inc.
(8) Mr. Ollerhead and his spouse, Dr. Kooyeon Chun own these Cuspis Shares through Chunkerhead Ltd.
(9) Mr. Shoenmakers owns these Cuspis Shares through Schoevest Investments Inc., an entity beneficially owned and controlled by Mr. Schoenmakers.

The CPC Escrowed Securities shall be released in accordance with the following timeline:

Release Dates	Percentage of Total CPC Escrowed Securities to be released
On the issuance of the Final Exchange Bulletin	25% of the escrowed securities
6 months after the issuance of the Final Exchange Bulletin	25% of the remaining escrowed securities
12 months after the issuance of the Final Exchange Bulletin	25% of the remaining escrowed securities
18 months after the issuance of the Final Exchange Bulletin	25% of the remaining escrowed securities

Pursuant to the Exchange Form 5D – Escrow Agreement, all Cuspis Options and Cuspis Charity Options granted prior to the Final Exchange Bulletin will be released from escrow on the date of the Final Exchange Bulletin.

QT Escrowed Securities

The following table sets out, as of the date of this Filing Statement and to the knowledge of Cuspis and Cytophage, the name of the holders whose Resulting Issuer Shares, Resulting Issuer Options, Resulting Issuer Replacement Options and Resulting Issuer Replacement Warrants (the "**QT Escrowed Securities**") will be considered Surplus Securities (as such term is defined in the policies of the Exchange) and subject to Exchange Form 5D – Escrow Agreement (on an undiluted basis):

		Prior to Giving Effect to the Proposed Qualifying Transaction and after Giving Effect to the Consolidation		After Giving Effect to the Proposed Qualifying Transaction	
Name	**Designation of Class**	**Number of Securities Held in Escrow**	**Percentage of Class**	**Number of Resulting Issuer Securities to be held in escrow**	**Percentage of class of Resulting Issuer Securities[(1)]**
Dr. Steven Theriault, *Winnipeg, Manitoba*	Resulting Issuer Replacement Options	Nil	-	650,000	-
	Resulting Issuer Replacement Warrants	Nil	-	5,000,000	-

		Prior to Giving Effect to the Proposed Qualifying Transaction and after Giving Effect to the Consolidation		After Giving Effect to the Proposed Qualifying Transaction	
Name	**Designation of Class**	**Number of Securities Held in Escrow**	**Percentage of Class**	**Number of Resulting Issuer Securities to be held in escrow**	**Percentage of class of Resulting Issuer Securities[1]**
Heather Medwick *Winnipeg, Manitoba*	Resulting Issuer Shares	Nil	-	450,000	0.84%
	Resulting Issuer Replacement Options	Nil	-	500,000	-
Julius Kalcevich *Toronto, Ontario*	Resulting Issuer Shares	Nil	-	100,000[2]	0.19%
	Resulting Issuer Replacement Options	Nil	-	350,000	-
	Resulting Issuer Replacement Warrants	Nil	-	50,000	-
Michael Graham *Toronto, Ontario*	Resulting Issuer Replacement Options	Nil	-	500,000	-
William Ollerhead *Toronto, Ontario*	Resulting Issuer Shares	Nil	-	963,769[3]	1.79%
	Resulting Issuer Replacement Warrants	Nil	-	40,000	-
Harold Wolkin *Toronto, Ontario*	Resulting Issuer Shares	Nil	-	833,500[4]	1.55%
	Resulting Issuer Replacement Options	Nil	-	390,000	-
	Resulting Issuer Replacement Warrants	Nil	-	100,500	-
Robert Gabor *Winnipeg, Manitoba*	Resulting Issuer Shares	Nil	-	100,000	0.19%
	Resulting Issuer Replacement Options	Nil	-	350,000	-
Dr. Shantha Kodihalli *Winnipeg, Manitoba*	Resulting Issuer Shares	Nil	-	40,000	0.07%
	Resulting Issuer Replacement Warrants	Nil	-	20,000	-
	Resulting Issuer Replacement Options	Nil	-	350,000	-

		Prior to Giving Effect to the Proposed Qualifying Transaction and after Giving Effect to the Consolidation		After Giving Effect to the Proposed Qualifying Transaction	
Name	**Designation of Class**	**Number of Securities Held in Escrow**	**Percentage of Class**	**Number of Resulting Issuer Securities to be held in escrow**	**Percentage of class of Resulting Issuer Securities[1]**
New Leaf Biologics Ltd.[5]	Resulting Issuer Shares	Nil	-	5,000,000	9.30%
	Resulting Issuer Replacement Options	Nil	-	250,000	-
Andy Hurley	Resulting Issuer Replacement Options	Nil	-	60,000	-

Notes:

(1) Assuming completion of the Consolidation and completion of the Concurrent Financing for aggregate gross proceeds of a minimum of $2,500,000.

(2) These shares will consist of: (i) 50,000 Cytophage Shares held personally; and (ii) 50,000 Cytophage Shares held through 2253549 Ontario Limited, an entity beneficially owned and controlled by Mr. Kalcevich.

(3) These shares will consist of: (i) 152,500 Cytophage Shares held personally; (ii) 760,000 Cytophage Shares held through Chunkerhead Ltd.; and (iii) 51,269 Cuspis Shares held personally that are not CPC Escrow Securities.

(4) These shares will consist of: (i) 582,500 Cytophage Shares held personally; and (ii) 251,000 Cytophage Shares held through Princeville Capital Corporation, an entity beneficially owned and controlled by Mr. Wolkin.

(5) New Leaf Biologics Ltd. is an entity beneficially owned and controlled by Dr. Steven Theriault's spouse.

The QT Escrow Securities that are Surplus Securities (as defined in the policies of the Exchange) will be released as follows:

Release Dates	Percentage of Surplus Securities to be released
On the issuance of the Final Exchange Bulletin	5% of the escrowed securities
6 months after the issuance of the Final Exchange Bulletin	5% of the remaining escrowed securities
12 months after the issuance of the Final Exchange Bulletin	10% of the remaining escrowed securities
18 months after the issuance of the Final Exchange Bulletin	10% of the remaining escrowed securities
24 months after the issuance of the Final Exchange Bulletin	15% of the remaining escrowed securities
30 months after the issuance of the Final Exchange Bulletin	15% of the remaining escrowed securities
36 months after the issuance of the Final Exchange Bulletin	40% of the remaining escrowed securities

Seed Share Resale Restrictions

Pursuant to Exchange Policy 5.4 – *Escrow Vendor Consideration and Resale Restrictions*, certain non-Principal (as defined in the policies of the Exchange) Cytophage Shareholders, upon exchange of the Cytophage Shares into Resulting Issuer Shares, may be subject to seed share resale restrictions ("**SSRR**s"). SSRRs are Exchange hold periods of various lengths which apply where seed shares are issued to non-Principals (as defined in the policies of the Exchange) by private companies prior to the completion of a Qualifying Transaction. The terms of SSRRs are based on the length of time such Cytophage Shares have been held and the price at which such shares were originally issued. All Resulting Issuer Shares subject to SSRRs will be issued with a restrictive legend stating when the applicable SSRR hold period will expire. An aggregate of 3,350,100 Cytophage Shares will be subject to an Exchange Form 5D – Value Escrow Agreement, with 10% of the Cytophage Shares being released at the time of the Final Exchange Bulletin.

The Resulting Issuer Shares subject to SSRRs will be released as follows:

Release Dates	Percentage of Surplus Securities to be released
On the issuance of the Final Exchange Bulletin	10% of the escrowed securities
6 months after the issuance of the Final Exchange Bulletin	15% of the remaining escrowed securities
12 months after the issuance of the Final Exchange Bulletin	15% of the remaining escrowed securities
18 months after the issuance of the Final Exchange Bulletin	15% of the remaining escrowed securities
24 months after the issuance of the Final Exchange Bulletin	15% of the remaining escrowed securities
30 months after the issuance of the Final Exchange Bulletin	15% of the remaining escrowed securities
36 months after the issuance of the Final Exchange Bulletin	15% of the remaining escrowed securities

Auditor, Transfer Agent and Registrar

The auditor of the Resulting Issuer is expected to be McGovern Hurley LLP, whose principal office is located at 251 Consumers Road, Suite 800, Toronto, ON M2J 4R3.

The registrar and transfer agent of the Resulting Issuer will be TSX Trust Company (the current registrar and transfer agent of Cuspis) at its Toronto office located at 301 – 100 Adelaide St. W., Toronto, ON M5H 4H1.

PART V – GENERAL MATTERS

Sponsorship

The Exchange has advised Cuspis that it qualifies for an exemption from the sponsorship requirements of the Exchange in connection with the Proposed Qualifying Transaction.

Experts

Reports and Opinions

The following professional persons have prepared reports or provided opinions that are either included in or referred to in this Filing Statement:

- McGovern Hurley LLP, Chartered Accountants have provided an auditors' report on the financial statements of Cuspis for the financial years ended December 31, 2022 and December 31, 2021, copies of which are attached hereto as part of Schedule "A".

- Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants have provided an auditors' reports on the financial statements of Cytophage for the financial years ended December 31, 2022 and December 31, 2021, copies of which are attached hereto as part of Schedule "C".

Interest of Experts

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds more than 1% beneficial interest, direct or indirect, in any property of the Resulting Issuer or of an associate or affiliate of the Resulting Issuer and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an associate or affiliate of the Resulting Issuer and no such person is a promoter of the Resulting Issuer or an associate or affiliate of Cuspis or the Resulting Issuer.

McGovern Hurley LLP has informed Cuspis that they are independent with respect to Cuspis within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Dale Matheson Carr-Hilton Labonte LLP has informed Cytophage that they are independent with respect to Cytophage within the meaning of the CPA Manitoba Code of Professional Conduct.

Other Material Facts

There are no material facts about Cuspis, Cytophage, the Resulting Issuer or the Proposed Qualifying Transaction that are not disclosed under the preceding items and are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to Cuspis, Cytophage and the Resulting Issuer, assuming Completion of the Proposed Qualifying Transaction.

Board Approval

This Filing Statement has been approved by the board of directors of each of Cuspis and Cytophage. Where information contained in this Filing Statement rests particularly with the knowledge of a Person other than Cuspis and Cytophage, each has relied upon information furnished by such Person.

Financial Statement Requirements

Financial statements for each of Cuspis, Cytophage and the Resulting Issuer may be found attached hereto at Schedules "A" through "E", respectively.

CERTIFICATE OF CUSPIS CAPITAL III LTD.

Dated: January 30, 2024

The foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities of Cuspis Capital III Ltd. assuming Completion of the Proposed Qualifying Transaction.

(signed) "William Ollerhead"
Name: William Ollerhead
Title: Chief Executive Officer

On behalf of the board of directors of Cuspis Capital Inc.

(signed) "Grant McCutcheon"
Name: Grant McCutcheon
Title: Director

(signed) "Fraser Elliott"
Name: Fraser Elliott
Title: Director

CERTIFICATE OF CYTOPHAGE TECHNOLOGIES INC.

Dated: January 30, 2024

The foregoing, as it relates to Cytophage Technologies Inc., constitutes full, true and plain disclosure of all material facts relating to the securities of Cytophage Technologies Inc.

(signed) "Steven Theriault"	*(signed) "Julius Kalcevich"*
Name: Steven Theriault	Name: Julius Kalcevich
Title: Chief Executive Officer	Title: Chief Financial Officer

On behalf of the board of directors of Cytophage Technologies Inc.

(signed) "Harold Wolkin"	*(signed) "Robert Gabor"*
Name: Harold Wolkin	Name: Robert Gabor
Title: Director	Title: Director

ACKNOWLEDGEMENT – PERSONAL INFORMATION

"**Personal Information**" means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement/information circular that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40, and 41 of TSXV Form 3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3B2; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: January 30, 2024

(signed) "William Ollerhead"
William Ollerhead
Chief Executive Officer

SCHEDULE "A"

AUDITED FINANCIAL STATEMENTS AND MD&A OF CUSPIS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021

(Please see attached)

Annual financial statements of

CUSPIS CAPITAL III LTD.

A Capital Pool Corporation

For the years ended December 31, 2022 and 2021

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Cuspis Capital III Ltd.

Opinion

We have audited the financial statements of Cuspis Capital III Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity (deficiency) and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit 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 financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. 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.

Key audit matters

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

We have determined that there were no key audit matters to communicate in our report.

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3
mcgovernhurley.com
t. 416-496-1234

McGovern Hurley

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit 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, 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 financial statements

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

In preparing the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 risks 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 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.

McGovern Hurley

The engagement partner of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 25, 2023

CUSPIS CAPITAL III LTD.

A Capital Pool Corporation
Statements of Financial Position
(In Canadian dollars)

As at December 31,

	Note	2022	2021
Assets			
Current assets			
Cash		**$ 69,502**	$ 24,963
Funds held in trust	6	**-**	162,147
Short-term investments	6	**5,343,692**	775,306
Deferred financing costs	7	**-**	46,693
Prepaid expenses and deposits	8	**517**	21,300
Total assets		**$ 5,413,711**	$ 1,030,409
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	9	**$ 24,301**	$ 78,966
Total current liabilities		**24,301**	78,966
Shareholders' equity			
Share capital	5	**4,996,615**	998,831
Share option reserve	5	**732,604**	-
Warrant reserve	5	**413,785**	-
Deficit		**(753,594)**	(47,388)
Total shareholders' equity		**5,389,410**	951,443
Total liabilities and shareholders' equity		**$ 5,413,711**	$ 1,030,409
Nature of operations	1		

Approved by the Board of Directors:

(Signed) *"William Ollerhead"*
William Ollerhead - Director and Chief Executive Officer

(Signed) *"Grant McCutcheon"*
Grant McCutcheon - Director and Chief Financial Officer

CUSPIS CAPITAL III LTD.

A Capital Pool Corporation
Statements of Loss and Comprehensive Loss
(In Canadian dollars)

For the years ended December 31,

	Note	**2022**	2021
Expenses			
Share-based compensation	5	**$ 666,297**	$ -
Donations	5	**66,307**	-
Professional fees		**41,866**	25,783
Filing costs		**17,509**	16,611
Office and general		**265**	290
		792,244	42,684
Loss for the year before the undernoted		**(792,244)**	(42,684)
Interest income	6	**86,038**	306
Net loss and comprehensive loss for the year		**$ (706,206)**	$ (42,378)
Loss per share			
Basic and diluted	10	**(0.03)**	(0.01)
Weighted average number of shares outstanding			
Basic and diluted	10	**23,684,932**	4,722,534

CUSPIS CAPITAL III LTD.

A Capital Pool Corporation
Statements of Changes in Shareholders' Equity (Deficiency)
(In Canadian dollars)

	Shares issued #	Share Capital $	Share-based Payment Reserve $	Warrant Reserve $	Deficit $	Total Shareholders' Equity (Deficit) $
Balance as at December 31, 2020	**50,000**	**4,831**	**-**	**-**	**(5,010)**	**(179)**
Common shares issued for cash	9,950,000	995,000	-	-	-	995,000
Share issuance costs	-	(1,000)	-	-	-	(1,000)
Net loss for the year	-	-	-	-	(42,378)	(42,378)
Balance as at December 31, 2021	10,000,000	998,831	-	-	(47,388)	951,443
Common shares issued for cash	25,000,000	5,000,000	-	-	-	5,000,000
Share issuance costs	-	(1,002,216)	-	413,785	-	(588,431)
Share-based compensation	-	-	732,604	-	-	732,604
Net loss for the year	-	-	-	-	(706,206)	(706,206)
Balance as at December 31, 2022	**35,000,000**	**4,996,615**	**732,604**	**413,785**	**(753,594)**	**5,389,410**

CUSPIS CAPITAL III LTD.

A Capital Pool Corporation
Statements of Cash Flows
(In Canadian dollars)

For the years ended December 31,

	2022	2021
Cash flows from operating activities		
Net loss for the year	**$ (706,206)**	$ (42,378)
Share-based compensation	**666,297**	-
Donations	**66,307**	-
Change in non-cash operating assets and liabilities		
Prepaid expenses and deposits	**20,783**	(21,300)
Accounts payable and accrued liabilities	**(7,972)**	27,094
Earned interest	**(85,681)**	(306)
Cash used in operating activities	**(46,472)**	(36,890)
Investing activities		
GIC purchase	**(5,300,000)**	(775,000)
GIC redemption	**775,000**	-
Interest received on maturity of investment	**42,295**	-
Cash used in investing activities	**(4,482,705)**	(775,000)
Financing activities		
Share capital	**5,000,000**	995,000
Share issuance costs	**(588,431)**	(1,000)
Cash provided by financing activities	**4,411,569**	994,000
(Decrease) Increase in cash	**(117,608)**	182,110
Cash, beginning of year	**187,110**	5,000
Cash, end of year	**$ 69,502**	$ 187,110
Supplemental information:		
Change in deferred financing costs	**$ 46,693**	$ (41,285)
Broker's warrants	**413,785**	-

1. Nature of operations

Cuspis Capital III Ltd. (the "Company" or "Cuspis III") was incorporated September 3, 2019 pursuant to the provisions of the Business Corporations Act (Ontario). The Company's registered head office is located at 77 King Street West, Suite 700, Toronto, Ontario, Canada M5K 1G8. The Company's shares are listed for trading on the TSX Venture Exchange under the symbol "CIII.P".

The Company is carrying on business as a Capital Pool Corporation ("CPC"), as such term is defined in the TSX Venture Exchange Inc. (the "Exchange") Policy 2.4 – Capital Pool Companies ("CPC Policy 2.4").

As at December 31, 2022, the Company had no business operations and did not enter into any agreements to acquire an interest in businesses or assets. The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange, in its efforts to complete a "Qualifying Transaction", as such term is defined in the Exchange CPC Policy 2.4.

Where a Qualifying Transaction warrants, additional funding may be required. The ability of the Company to fund its potential future operations and commitments may be dependent upon the ability of the Company to obtain additional financing and complete a Qualifying Transaction.

2. Basis of presentation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of measurement

These financial statements have been prepared on an historical cost basis and on an accrual basis except for cash flow information. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

These financial statements were authorized for issue by the Board of Directors on April 25, 2023.

3. Summary of significant accounting policies

Cash and cash equivalents

Cash equivalents consist of deposits with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Deferred financing costs

Financing costs related to the Company's initial public offering (the "Offering") are recorded as deferred financing costs until the financing was completed, at which time the costs were charged against the proceeds received. If the financing had not closed, the costs would be charged to profit or loss.

3. Summary of significant accounting policies (continued)

Financial instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized cost", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of loss. The Company's financial assets include cash, funds held in trust and short-term investments which are measured at amortized cost.

Subsequent measurement – Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statement of financial position with changes in fair value recognized in other income or expense in the statement of loss. The Company does not measure any financial assets at FVPL.

Subsequent measurement – Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statement of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statement of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statement of loss.

Fair value hierarchy

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly;
Level 3 – Inputs for assets or liabilities that are not based on observable market data.

3. Summary of significant accounting policies (continued)

Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded on temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, the tax asset is not recognized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Share-based payments

The Company has a stock option plan (the "Option Plan") which is discussed in note 5. The Company uses the fair value-based method of accounting for share-based payment arrangements. The fair value of each option granted to directors, officers, consultants and employees is accounted for in operations over the vesting period of the option using the Black-Scholes option pricing model at the date of grant, with the related increase to contributed surplus. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. Summary of significant accounting policies (continued)

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation.

All of the Company's outstanding stock options and warrants were anti-dilutive for the year ended December 31, 2022. During the year ended December 31, 2021, no options or warrants were issued or outstanding. Therefore, basic and diluted loss per share is the same for the periods presented.

Use of estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which will require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions could affect the fair value estimates.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(In Canadian dollars)

4. Cash restriction

There is a restriction on the use of proceeds realized from the sale of all securities issued by the Company as a CPC. The gross proceeds raised from the Offering may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed Qualifying Transaction, with the exception that general and administrative expenses are capped at $3,000 per month, including for professional accounting, advisory, and legal services expenses, and are not time limited.

5. Share capital

Authorized
Unlimited common shares with no par value

Issued

	Number of Common Shares	Amount
Balance as at December 31, 2020	50,000	$ 4,831
Seed share issuance	9,950,000	995,000
Share issuance costs	-	(1,000)
Balance as at December 31, 2021	**10,000,000**	**$ 998,831**
Common share issuance	25,000,000	5,000,000
Share issuance costs	-	(1,002,216)
Balance as at December 31, 2022	**35,000,000**	**$ 4,996,615**

Seed share issuance
During 2021, the Company had issued an aggregate of 3,050,000 seed common shares to directors and officers of the Company, and an additional 6,900,000 seed common shares to other investors at a price of $0.10 per share for gross proceeds of $995,000.

Initial public offering
On February 1, 2022, the Company completed its Offering pursuant to which it issued 25,000,000 common shares at $0.20 per share, for aggregate proceeds of $5,000,000.

Stock option plan ("Option Plan")
The Company has an Option Plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers, consultants and employees of the Company, options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to ten years from the date of grant.

The Option Plan was approved by the Board of Directors and adopted by the Company on December 23, 2021.

(In Canadian dollars)

5. Share capital (continued)

Stock options issued

On February 1, 2022, the directors and officers of the Company were granted options pursuant to the Company's incentive stock option plan to purchase an aggregate of up to 1,000,000 common shares at $0.10 and 2,500,000 at $0.20 per common share for a period of ten years from the date of grant. Eligible Charitable Organizations ("Charities") were also granted options pursuant to the Company's incentive stock option plan to purchase an aggregate of up to 350,000 common shares at an exercise price of $0.20 per share.

These options vested immediately upon grant and were valued upon issuance at $732,604 ($666,297 for options issued to directors and officers and $66,307 for options issued to Charities) using the Black-Scholes option pricing model with the following assumptions: expected volatility of 120% based on the average volatility of comparable companies, expected life of ten years, expected dividend yield of 0%, a risk free rate of 1.81% and a share price of $0.20.

	Number of stock options issued #	Weighted average exercise price $	Weighted average remaining life (Years)
Balance as at December 31, 2020 and 2021	**-**	**-**	**-**
Granted – directors and officers	3,500,000	0.17	9.09
Granted – charitable organizations	350,000	0.20	9.09
Balance as at December 31, 2022	**3,850,000**	**0.17**	**9.09**

Shares subject to escrow

Upon completion of the Offering on February 1, 2022, all issued and outstanding seed shares became subject to a uniform 18-month escrow release schedule, following the closing of a Qualifying Transaction, and will be released as to 25% on the date of the final Qualifying Transaction Exchange bulletin and an additional 25% on each of the dates that are 6, 12 and 18 months thereafter, pursuant to the terms of an Escrow Agreement dated as of December 23, 2021 between the Company, TSX Trust Company, and the shareholders of the Company.

Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

All common shares acquired on exercise of stock options granted to directors and officers prior to completion of a Qualifying Transaction must also be deposited and held in escrow pursuant to the requirements of the Exchange.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited and held in escrow.

(In Canadian dollars)

5. Share capital (continued)

Compensation warrants issued

The Offering was made on behalf of the Company by a syndicate of agents (collectively referred to as the "Agents"). Upon closing of the Offering on February 1, 2022 the Agents received a cash commission of $500,000, a corporate finance fee of $10,000 plus reimbursement for expenses incurred in connection with the Offering.

In addition, on February 1, 2022, the Agents received an aggregate of 2,500,000 compensation warrants. Each such compensation warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.20 for a period of five years. The compensation warrants were valued upon issuance at $413,785 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 120% based on the average volatility of comparable companies, expected life of five years, expected dividend yield of 0%, risk free rate of 1.65% and a share price of $0.20.

	Number of warrants issued #	Weighted average exercise price $	Weighted average remaining life (Years)
Balance as at December 31, 2020 and 2021	**-**	**-**	**-**
Granted – Agents	2,500,000	0.20	4.09
Balance as at December 31, 2022	**2,500,000**	**0.20**	**4.09**

Pursuant to CPC Policy 2.4, where the Agents receive an option or the right to subscribe for a certain number of shares as consideration for acting as Agents, 50% of the options exercised or 50% of the shares held pursuant to that right may be sold prior to completion of a Qualifying Transaction. The remaining 50% may only be sold after completion of a Qualifying Transaction.

6. Cash and short-term investments

Cash

As at December 31, 2022, the Company had $69,502 in cash held at a Canadian financial institution (December 31, 2021 - $24,963).

Funds held in trust

As at December 31, 2021, the Company had $162,147 held in trust with its lawyers. On March 8, 2022, funds held in trust were released to the Company and the balance as at December 31, 2022 was $Nil.

Short-term investments

The Company invests its cash in one-year fully cashable guaranteed investment certificates ("GIC"). As at December 31, 2021, the Company held $775,000 in a GIC with an effective annual interest rate of 0.4%. This GIC was redeemed and reinvested during the first quarter of fiscal 2022.

As at December 31, 2022, the Company held GIC investments totaling $5,300,000 with earned interest totaling $43,692 (December 31, 2021 - $306) and a current effective annual interest rate of 3.35%. Interest received on GIC rollovers during the year ended December 31, 2022 totaled $42,295 (December 31, 2021 - $Nil).

(In Canadian dollars)

7. Deferred financing costs

The deferred financing costs as at December 31, 2021 totaling $46,693 were reallocated to share issuance costs on February 1, 2022 upon closing of the Offering. The balance of deferred financing costs as at December 31, 2022 was $Nil.

8. Prepaid expenses and deposits

The Company's prepaid expenses and deposits as at December 31, 2022 totaling $517 included mainly annual contracts for news release issuance and corporate filings. Prepaid expenses totaling $21,300 as at December 31, 2021 included mainly expenses relating to the Offering.

9. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities consisted of the following:

	December 31, 2022	December 31, 2021
Accrued liabilities	**$ 21,476**	$ 55,186
Accounts payable	**2,825**	23,780
Total	**$ 24,301**	$ 78,966

10. Net loss per share

The net loss per common share was based on the loss attributable to common shareholders and the weighted average number of common shares outstanding. The loss per share calculation does not include escrowed shares as they are contingently returnable.

Diluted loss per share does not include the effect of any share options or compensation warrants outstanding as they are anti-dilutive.

11. Related party transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Refer to Note 5 for details on seed shares issued and stock options granted to related parties.

(In Canadian dollars)

12. Income taxes

Provision for income taxes

Major items causing the Company's income tax rate to differ from the federal statutory rate of 27% were as follows:

	Year ended December 31, 2022	2021
Loss before income taxes	**$ (706,206)**	$ (42,378)
Expected income tax recovery based on statutory rate	**191,000**	11,000
Share based compensation	**(194,000)**	-
Tax benefits not recognized	**3,000**	(11,000)
Deferred income tax expense	**$ -**	$ -

Deductible temporary differences

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2022	2021
Unrecognized deductible temporary differences		
Non-capital loss carry-forwards	**$ 222,000**	$ 47,000
Share issue costs	**802,000**	1,000
Total	**$ 1,024,000**	$ 48,000

Deferred income tax balances

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits. The Company has approximately $222,000 of non-capital losses in Canada, which, under certain circumstances, can be used to reduce the taxable income of future years. These losses expire in 2040 and 2042.

13. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to ensure sufficient liquidity in order to remain a CPC and complete a Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total shareholders' equity. The Company is not subject to any externally imposed capital requirements other than the cash restriction disclosed in Note 4. There were no significant changes in the Company's approach to capital management during the years ended December 31, 2022 and 2021.

14. Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate risk). The Board of Directors provides regular guidance for overall risk management.

Fair values

As at December 31, 2022 and 2021, the Company's financial instruments consist of cash, funds held in trust, short-term investments, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the limitation of exposure to credit and market risks, and the Company's search for a Qualifying Transaction.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash and short-term investment balances which, as at December 31, 2022, are held in Canadian financial institutions. The Company believes its exposure to credit risk is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management believes the Company had no significant exposure to interest rate risk through its financial instruments as at December 31, 2022 and 2021.

A 1% increase (decrease) in the interest rate on the short-term investments as at December 31, 2022 would result in an estimated increase (decrease) in net income (loss) of approximately $53,000 (December 31, 2021 - $7,750).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in note 13, in normal circumstances. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and have normal trade terms.

Management's discussion and analysis of the financial condition and results of operations of

CUSPIS CAPITAL III LTD.

A Capital Pool Corporation

For the years ended December 31, 2022 and 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS
of the Financial Condition and Results of Operations
For the years ended December 31, 2022 and 2021

April 25, 2023

1. INTRODUCTION

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Cuspis Capital III Ltd. ("Cuspis-III" or the "Company") is supplementary to, and should be read in conjunction with, the Company's condensed financial statements for the years ended December 31, 2022 and 2021. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations and the Company's financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Information about the Company and its operations can be obtained from its registered head office located at 77 King Street West, Suite 700, Toronto Ontario Canada M5K 1G8, or under the Company's profile at www.SEDAR.com.

2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements and information concerning expected future events, the future performance of the Company, its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to the Company's objectives and strategies to achieve those objectives, as well as statements with respect to its beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words.

These forward-looking statements and information are based on current expectations. The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control.

Forward-looking statements used in this MD&A are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, the actual results may vary materially from those expected, estimated or projected. The Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Given these uncertainties, the reader of the information included herein is cautioned not to place undue reliance on such forward-looking statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's discussion and analysis of operating results and financial condition are made with reference to the Company's financial statements and notes thereto for the years ended December 31, 2022 and 2021, which have been prepared in accordance with IFRS. The Company's significant accounting policies are summarized in detail in note 3 of the Company's financial statements for the years ended December 31, 2022 and 2021, which are available under the Company's profile on www.SEDAR.com.

4. OVERVIEW

The Company

Cuspis Capital III Ltd. was incorporated September 3, 2019 pursuant to the provisions of the Business Corporations Act (Ontario). The Company's corporate and tax year-end is December 31.

Closing of the Initial Public Offering

On February 1, 2022, the Company closed its Initial Public Offering (the "Offering"), and the Company commenced to carry on business as a Capital Pool Corporation ("CPC"), as such term is defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4 – Capital Pool Companies ("CPC Policy 2.4"). Upon completion, the Company's shares were listed for trading on the Exchange under the symbol "CIII.P".

Refer to the section entitled "Share Capital" for further details.

As at December 31, 2022, the Company had no business operations and did not enter into any agreements to acquire an interest in businesses or assets. The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange, in its efforts to complete a "Qualifying Transaction", as such term is defined in the Exchange CPC Policy 2.4.

Where a Qualifying Transaction warrants, additional funding may be required. The ability of the Company to fund its potential future operations and commitments may be dependent upon the ability of the Company to obtain additional financing and complete a Qualifying Transaction.

Cash restriction

There is a restriction on the use of proceeds realized from the sale of all securities issued by the Company as a CPC. The gross proceeds raised from the Offering may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed Qualifying Transaction, with the exception that general and administrative expenses are capped at $3,000 per month, including for professional accounting, advisory, and legal services expenses, and are not time limited.

5. SHARE CAPITAL

	Number of Common Shares	Amount
Balance as at December 31, 2020	50,000	$ 4,831
Seed share issuance	9,950,000	995,000
Share issuance costs	-	(1,000)
Balance as at December 31, 2021	**10,000,000**	**$ 998,831**
Common share issuance, February 1, 2022	25,000,000	5,000,000
Share issuance costs	-	(1,002,216)
Balance as at December 31, 2022 and April 25, 2023	**35,000,000**	**$ 4,996,615**

Seed share issuance

During 2021, the Company had issued an aggregate of 3,050,000 seed common shares to directors and officers of the Company, and an additional 6,900,000 seed common shares to other investors at a price of $0.10 per share for gross proceeds of $995,000.

Initial public offering

On February 1, 2022, the Company completed its Offering pursuant to which it issued 25,000,000 common shares at $0.20 per share, for aggregate proceeds of $5,000,000.

Stock options issued

On February 1, 2022, the directors and officers of the Company were granted options pursuant to the Company's incentive stock option plan to purchase an aggregate of up to 1,000,000 common shares at $0.10 and 2,500,000 at $0.20 per common share for a period of ten years from the date of grant. Eligible Charitable Organizations ("Charities") were also granted options pursuant to the Company's incentive stock option plan to purchase an aggregate of up to 350,000 common shares at an exercise price of $0.20 per share.

These options vested immediately upon grant and were valued upon issuance at $732,604 ($666,297 for options issued to directors and officers and $66,307 for options issued to Charities) using the Black-Scholes option pricing model with the following assumptions: expected volatility of 120% based on the average volatility of comparable companies, expected life of ten years, expected dividend yield of 0%, a risk free rate of 1.81% and a share price of $0.20.

	Number of stock options issued #	Weighted average exercise price $	Weighted average remaining life (Years)
Balance as at December 31, 2020 and 2021	**-**	**-**	**-**
Granted – directors and officers	3,500,000	0.17	9.09
Granted – Charitable organizations	350,000	0.20	9.09
Balance as at December 31, 2022 and April 25, 2023	**3,850,000**	**0.17**	**9.09**

Shares subject to escrow

Upon completion of the Offering on February 1, 2022, all issued and outstanding seed shares became subject to a uniform 18-month escrow release schedule, following the closing of a Qualifying Transaction, and will be released as to 25% on the date of the final Qualifying Transaction Exchange bulletin and an additional 25% on each of the dates that are 6, 12 and 18 months thereafter, pursuant to the terms of an Escrow Agreement dated as of December 23, 2021 between the Company, TSX Trust Company, and the shareholders of the Company.

Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

All common shares acquired on exercise of stock options granted to directors and officers prior to completion of a Qualifying Transaction must also be deposited and held in escrow pursuant to the requirements of the Exchange.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited and held in escrow.

Compensation warrants issued

The Offering was made on behalf of the Company by a syndicate of agents (collectively referred to as the "Agents"). Upon closing of the Offering on February 1, 2022 the Agents received a cash commission of $500,000, a corporate finance fee of $10,000 plus reimbursement for expenses incurred in connection with the Offering.

In addition, on February 1, 2022, the Agents received an aggregate of 2,500,000 compensation warrants. Each such compensation warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.20 for a period of five years. The compensation warrants were valued upon issuance at $413,785 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 120% based on the average volatility of comparable companies, expected life of five years, expected dividend yield of 0%, risk free rate of 1.65% and a share price of $0.20.

	Number of warrants issued #	Weighted average exercise price $	Weighted average remaining life (Years)
Balance as at December 31, 2020 and 2021	**-**	**-**	**-**
Granted – Agents	2,500,000	0.20	4.09
Balance as at December 31, 2022 and April 25, 2023	**2,500,000**	**0.20**	**4.09**

Pursuant to CPC Policy 2.4, where the Agents receive an option or the right to subscribe for a certain number of shares as consideration for acting as Agents, 50% of the options exercised or 50% of the shares held pursuant to that right may be sold prior to completion of a Qualifying Transaction. The remaining 50% may only be sold after completion of a Qualifying Transaction.

Deductible costs of this issue included listing and filing fees, the Agents' expenses and legal fees, the Agents' corporate work fee and the Company's legal fees, audit fees and expenses totaling approximately $131,000 exclusive of the Agents' commission.

Share issuance costs

Share issuance costs totaling $1,002,216 during fiscal 2022 related mainly to expenses associated with the Offering and included the Agents' fees ($500,000), non-cash valuation of warrants ($413,785), and other expenses ($88,431). $1,000 in share issuance costs was recorded during fiscal 2021 and related mainly to seed share issuance.

6. SELECTED ANNUAL INFORMATION

	Fiscal 2022	**Fiscal 2021**	Fiscal 2020
Revenue	**$ -**	**$ -**	$ -
Operating expenses	**792,244**	**42,684**	3,446
Interest Income	**86,038**	**306**	-
Net loss and comprehensive loss for the year	**(706,206)**	**(42,378)**	(3,446)
Loss per share, basic and diluted	**(0.03)**	**(0.01)**	(0.00)
Cash used in operating expenses	**(46,472)**	**(36,890)**	-
Cash used in Investing activities	**(4,482,705)**	**(775,000)**	-
Cash provided by financing activities	**4,411,569**	**994,000**	-
Increase (decrease) in cash during the year	**$ (117,608)**	**$ 182,110**	$ -

7. RESULTS OF OPERATIONS

Operating expenses

	Year ended December 31,	
	2022	2021
Share-based compensation	**$ 666,297**	$ -
Donations	**66,307**	-
Professional fees	**41,866**	25,783
Filing costs	**17,509**	16,611
General and administrative	**265**	290
Net loss from operations for the year	**$ 792,244**	$ 42,684

Share-based compensation and Donations

For the year ended December 31, 2022, $732,604 in share-based compensation was recorded (2021 - $Nil), of which $666,297 was allocated to directors and officers and $66,307 was allocated to Charities. Refer to the section entitled "Share capital – Stock options" for further details.

Professional fees

Professional fees include mainly legal, accounting, transfer agent, audit and tax preparation fees. For the year ended December 31, 2022, professional fees totaled $41,866 (2021 - $25,783). Expenses for the year ended December 31, 2022 included $13,012 in expenses associated with the Offering (2021 - $8,984), $2,317 in general corporate advice (2021 - $8,421) and the balance of $26,537 in accounting, audit and tax expenses (2021 - $8,378).

Filing costs

Filing costs include mainly expenses associated with stock exchange, shareholder reporting and filing fees. Filing costs during the years ended December 31, 2022 totaling $17,509 resulted mainly from costs associated with the Offering (2021 - $16,611).

General and administrative

General and administrative expenses for the years ended December 31, 2022, totaling $265 (2021 - $290) included mainly sundry expenses.

Interest income

The Company invests its cash in one-year fully cashable guaranteed investment certificates ("GIC"). As at December 31, 2021, the Company held $775,000 in a GIC with an effective annual interest rate of 0.4%. This GIC was redeemed and reinvested during the first quarter of fiscal 2022.

As at December 31, 2022, the Company held GIC investments totaling $5,300,000 with earned interest totaling $43,692 (2021 - $306) and a current effective annual interest rate of 3.35%.

Interest received on GIC rollovers during the year ended December 31, 2022 totaled $42,295 (2021 - $Nil). Interest income for the year ended December 31, 2022 totaled $86,038 (2021 - $306).

Income taxes

Deferred tax assets have not been recognized because it is not probable that future taxable profit will be available against which the Company can use the benefits. The Company has approximately $222,000 of non-capital losses in Canada, which, under certain circumstances, can be used to reduce the taxable income of future years. These losses expire in 2040 and 2042.

Loss and comprehensive loss

The loss and comprehensive loss for the year ended December 31, 2022 amounted to $706,206 or $0.03 per share, basic and diluted (2021 – $42,378 or $0.01 per share, basic and diluted).

The net loss per common share was based on the loss attributable to common shareholders and the weighted average number of common shares outstanding. The loss per share calculation does not include escrowed shares as they are contingently returnable. Diluted loss per share does not include the effect of any share options or compensation warrants outstanding as they are anti-dilutive.

8. QUARTERLY FINANCIAL RESULTS

The following table sets out financial information for the eight quarters ended December 31, 2022.

	Fiscal 2022				Fiscal 2021			
	Dec 31	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating expenses	16,807	5,160	7,442	762,835	34,222	8,462	-	-
Interest income	43,279	24,663	13,453	4,643	306	-	-	-
Income (loss) and comprehensive income (loss) for the period	26,472	19,503	6,011	(758,192)	(33,916)	(8,462)	-	-
Income (loss) per share – basic and diluted [(i)]	0.00	0.00	0.00	(0.05)	(0.00)	(0.00)	-	-
Weighted average number of shares outstanding	25,000,000	25,000,000	25,000,000	19,666,667	10,000,000	8,192,663	571,978	50,000

[(1)] For the periods presented, the calculation of loss per share excludes escrowed shares, options and warrants.

9. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Refer to the section entitled "Share Capital" for details on seed shares issued and stock options granted to related parties.

10. LIQUIDITY AND CAPITAL RESOURCES

Working capital

As at December 31, 2022, the Company had no debt and working capital totaled $5,389,410 compared to $951,443 as at December 31, 2021.

The Company funds its activities through equity financing. During the year ended December 31, 2022, the Company raised approximately $5,000,000 pursuant to the Offering through the issuance of common shares to fund its operations, which principally consists of identifying and completing a Qualifying Transaction.

The current cash on hand as at December 31, 2022 is expected to be sufficient to meet the Company's liquidity requirements until the Qualifying Transaction is completed. However, upon completion of a Qualifying Transaction, additional capital may be necessary.

The Company does not generate revenue from operations and incurred net loss of $706,206 for the year ended December 31, 2022 (2021 – $42,378). However, the Company believes that its working capital will provide the Company with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Company has no revenues, its ability to continue as a going concern is dependent on its ability to complete a Qualifying Transaction.

11. INVESTOR RELATIONS

Until completion of a Qualifying Transaction, neither the Company nor any party on behalf of the Company will engage the services of any person to provide investor relation activities or market making services.

12. PROPOSED TRANSACTIONS AND OFF-BALANCE SHEET ARRANGEMENTS

There are no proposed transactions or off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

13. OPERATING RISKS AND UNCERTAINTIES

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to ensure sufficient liquidity in order to remain a CPC and complete a Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total shareholders' equity. The Company is not subject to any externally imposed capital requirements other than the cash restriction disclosed in the section entitled "Overview – Cash restriction". There were no significant changes in the Company's approach to capital management during the years ended December 31, 2022 and 2021.

Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate risk). The Board of Directors provides regular guidance for overall risk management.

Fair values

As at December 31, 2022 and 2021, the Company's financial instruments consist of cash, funds held in trust, short-term investments, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the limitation of exposure to credit and market risks, and the Company's search for a Qualifying Transaction.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash and short-term investment balances which, as at December 31, 2022, are held in Canadian financial institutions. The Company believes its exposure to credit risk is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management believes the Company had no significant exposure to interest rate risk through its financial instruments as at December 31, 2022 and 2021.

A 1% increase (decrease) in the interest rate on the short-term investments as at December 31, 2022 would result in an estimated increase (decrease) in net income (loss) of approximately $53,000 (December 31, 2021 - $7,750).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in the section entitled "Operating risks and uncertainties – Management of capital", in normal circumstances. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and have normal trade terms.

Risks and uncertainties

The Company does not have a history of operations. There is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

The Company's continued operation will be dependent upon its ability to secure a Qualifying Transaction and to generate operating revenues and to procure additional financing. To date, the Company has done so through equity financing.

The Company has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends. It will not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction.

The directors and officers of the Company will only devote a small portion of their time to the business and affairs of the Company. Some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

The Company is relying solely on the past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In such event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions. There can be no assurance that the Company will be able to identify a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to complete the transaction. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Company. This may result in further dilution to investors, which dilution may be significant and which may also result in a change of control of the Company. Subject to prior Exchange approval, the Company may be permitted to loan or advance up to an aggregate of $250,000 of its proceeds as a refundable deposit to a target business under certain conditions noted in the CPC Policy. There can be no assurance that the Company will be able to recover that loan.

Completion of any Qualifying Transaction is subject to a number of conditions, including acceptance by the Exchange and in the case of a non arm's length Qualifying Transaction, majority of minority approval.

Upon public announcement of a proposed Qualifying Transaction, trading in common shares of the Company would be halted for an indefinite period of time, until certain reviews are conducted, and obligations satisfied. The common shares will be reinstated to trading upon review and acceptance of the Exchange. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed Qualifying Transaction. Trading of the common shares may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required.

14. ADDITIONAL INFORMATION

Additional information regarding the Company's financial statements and corporate documents is available by request to the CEO made to our registered head office located at Suite 700, 77 King Street West, Toronto Ontario Canada M5K 1G8, or under the Company's profile at www.SEDAR.com.

CUSPIS CAPITAL III LTD.

Shareholder Information

Board of Directors and Officers

William Ollerhead
(Chairman of the Board and Chief Executive Officer)

Grant McCutcheon
(Chief Financial Officer)

Jack Schoenmakers

C. Fraser Elliott

Auditors

McGovern Hurley LLP
251 Consumers Road, Suite 800
Toronto, Ontario Canada
M2J 4R3

Shareholder inquiries

c/o Chitiz Pathak LLP
77 King Street West, Suite 700
Toronto, Ontario Canada
M5K 1G8

Transfer agent

TSX Trust Company
200 University Avenue, Suite 300
Toronto, Ontario Canada
M5H 4H1
Tel: (416) 361-0930
Fax: (416) 361-0470
email: TMXEInvestorservices@tmx.com

Common shares

The common shares of the Company are listed on the TSX Venture Exchange under the symbol CIII.P.

SCHEDULE "B"

FINANCIAL STATEMENTS AND MD&A OF CUSPIS FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2023

(Please see attached)

Unaudited condensed interim financial statements of

CUSPIS CAPITAL III LTD.

A Capital Pool Corporation

For the three and nine months ended September 30, 2023 and 2022

CUSPIS CAPITAL III LTD.

A Capital Pool Corporation
Condensed Interim Statements of Financial Position
(In Canadian dollars)
(Unaudited)

As at

	Note	September 30, 2023	December 31, 2022
Assets			
Current assets			
Cash		**$ 26,077**	$ 69,502
Short-term investments	5	**5,513,333**	5,343,692
Prepaid expenses and deposits	6	**2,372**	517
Total assets		**$ 5,541,782**	$ 5,413,711
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	7	**$ 38,303**	$ 24,301
Total current liabilities		**38,303**	24,301
Shareholders' equity			
Share capital	3	**4,996,615**	4,996,615
Share option reserve	3	**732,604**	732,604
Warrant reserve	3	**413,785**	413,785
Deficit		**(639,525)**	(753,594)
Total shareholders' equity		**5,503,479**	5,389,410
Total liabilities and shareholders' equity		**$ 5,541,782**	$ 5,413,711
Nature of operations	1		
Subsequent events	12		

Approved by the Board of Directors:

(Signed) *"William Ollerhead"*
William Ollerhead - Director and Chief Executive Officer

(Signed) *"Grant McCutcheon"*
Grant McCutcheon - Director and Chief Financial Officer

CUSPIS CAPITAL III LTD.

A Capital Pool Corporation

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(In Canadian dollars)

(Unaudited)

For the

	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	**2023**	2022
Expenses					
Share-based compensation	3	**$ -**	$ -	**$ -**	$ 666,297
Donations	3	-	-	**-**	66,307
Qualifying transaction	1	**29,352**	-	**34,335**	-
Filing costs		**1,110**	819	**12,147**	16,690
Professional fees		**3,729**	4,305	**9,006**	25,923
Office and general		**28**	36	**84**	220
		34,219	5,160	**55,572**	775,437
Loss for the period before the undernoted		**(34,219)**	(5,160)	**(55,572)**	(775,437)
Interest income	5	**63,626**	24,663	**169,641**	42,759
Net income (loss) and comprehensive income (loss) for the period		**$ 29,407**	$ 19,503	**$ 114,069**	$ (732,678)
Income (loss) per share					
Basic and diluted	3, 8	**0.00**	0.00	**0.00**	(0.03)
Weighted average number of shares outstanding[(1)]					
Basic and diluted	3, 8	**25,000,000**	25,000,000	**25,000,000**	23,241,758

[(1)] For the periods presented, the calculation of weighted average number of common shares outstanding excludes escrowed shares, options and warrants.

CUSPIS CAPITAL III LTD.

A Capital Pool Corporation
Condensed Interim Statements of Changes in Shareholders' Equity
(In Canadian dollars)
(Unaudited)

	Shares issued #	Share Capital $	Share-based Payment Reserve $	Warrant Reserve $	Deficit $	Total Shareholders' Equity $
Balance as at December 31, 2021	**10,000,000**	**998,831**	**-**	**-**	**(47,388)**	**951,443**
Common shares issued for cash	25,000,000	5,000,000	-	-	-	5,000,000
Share issuance costs	-	(1,002,216)	-	413,785	-	(588,431)
Share-based compensation	-	-	732,604	-	-	732,604
Net loss for the period	-	-	-	-	(732,678)	(732,678)
Balance as at September 30, 2022	35,000,000	4,996,615	732,604	413,785	(780,066)	5,362,938
Balance as at December 31, 2022	**35,000,000**	**4,996,615**	**732,604**	**413,785**	**(753,594)**	**5,389,410**
Net income for the period	-	-	-	-	114,069	114,069
Balance as at September 30, 2023	**35,000,000**	**4,996,615**	**732,604**	**413,785**	**(639,525)**	**5,503,479**

CUSPIS CAPITAL III LTD.

A Capital Pool Corporation
Condensed Interim Statements of Cash Flows
(In Canadian dollars)
(Unaudited)

For the nine months ended September 30,

	2023	2022
Cash flows from operating activities		
Net income (loss) for the period	**$ 114,069**	$ (732,678)
Share-based compensation	**-**	666,297
Donations	**-**	66,307
Change in non-cash operating assets and liabilities		
Prepaid expenses and deposits	**(1,855)**	19,964
Accounts payable and accrued liabilities	**14,002**	(23,914)
Earned interest	**(788)**	(42,403)
Cash provided by (used in) operating activities	**125,428**	(46,427)
Investing activities		
GIC purchase	**(213,285)**	(4,525,000)
Interest received on maturity of investment	**44,432**	42,295
Cash used in investing activities	**(168,853)**	(4,482,705)
Financing activities		
Share capital	**-**	5,000,000
Share issuance costs	**-**	(588,431)
Cash provided by financing activities	**-**	4,411,569
Decrease in cash	**(43,425)**	(117,563)
Cash, beginning of period	**69,502**	187,110
Cash, end of period	**$ 26,077**	$ 69,547
Supplemental information:		
Change in deferred financing costs	**$ -**	$ 46,693
Broker's warrants	**-**	413,785

1. Nature of operations

Cuspis Capital III Ltd. (the "Company" or "Cuspis III") was incorporated September 3, 2019 pursuant to the provisions of the Business Corporations Act (Ontario). The Company's registered head office is located at 77 King Street West, Suite 700, Toronto, Ontario, Canada M5K 1G8. The Company's shares are listed for trading on the TSX Venture Exchange under the symbol "CIII.P". The Company is carrying on business as a Capital Pool Corporation ("CPC"), as such term is defined in the TSX Venture Exchange Inc. (the "Exchange") Policy 2.4 – Capital Pool Companies ("CPC Policy 2.4").

As at September 30, 2023, the Company had no business operations. The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange, in its efforts to complete a "Qualifying Transaction", as such term is defined in the Exchange CPC Policy 2.4.

On May 31, 2023, the Company entered into a Letter of Intent ("LOI") with Cytophage Technologies Inc. ("Cytophage"), a private company continued under the laws of the Province of Manitoba (note 12).

Where a Qualifying Transaction warrants, additional funding may be required. The ability of the Company to fund its potential future operations and commitments may be dependent upon the ability of the Company to obtain additional financing and complete its proposed Qualifying Transaction.

2. Basis of presentation

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS").

Accounting policies and methods of their application followed in the preparation of these unaudited condensed interim financial statements are consistent with those used in the annual audited financial statements for the year ended December 31, 2022, which are available under the Company's profile at www.SEDARplus.ca ("SEDAR+").

Basis of measurement

The financial statements have been prepared on an historical cost basis and on an accrual basis except for cash flow information. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

These financial statements were authorized for issue by the Board of Directors on November 29, 2023.

(In Canadian dollars)

3. Share capital

Authorized

Unlimited common shares with no par value

Issued

	Number of Common Shares	Amount
Balance as at December 31, 2021	**10,000,000**	**$ 998,831**
Common share issuance	25,000,000	5,000,000
Share issuance costs	-	(1,002,216)
Balance as at December 31, 2022 and September 30, 2023	**35,000,000**	**$ 4,996,615**

Seed shares

As at September 30, 2023 and December 31, 2022, the Company had issued an aggregate of 10,000,000 seed common shares at a price of $0.10 per share for gross proceeds of $1,000,000.

Initial public offering

On February 1, 2022, the Company completed its Initial Public Offering (the "Offering") pursuant to which it issued 25,000,000 common shares at $0.20 per share, for aggregate proceeds of $5,000,000.

Stock option plan ("Option Plan")

The Company has an Option Plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers, consultants and employees of the Company, options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to ten years from the date of grant.

The Option Plan was approved by the Board of Directors and adopted by the Company on December 23, 2021.

Stock options issued

On February 1, 2022, the directors and officers of the Company were granted options pursuant to the Company's incentive stock option plan to purchase an aggregate of up to 1,000,000 common shares at $0.10 and 2,500,000 at $0.20 per common share for a period of ten years from the date of grant. Eligible Charitable Organizations ("Charities") were also granted options pursuant to the Company's incentive stock option plan to purchase an aggregate of up to 350,000 common shares at an exercise price of $0.20 per share.

These options vested immediately upon grant and were valued upon issuance at $732,604 ($666,297 for options issued to directors and officers and $66,307 for options issued to Charities) using the Black-Scholes option pricing model with the following assumptions: expected volatility of 120% based on the average volatility of comparable companies, expected life of ten years, expected dividend yield of 0%, a risk free rate of 1.81% and a share price of $0.20.

(In Canadian dollars)

3. Share capital (continued)

Stock options issued (continued)

	Number of stock options issued #	Weighted average exercise price $	Weighted average remaining life (Years)
Balance as at December 31, 2021	**-**	**-**	**-**
Granted – directors and officers	3,500,000	0.17	8.35
Granted – charitable organizations	350,000	0.20	8.35
Balance as at December 31, 2022 and September 30, 2023	**3,850,000**	**0.17**	**8.35**

Shares subject to escrow

Upon completion of the Offering on February 1, 2022, all issued and outstanding seed shares became subject to a uniform 18-month escrow release schedule, following the completion of a Qualifying Transaction, and will be released as to 25% on the date of the final Qualifying Transaction Exchange bulletin and an additional 25% on each of the dates that are 6, 12 and 18 months thereafter, pursuant to the terms of an Escrow Agreement dated as of December 23, 2021 between the Company, TSX Trust Company, and the shareholders of the Company.

Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

All common shares acquired on exercise of stock options granted to directors and officers prior to completion of a Qualifying Transaction must also be deposited and held in escrow pursuant to the requirements of the Exchange.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited and held in escrow.

The seed common shares are considered contingently issuable until the Company completes a Qualifying Transaction and, accordingly, they are not considered to be outstanding shares for purposes of loss per share calculations.

Compensation warrants issued

The Offering was made on behalf of the Company by a syndicate of agents (collectively referred to as the "Agents"). Upon closing of the Offering on February 1, 2022 the Agents received a cash commission of $500,000, a corporate finance fee of $10,000 plus reimbursement for expenses incurred in connection with the Offering.

In addition, on February 1, 2022, the Agents received an aggregate of 2,500,000 compensation warrants. Each such compensation warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.20 for a period of five years. The compensation warrants were valued upon issuance at $413,785 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 120% based on the average volatility of comparable companies, expected life of five years, expected dividend yield of 0%, risk free rate of 1.65% and a share price of $0.20.

(In Canadian dollars)

3. Share capital (continued)

Compensation warrants issued (continued)

	Number of warrants issued #	Weighted average exercise price $	Weighted average remaining life (Years)
Balance as at December 31, 2021	**-**	**-**	**-**
Granted – Agents	2,500,000	0.20	3.34
Balance as at December 31, 2022 and September 30, 2023	**2,500,000**	**0.20**	**3.34**

Pursuant to CPC Policy 2.4, where the Agents receive an option or the right to subscribe for a certain number of shares as consideration for acting as Agents, 50% of the options exercised or 50% of the shares held pursuant to that right may be sold prior to completion of a Qualifying Transaction. The remaining 50% may only be sold after completion of a Qualifying Transaction.

4. Cash restriction

There is a restriction on the use of proceeds realized from the sale of all securities issued by the Company as a CPC. The gross proceeds raised from the Offering may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed Qualifying Transaction, with the exception that general and administrative expenses are capped at $3,000 per month, including for professional accounting, advisory, and legal services expenses, and are not time limited.

5. Cash and short-term investments

Cash

As at September 30, 2023, the Company had $26,077 in cash held at a Canadian financial institution (December 31, 2022 - $69,502).

Short-term investments

The Company invests its cash in one-year fully cashable guaranteed investment certificates (“GIC”).

The Company’s GIC matured on September 29, 2023 and $212,545 in earned interest was reinvested. As at September 30, 2023, the Company held GIC investments totaling $5,512,545 with earned interest of $788 (December 31, 2022 – $5,300,000 and $43,692 respectively) and a current effective annual interest rate of 5.25% (December 31, 2022 – 3.85%). The GIC is set to mature on October 1, 2024 (note 12).

Interest received on investments during the nine months ended September 30, 2023 totalled $44,432 (September 30, 2022 - $42,295).

Interest earned on investments for the three and nine months ended September 30, 2023 totaled $63,626 and $169,641 respectively (September 30, 2022 - $24,663 and $42,759).

6. Prepaid expenses and deposits

The Company’s prepaid expenses and deposits as at September 30, 2023 totaled $2,372 (December 31, 2022 - $517) and included mainly annual contracts for news release issuance and corporate filings on SEDAR+.

(In Canadian dollars)

7. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities consisted of the following:

	September 30, 2023	December 31, 2022
Accounts payable	**$ 33,783**	$ 2,825
Accrued liabilities	**4,520**	21,476
Total	**$ 38,303**	$ 24,301

8. Net income (loss) per share

The net income (loss) per common share was based on the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding. The income (loss) per share calculation does not include escrowed shares as they are contingently returnable.

Diluted loss per share does not include the effect of any share options or compensation warrants outstanding as they are anti-dilutive. Diluted income per share does not include the effect of any share options outstanding as they are held in escrow until the completion of a Qualifying Transaction.

9. Related party transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

10. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to ensure sufficient liquidity in order to remain a CPC and complete its proposed Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total shareholders' equity. The Company is not subject to any externally imposed capital requirements other than the cash restriction disclosed in Note 4. There were no significant changes in the Company's approach to capital management during the periods ended September 30, 2023 and December 31, 2022.

11. Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate risk). The Board of Directors provides regular guidance for overall risk management.

Fair values

As at September 30, 2023 and December 31, 2022, the Company's financial instruments consist of cash, short-term investments, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the limitation of exposure to credit and market risks, and the Company's completion of its proposed Qualifying Transaction.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash and short-term investment balances which, as at September 30, 2023, are held in Canadian financial institutions. The Company believes its exposure to credit risk is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management believes the Company had no significant exposure to interest rate risk through its financial instruments as at September 30, 2023 and December 31, 2022.

A 1% increase (decrease) in the interest rate on the short-term investments as at September 30, 2023 would result in an estimated increase (decrease) in net income (loss) of approximately $55,000 (December 31, 2022 - $53,000).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in note 10, in normal circumstances. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and have normal trade terms.

12. Subsequent events

Qualifying Transaction update

On November 6, 2023, the Company, Cytophage, and 10179321 Manitoba Ltd. ("Subco"), a wholly-owned subsidiary of the Company, entered into a business combination agreement (the "Definitive Agreement"), which superseded the LOI. Subject to the terms and conditions contained in the Definitive Agreement, the Company and Cytophage intend to complete an arrangement, amalgamation, share exchange, or similar transaction to ultimately form the resulting issuer (the "Resulting Issuer") that will continue on the business of Cytophage (the "Transaction"). The Company intends that the Transaction will constitute its Qualifying Transaction, as such term is defined in the policies of the Exchange. Following completion of the Transaction, the Resulting Issuer intends to list as a Tier 2 Technology Issuer on the Exchange.

The Definitive Agreement contemplates, among other things, the Transaction will be completed by way of a three-cornered amalgamation under the laws of the Province of Manitoba, whereby Subco and Cytophage will amalgamate (the "Amalgamation"), and the resulting amalgamated entity will survive as a wholly-owned subsidiary of the Company. Each issued and outstanding Class A common share of Cytophage (each a "Cytophage Share") will be exchanged for common shares of the Resulting Issuer on the basis of one resulting issuer share for one (1) Cytophage Share (the "Exchange Ratio"). In addition, it is contemplated that all securities convertible, exercisable or exchangeable into Cytophage Shares outstanding at the effective time will be exchanged for similar securities of the Resulting Issuer on the basis of the Exchange Ratio. Immediately prior to or concurrently with closing of the Transaction, the Company is expected to (i) consolidate (the "Consolidation") all of its issued and outstanding common shares (each, a "Cuspis Share") on the basis of one (1) post-consolidation Cuspis Share for approximately 4.1448 (the "Consolidation Ratio") pre-consolidation shares; (ii) change its name to "Cytophage Technologies Inc." (the "Name Change") or such other name as is acceptable to Cytophage, the TSXV and the Director appointed under the *Business Corporations Act (Ontario)*; and (iii) complete the offering (as described below). It is also contemplated that all securities convertible, exercisable or exchangeable into Cuspis Shares will be consolidated at the Consolidation Ratio.

In connection with the Transaction, Cytophage intends to conduct a non-brokered placement offering (the "Offering"), for a minimum of $2,500,000 in aggregate gross proceeds of subscription receipts of Cytophage (each a "subscription Receipt" and collectively, the "Subscription Receipts") at $1.00 per Subscription Receipt. Completion of the Offering for minimum gross proceeds of $2,500,000, along with the proceeds of a non-brokered private placement of units of Cytophage completed for gross proceeds of approximately $523,000, is expected to satisfy the concurrent financing conditions as required by the Definitive Agreement.

The Company has set a date of December 1, 2023, for an annual general and special meeting of the Cuspis Shareholders (the "Meeting") where, along with resolutions commonly placed before shareholder at an annual general meeting, it will seek approval of the shareholders for various matters required to complete the Transaction. The Company has filed a management information circular with respect to the Meeting that is dated effective October 27, 2023 (the "Information Circular") on the Company's profile at SEDAR+.

For further information regarding the Transaction, the Meeting and Cytophage, please see the Information Circular and the Company's press releases dated June 1, 2023 and November 6, 2023 on the Company's SEDAR+ profile. Trading in the common shares of the Company was halted pursuant to the policies of the Exchange.

12. Subsequent events (continued)

Qualifying Transaction update (continued)

Completion of the Transaction is subject to a number of conditions, including but not limited to:

- completion of the Offering;
- completion of the Consolidation (including the consolidation of all issued outstanding securities of the Company) and the Name Change;
- preparation and filing of a disclosure document, as required by the TSXV outlining the definitive terms of the Transaction and describing the business to be conducted by the Company following the completion of the Transaction, in accordance with the policies of the TSXV;
- receipt of all shareholder, third party and requisite regulatory approvals (including Cytophage shareholder approval) relating to the Amalgamation and the Transaction; and
- acceptance by the TSXV.

There can be no assurance that the Offering or the Transaction will be completed as proposed or at all.

GIC partial redemption

On November 15, 2023, the Company partially redeemed $125,000 from the GIC and received earned interest totaling $644. The balance of the GIC principal as at November 15, 2023 totalled $5,387,545.

Management's discussion and analysis of the financial condition
and results of operations of

CUSPIS CAPITAL III LTD.

A Capital Pool Corporation

For the three and nine months ended September 30, 2023 and 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
of the Financial Condition and Results of Operations
For the three and nine months ended September 30, 2023 and 2022

November 29, 2023

1. INTRODUCTION

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Cuspis Capital III Ltd. ("Cuspis III" or the "Company") is supplementary to, and should be read in conjunction with, the Company's unaudited condensed interim financial statements for the three and nine months ended September 30, 2023 and 2022. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations and the Company's financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Information about the Company and its operations can be obtained from its registered head office located at 77 King Street West, Suite 700, Toronto Ontario Canada M5K 1G8, or under the Company's profile at www.SEDARplus.ca ("SEDAR+").

2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements and information concerning expected future events, the future performance of the Company, its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to the Company's objectives and strategies to achieve those objectives, as well as statements with respect to its beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words.

These forward-looking statements and information are based on current expectations. The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control.

Forward-looking statements used in this MD&A are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, the actual results may vary materially from those expected, estimated or projected. The Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Given these uncertainties, the reader of the information included herein is cautioned not to place undue reliance on such forward-looking statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's discussion and analysis of operating results and financial condition are made with reference to the Company's unaudited condensed interim financial statements and notes thereto for the three and nine months ended September 30, 2023 and 2022, which have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with IFRS. The Company's significant accounting policies are summarized in detail in note 3 of the Company's financial statements for the years ended December 31, 2022 and 2021, which are available under the Company's profile on SEDAR+.

4. OVERVIEW

The Company

Cuspis Capital III Ltd. was incorporated September 3, 2019 pursuant to the provisions of the *Business Corporations Act (Ontario)*. The Company's corporate and tax year-end is December 31. The Company's shares are listed for trading on the TSX Venture Exchange under the symbol "CIII.P".

Strategy

The Company is carrying on business as a Capital Pool Corporation ("CPC"), as such term is defined in the TSX Venture Exchange Inc. (the "Exchange") Policy 2.4 – Capital Pool Companies ("CPC Policy 2.4").

As at September 30, 2023, the Company had no business operations. The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange, in its efforts to complete a "Qualifying Transaction", as such term is defined in the Exchange CPC Policy 2.4.

Proposed Qualifying Transaction

On May 31, 2023, the Company entered into a Letter of Intent ("LOI") with Cytophage Technologies Inc. ("Cytophage"), a private company continued under the laws of the Province of Manitoba.

On November 6, 2023, the Company, Cytophage, and 10179321 Manitoba Ltd. ("Subco"), a wholly-owned subsidiary of the Company, entered into a business combination agreement (the "Definitive Agreement"), which superseded the LOI. Subject to the terms and conditions contained in the Definitive Agreement, the Company and Cytophage intend to complete an arrangement, amalgamation, share exchange, or similar transaction to ultimately form the resulting issuer (the "Resulting Issuer") that will continue on the business of Cytophage (the "Transaction"). The Company intends that the Transaction will constitute its Qualifying Transaction, as such term is defined in the policies of the Exchange. Following completion of the Transaction, the Resulting Issuer intends to list as a Tier 2 Technology Issuer on the Exchange.

The Definitive Agreement contemplates, among other things, the Transaction will be completed by way of a three-cornered amalgamation under the laws of the Province of Manitoba, whereby Subco and Cytophage will amalgamate (the "Amalgamation"), and the resulting amalgamated entity will survive as a wholly-owned subsidiary of the Company. Each issued and outstanding Class A common share of Cytophage (each a "Cytophage Share") will be exchanged for common shares of the Resulting Issuer on the basis of one resulting issuer share for one (1) Cytophage Share (the "Exchange Ratio"). In addition, it is contemplated that all securities convertible, exercisable or exchangeable into Cytophage Shares outstanding at the effective time will be exchanged for similar securities of the Resulting Issuer on the basis of the Exchange Ratio. Immediately prior to or concurrently with closing of the Transaction, the Company is expected to (i) consolidate (the "Consolidation") all of its issued and outstanding common shares (each, a "Cuspis Share") on the basis of one (1) post-consolidation Cuspis Share for approximately 4.1448 (the "Consolidation Ratio") pre-consolidation shares; (ii) change its name to "Cytophage Technologies Inc." (the "Name Change") or such other name as is acceptable to Cytophage, the TSXV and the Director appointed under the *Business Corporations Act (Ontario)*; and (iii) complete the offering (as described below). It is also contemplated that all securities convertible, exercisable or exchangeable into Cuspis Shares will be consolidated at the Consolidation Ratio.

In connection with the Transaction, Cytophage intends to conduct a non-brokered placement offering (the "Offering"), for a minimum of $2,500,000 in aggregate gross proceeds of subscription receipts of Cytophage (each a "subscription Receipt" and collectively, the "Subscription Receipts") at $1.00 per Subscription Receipt. Completion of the Offering for minimum gross proceeds of $2,500,000, along with the proceeds of a non-brokered private placement of units of Cytophage completed for gross proceeds of approximately $523,000, is expected to satisfy the concurrent financing conditions as required by the Definitive Agreement.

The Company has set a date of December 1, 2023, for an annual general and special meeting of the Cuspis Shareholders (the "Meeting") where, along with resolutions commonly placed before shareholder at an annual general meeting, it will seek approval of the shareholders for various matters required to complete the Transaction. The Company has filed a management information circular with respect to the Meeting that is dated effective October 27, 2023 (the "Information Circular") on the Company's profile at SEDAR+.

For further information regarding the Transaction, the Meeting and Cytophage, please see the Information Circular and the Company's press releases dated June 1, 2023 and November 6, 2023 on the Company's SEDAR+ profile. Trading in the common shares of the Company was halted pursuant to the policies of the Exchange.

Completion of the Transaction is subject to a number of conditions, including but not limited to:

- completion of the Offering;
- completion of the Consolidation (including the consolidation of all issued outstanding securities of the Company) and the Name Change;
- preparation and filing of a disclosure document, as required by the TSXV outlining the definitive terms of the Transaction and describing the business to be conducted by the Company following the completion of the Transaction, in accordance with the policies of the TSXV;
- receipt of all shareholder, third party and requisite regulatory approvals (including Cytophage shareholder approval) relating to the Amalgamation and the Transaction; and
- acceptance by the TSXV.

There can be no assurance that the Offering or the Transaction will be completed as proposed or at all.

Where a Qualifying Transaction warrants, additional funding may be required. The ability of the Company to fund its potential future operations and commitments may be dependent upon the ability of the Company to obtain additional financing and complete its proposed Qualifying Transaction.

Cash restriction

There is a restriction on the use of proceeds realized from the sale of all securities issued by the Company as a CPC. The gross proceeds raised from the Company's initial public offering (the "Offering") may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed Qualifying Transaction, with the exception that general and administrative expenses are capped at $3,000 per month, including for professional accounting, advisory, and legal services expenses, and are not time limited.

5. SHARE CAPITAL

	Number of Common Shares	Amount
Balance as at December 31, 2021	10,000,000	$ 998,831
Common share issuance, February 1, 2022	25,000,000	5,000,000
Share issuance costs	-	(1,002,216)
Balance as at December 31, 2022, September 30, 2023 and November 29, 2023	**35,000,000**	**$ 4,996,615**

Seed shares

As at September 30, 2023 and December 31, 2022, the Company had issued an aggregate of 10,000,000 seed common shares at a price of $0.10 per share for gross proceeds of $1,000,000.

Initial public offering

On February 1, 2022, the Company completed its Offering pursuant to which it issued 25,000,000 common shares at $0.20 per share, for aggregate proceeds of $5,000,000.

Stock options issued

On February 1, 2022, the directors and officers of the Company were granted options pursuant to the Company's incentive stock option plan to purchase an aggregate of up to 1,000,000 common shares at $0.10 and 2,500,000 at $0.20 per common share for a period of ten years from the date of grant. Eligible Charitable Organizations ("Charities") were also granted options pursuant to the Company's incentive stock option plan to purchase an aggregate of up to 350,000 common shares at an exercise price of $0.20 per share.

These options vested immediately upon grant and were valued upon issuance at $732,604 ($666,297 for options issued to directors and officers and $66,307 for options issued to Charities) using the Black-Scholes option pricing model with the following assumptions: expected volatility of 120% based on the average volatility of comparable companies, expected life of ten years, expected dividend yield of 0%, a risk free rate of 1.81% and a share price of $0.20.

	Number of stock options issued #	Weighted average exercise price $	Weighted average remaining life (Years)
Balance as at December 31, 2021	**-**	**-**	**-**
Granted – directors and officers	3,500,000	0.17	8.35
Granted – Charitable organizations	350,000	0.20	8.35
Balance as at December 31, 2022, September 30, 2023 and November 29, 2023	**3,850,000**	**0.17**	**8.35**

Shares subject to escrow

Upon completion of the Offering on February 1, 2022, all issued and outstanding seed shares became subject to a uniform 18-month escrow release schedule, following the completion of a Qualifying Transaction, and will be released as to 25% on the date of the final Qualifying Transaction Exchange bulletin and an additional 25% on each of the dates that are 6, 12 and 18 months thereafter, pursuant to the terms of an Escrow Agreement dated as of December 23, 2021 between the Company, TSX Trust Company, and the shareholders of the Company.

Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

All common shares acquired on exercise of stock options granted to directors and officers prior to completion of a Qualifying Transaction must also be deposited and held in escrow pursuant to the requirements of the Exchange.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited and held in escrow.

The seed common shares are considered contingently issuable until the Company completes a Qualifying Transaction and, accordingly, they are not considered to be outstanding shares for purposes of loss per share calculations.

Compensation warrants issued

The Offering was made on behalf of the Company by a syndicate of agents (collectively referred to as the "Agents"). Upon closing of the Offering on February 1, 2022 the Agents received a cash commission of $500,000, a corporate finance fee of $10,000 plus reimbursement for expenses incurred in connection with the Offering.

In addition, on February 1, 2022, the Agents received an aggregate of 2,500,000 compensation warrants. Each such compensation warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.20 for a period of five years. The compensation warrants were valued upon issuance at $413,785 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 120% based on the average volatility of comparable companies, expected life of five years, expected dividend yield of 0%, risk free rate of 1.65% and a share price of $0.20.

	Number of warrants issued #	Weighted average exercise price $	Weighted average remaining life (Years)
Balance as at December 31, 2021	-	-	-
Granted – Agents	2,500,000	0.20	3.34
Balance as at December 31, 2022, September 30, 2023 and November 29, 2023	**2,500,000**	**0.20**	**3.34**

Pursuant to CPC Policy 2.4, where the Agents receive an option or the right to subscribe for a certain number of shares as consideration for acting as Agents, 50% of the options exercised or 50% of the shares held pursuant to that right may be sold prior to completion of a Qualifying Transaction. The remaining 50% may only be sold after completion of a Qualifying Transaction.

Deductible costs of this issue included listing and filing fees, the Agents' expenses and legal fees, the Agents' corporate work fee and the Company's legal fees, audit fees and expenses totaling approximately $131,000 exclusive of the Agents' commission.

Share issuance costs

Share issuance costs totaling $1,002,216 during fiscal 2022 related mainly to expenses associated with the Offering and included the Agents' fees ($500,000), non-cash valuation of warrants ($413,785), and other expenses ($88,431). $1,000 in share issuance costs was recorded during fiscal 2021 and related mainly to seed share issuance.

6. RESULTS OF OPERATIONS

Operating expenses

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Share-based compensation	**$ -**	$ -	**$ -**	$ 666,297
Donations	**-**	-	**-**	66,307
Qualifying transaction	**29,352**	-	**34,335**	-
Professional fees	**3,729**	4,305	**9,006**	25,923
Filing costs	**1,110**	819	**12,147**	16,690
General and administrative	**28**	36	**84**	220
Net loss from operations for the period	**$ 34,219**	$ 5,160	**$ 55,572**	$ 775,437

Share-based compensation and Donations

For the three and nine months ended September 30, 2022, $732,604 in share-based compensation was recorded (September 30, 2023 - $Nil), of which $666,297 was allocated to directors and officers and $66,307 was allocated to Charities. Refer to the section entitled "Share capital – Stock options" for further details.

Professional fees

Professional fees include mainly legal, accounting, transfer agent, audit and tax preparation fees. For the three and nine months ended September 30, 2023, professional fees totaled $3,729 and $9,006 respectively (September 30, 2022 - $4,305 and $25,923 respectively). Higher professional fees during the nine months ended September 30, 2022 related mainly to the Offering.

Filing costs

Filing costs include mainly expenses associated with stock exchange, shareholder reporting and filing fees. Filing costs during the three and nine months ended September 30, 2023 totaled $1,110 and $12,147 respectively (September 30, 2022 - $819 and $16,690 respectively).

General and administrative

General and administrative expenses for the three and nine months ended September 30, 2023, totaling $28 and $84 respectively (September 30, 2022 - $36 and $220) included mainly sundry expenses.

Interest income

The Company invests its cash in one-year fully cashable guaranteed investment certificates ("GIC").

The Company's GIC matured on September 29, 2023 and $212,545 in earned interest was reinvested. As at September 30, 2023, the Company held GIC investments totaling $5,512,545 with earned interest of $788 (December 31, 2022 – $5,300,000 and $43,692 respectively) and a current effective annual interest rate of 5.25% (December 31, 2022 – 3.85%). The GIC is set to mature on October 1, 2024.

On November 15, 2023, the Company partially redeemed $125,000 from the GIC and received earned interest totaling $644. The balance of the GIC principal as at November 28, 2023 totaled $5,387,545.

Interest received on GIC rollovers during the year ended December 31, 2022 totaled $42,295.

Interest earned on investments for the three and nine months ended September 30, 2023 totaled $63,626 and $169,641 respectively (September 30, 2022 - $24,663 and $42,759).

Income taxes

Deferred tax assets have not been recognized because it is not probable that future taxable profit will be available against which the Company can use the benefits. As at December 31, 2022, the Company had approximately $222,000 of non-capital losses in Canada, which, under certain circumstances, can be used to reduce the taxable income of future years. These losses expire in 2040 and 2042.

Income (loss) and comprehensive income (loss)

The income (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2023 amounted to $63,626 and $169,641 or $0.00 and $0.00 per share respectively, basic and diluted (September 30, 2022 – $19,503 and ($732,678) or $0.00 or ($0.03) per share respectively, basic and diluted).

The net income (loss) per common share was based on the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding. The income (loss) per share calculation does not include escrowed shares as they are contingently returnable. Diluted income (loss) per share does not include the effect of any share options or compensation warrants outstanding as they are anti-dilutive.

7. QUARTERLY FINANCIAL RESULTS

The following table sets out financial information for the eight quarters ended September 30, 2023.

	Fiscal 2023			Fiscal 2022				Fiscal 2021
	Sep 30	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating expenses	34,219	11,299	10,054	16,807	5,160	7,442	762,835	34,222
Interest income	63,626	55,265	50,750	43,279	24,663	13,453	4,643	306
Income (loss) and comprehensive income (loss) for the period	29,407	43,966	40,696	26,472	19,503	6,011	(758,192)	(33,916)
Income (loss) per share – basic and diluted	0.00	0.00	0.00	0.00	0.00	0.00	(0.05)	(0.00)
Weighted average number of shares outstanding [(i)]	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	19,666,667	10,000,000

(1) For the periods presented, the weighted average number of shares outstanding excludes escrowed shares, options and warrants. All warrants expired on December 11, 2022.

8. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Refer to the section entitled “Share Capital” for details on seed shares issued and stock options granted to related parties.

9. LIQUIDITY AND CAPITAL RESOURCES

Working capital

As at September 30, 2023, the Company had no debt and working capital totaled $5,503,479 compared to $5,389,410 as at December 31, 2022.

The Company funds its activities through equity financing. During the year ended December 31, 2022, the Company raised approximately $5,000,000 pursuant to the Offering through the issuance of common shares to fund its operations, which principally consists of completing its proposed Qualifying Transaction.

The current cash on hand as at September 30, 2023 is expected to be sufficient to meet the Company's liquidity requirements until the Qualifying Transaction is completed. However, upon completion of a Qualifying Transaction, additional capital may be necessary.

The Company does not generate revenue from operations and reported net income of $114,069 for the nine months ended September 30, 2023 (September 30, 2022 – loss of $732,678). However, the Company believes that its working capital will provide the Company with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Company has no revenues, its ability to continue as a going concern is dependent on its ability to complete a Qualifying Transaction.

10. INVESTOR RELATIONS

Until completion of a Qualifying Transaction, neither the Company nor any party on behalf of the Company will engage the services of any person to provide investor relation activities or market making services.

11. PROPOSED TRANSACTIONS AND OFF-BALANCE SHEET ARRANGEMENTS

There are no proposed transactions that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

On May 31, 2023, the Company entered into a Letter of Intent with Cytophage as discussed in the section entitled "Overview – Proposed Qualifying Transaction".

12. OPERATING RISKS AND UNCERTAINTIES

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to ensure sufficient liquidity in order to remain a CPC and complete its proposed Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total shareholders' equity. The Company is not subject to any externally imposed capital requirements other than the cash restriction disclosed in the section entitled "Overview – Cash restriction". There were no significant changes in the Company's approach to capital management during the periods ended September 30, 2023 and December 31, 2022.

Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate risk). The Board of Directors provides regular guidance for overall risk management.

Fair values

As at September 30, 2023 and December 31, 2022, the Company's financial instruments consist of cash, short-term investments, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the limitation of exposure to credit and market risks, and the Company's completion of its proposed Qualifying Transaction.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash and short-term investment balances which, as at September 30, 2023, are held in Canadian financial institutions. The Company believes its exposure to credit risk is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management believes the Company had no significant exposure to interest rate risk through its financial instruments as at September 30, 2023 and December 31, 2022.

A 1% increase (decrease) in the interest rate on the short-term investments as at September 30, 2023 would result in an estimated increase (decrease) in net income (loss) of approximately $55,000 (December 31, 2022 - $53,000).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in the section entitled "Operating risks and uncertainties – Management of capital", in normal circumstances. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and have normal trade terms.

Risks and uncertainties

The Company does not have a history of operations. There is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

The Company's continued operation will be dependent upon its ability to secure a Qualifying Transaction and to generate operating revenues and to procure additional financing. To date, the Company has done so through equity financing.

The Company has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends. It will not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction.

The directors and officers of the Company will only devote a small portion of their time to the business and affairs of the Company. Some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

The Company is relying solely on the past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In such event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions. There can be no assurance that the Company will be able to identify a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to complete the transaction. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Company. This may result in further dilution to investors, which dilution may be significant and which may also result in a change of control of the Company. Subject to prior Exchange approval, the Company may be permitted to loan or advance up to an aggregate of $250,000 of its proceeds as a refundable deposit to a target business under certain conditions noted in the CPC Policy. There can be no assurance that the Company will be able to recover that loan.

Completion of any Qualifying Transaction is subject to a number of conditions, including acceptance by the Exchange and in the case of a non arm's length Qualifying Transaction, majority of minority approval.

Upon public announcement of a proposed Qualifying Transaction, trading in common shares of the Company would be halted for an indefinite period of time, until certain reviews are conducted, and obligations satisfied. The common shares will be reinstated to trading upon review and acceptance of the Exchange. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed Qualifying Transaction. Trading of the common shares may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required.

13. ADDITIONAL INFORMATION

Additional information regarding the Company’s financial statements and corporate documents is available by request to the CEO made to our registered head office located at Suite 700, 77 King Street West, Toronto Ontario Canada M5K 1G8, or under the Company’s profile on SEDAR+.

CUSPIS CAPITAL III LTD.

Shareholder Information

Board of Directors and Officers

William Ollerhead
(Chairman of the Board and Chief Executive Officer)

Grant McCutcheon
(Chief Financial Officer)

Jack Schoenmakers

C. Fraser Elliott

Auditors

McGovern Hurley LLP
251 Consumers Road, Suite 800
Toronto, Ontario Canada
M2J 4R3

Shareholder inquiries

c/o Chitiz Pathak LLP
77 King Street West, Suite 700
Toronto, Ontario Canada
M5K 1G8

Transfer agent

TSX Trust Company
200 University Avenue, Suite 300
Toronto, Ontario Canada
M5H 4H1
Tel: (416) 361-0930
Fax: (416) 361-0470
email: TMXEInvestorservices@tmx.com

Common shares

The common shares of the Company are listed on the TSX Venture Exchange under the symbol CIII.P.

SCHEDULE "C"

AUDITED FINANCIAL STATEMENTS AND MD&A OF CYTOPHAGE FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021

(Please see attached)

CYTOPHAGE TECHNOLOGIES INC.

Consolidated Financial Statements December 31, 2022

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Cytophage Technologies Inc.

Opinion

We have audited the consolidated financial statements of Cytophage Technologies Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 to the financial statements, which states that the Company is in the development stage and does not yet generate cash flows from operations. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

June 20, 2023

CYTOPHAGE TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes	December 31, 2022	December 31, 2021
ASSETS			
Current assets			
Cash		$ 2,246,338	$ 4,842,467
Accounts receivable	5,11	370,919	-
GST/HST receivable		85,556	94,542
Prepaids		51,856	22,979
		2,754,669	4,959,988
Non-current assets			
Property and equipment	3	935,186	872,462
TOTAL ASSETS		$ 3,689,855	$ 5,832,450
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	4	$ 130,577	$ 25,064
Lease obligation	8	107,892	147,865
		238,469	172,929
Non-current liabilities			
Lease obligation	8	-	107,892
TOTAL LIABILITIES		238,469	280,821
SHAREHOLDERS' EQUITY			
Share capital	5	15,442,692	14,310,058
Reserves	5	2,463,140	2,013,624
Deficit		(14,454,446)	(10,772,053)
TOTAL SHAREHOLDERS' EQUITY		3,451,386	5,551,629
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 3,689,855	$ 5,832,450

Nature and Continuance of Operations (Note 1)
Subsequent event (Note 13)

Approved and authorized for issue by the Board of Directors on June 20, 2023

"Paul Gallgher"
Director

"Harold Wolkin"
Director

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

CYTOPHAGE TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

		Years ended	
	Notes	December 31, 2022	December 31, 2021
Operating expenses			
			$
Consulting Fees		$ 246,228	268,956
Depreciation	3	364,552	295,808
Meals and entertainment		33,535	20,405
Office and administration		574,109	728,135
Professional fees		193,627	81,300
Interest expense		20,136	30,530
Research and development		442,614	424,832
Salaries and wages	7	1,804,693	1,721,232
Share-based compensation	5,7	449,516	53,256
Travel		138,936	62,102
Grant income	12	(140,530)	(212,011)
Investment tax credit	11	(445,023)	(239,379)
		(3,682,393)	(3,235,166)
Loss and Comprehensive loss		**$ (3,682,393)**	**$ (3,235,166)**
Loss per share – basic and diluted		**$ (0.09)**	**$ (0.08)**
Weighted average number of shares outstanding – basic and diluted		**40,928,263**	**39,737,680**

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

CYTOPHAGE TECHNOLOGIES INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

		Share Capital				
	Notes	Number of shares	Amount	Reserves	Deficit	Total
Balance at December 31, 2020		**34,933,174**	**$ 7,484,864**	**$ 2,070,727**	**$ (7,536,887)**	**$ 2,018,704**
Shares issued for cash		5,074,900	6,591,094	-	-	6,591,094
Share option exercise		860,200	325,409	(110,359)	-	215,050
Share issuance costs		-	(91,309)	-	-	(91,309)
Share based compensation		-	-	53,256	-	53,256
Net loss for the year		-	-	-	(3,235,166)	(3,235,166)
Balance at December 31, 2021		**40,868,274**	**$ 14,310,058**	**$ 2,013,624**	**$ (10,772,053)**	**$ 5,551,629**
Warrant exercise		1,191,078	1,132,634	-	-	1,132,634
Share based compensation		-	-	449,516	-	449,516
Net loss for the year		-	-	-	(3,682,393)	(3,682,393)
Balance at December 31, 2022		**42,059,352**	**$ 15,442,692**	**$ 2,463,140**	**$ (14,454,446)**	**$ 3,451,386**

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

CYTOPHAGE TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended	
	December 31, 2022	**December 31, 2021**
Operating activities		
Loss for the year	$ (3,682,393)	$ (3,235,166)
Adjustments for:		
Depreciation	364,552	295,808
Share based compensation	449,516	53,256
Changes in non-cash working capital items:		
GST/HST Receivables	8,986	(25,574)
Prepaids	(28,877)	(9,929)
Accounts payables and accrued liabilities	59,044	(111,491)
Accounts Receivable	(114,418)	-
Net cash flows used in operating activities	(2,943,590)	(3,032,096)
Investing activities		
Purchase of equipment	(380,808)	(333,075)
Net cash flows used in investing activities	(380,808)	(333,075)
Financing activities		
Proceeds from shares issued	876,134	6,591,094
Share Issuance Costs	-	(91,309)
Proceeds from issuance of warrants	-	215,050
Lease payments	(147,865)	(130,620)
Net cash flows provided by financing activities	728,269	6,584,214
Increase(decrease) in cash	(2,596,129)	3,219,043
Cash, beginning of the year	4,842,467	1,623,424
Cash, end of the year	**$ 2,246,338**	**4,842,467**
Cash interest paid	**$20,136**	**$30,530**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Cytophage Technologies Inc. (the "Company") was incorporated on September 20, 2013 under the *Business Corporations Act* (Ontario) on September 20, 2013 and redomiciled to Manitoba in 2019. The Company's core business activity is to develop bacteriophages that will reduce and ultimately replace the use of antibiotics for illness prevention and treatment. The registered and records office of the Company is located at 26 Henlow Bay, Winnipeg, MB.

These consolidated financial statements have been prepared in accordance with accounting principles applicable to a going concern. The Company is in the development stage and does not yet generate cash flows from operations. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The global impact of the COVID-19 has resulted in a great deal of volatility and uncertainty in the financial markets, global economy and related supply chains. The financial markets have recovered from their lows although the negative impact from COVID-19 on the Company's financial results remains high and cannot be estimated at this time.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Issues Committee ("IFRIC"). The principal accounting policies applied in the preparation of these consolidate financial statements are set out below.

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

These consolidated financial statements incorporate the accounts of the Company and its controlled subsidiaries from the date of incorporation. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company's wholly owned subsidiaries include: Cytophage IP Inc., Cytophage Human Health Inc., and Cytophage Animal Health Inc. which were incorporated during the year-ended December 31, 2021.

Income taxes
Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Loss per share
Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive ("in the money").

Financial instruments
The Company's financial instruments, being cash and accounts payable continue to be classified and measured at amortized cost.

Financial assets
On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment of financial assets
IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined, and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account, and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities
Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Research and development expenditures
Expenditures on research are expensed as incurred. Research activities include formulation, design, evaluation and final selection of possible alternatives, products, processes, systems or services. Development expenditures are expensed as incurred unless the Company can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the intangible asset and use or sell it; (iii) its ability to use or

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Equipment

Equipment is recorded at cost net of accumulated depreciation and impairment charges. The cost of repairs and maintenance is expensed as incurred. Depreciation is provided on the straight-line method over the estimated lives of assets. Upon sale of other disposition of a depreciable asset, cost and accumulated depreciation are removed from property, plant and equipment and any gain or loss is reflected as a gain or loss from operations. Depreciation is provided using the following annual rates:

Computer Equipment	33%	straight-line
Equipment	20%	straight-line
Building		straight-line over lease term

Significant Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates

The most significant accounts that require estimates as the basis for determining the stated amounts are as follows:

Deferred income tax

The Company recognizes the deferred tax benefit of deferred tax assets to the extent their recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets.

Judgement

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expensing research and development expenditures
Evaluating whether or not costs incurred by the Company meet the criteria for capitalization criteria for research and development expenditures.

Leases and ROU Assets

The Company recognizes a right of use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The ROU asset is subsequently depreciated to the earlier of the end of the useful life of the ROU asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. The ROU asset may be adjusted for certain remeasurements of the lease liability and impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses a single discount rate for a portfolio of leases with reasonably similar characteristics. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the amount expected to be payable under a residual value guarantee, or if there is a change in the Company's assessment of whether it will exercise a purchase, extension or termination option.

Leases that have a term of less than 12 months or leases with an underlying asset of low-value are recognized as an expense in the statements of loss and comprehensive loss.

Share-based payments

The Company operates a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Investment tax credits

Investment tax credits are recorded when the Company has complied with eligible requirements to receive the credit. Investment tax credits related to eligible scientific research and experimental development ("SRED") expenditures are included in profit or loss. Investment tax credits related to

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

the acquisition of property and equipment are deducted from the cost of the related assets, with any amortization calculated on the net amount, when received or when the Company has reasonable assurance that investment tax credits will be realized.

The investment tax credits are subject to review and audit by the Canada Revenue Agency ("CRA"). Although the Company has used its best judgment and understanding of the related income tax legislation in determining the amounts and timing of investment tax credits, it is possible that the amounts could change by a material amount in the near term depending on a review and audit by the CRA.

3. PROPERTY AND EQUIPMENT

	Right of Use Asset	Computer Equipment	Equipment	Furniture and Equipment	Research Facility	Total
Cost						
Balance as at Dec 31, 2020	**$ 575,339**	**$ 24,973**	**$ 545,878**	**$ -**	**$ -**	**$1,146,190**
Additions	25,569	13,692	255,035	4,458	59,889	358,643
Balance as at Dec 31, 2021	600,908	38,665	800,913	4,458	59,889	1,504,833
Additions	-	18,388	281,437	2,157	125,293	427,275
Balance as at Dec 31, 2022	**$ 600,908**	**$ 57,053**	**$ 1,082,350**	**$ 6,615**	**$ 185,182**	**$ 1,932,108**
Depreciation						
Balance as at Dec 31, 2020	**$ 206,463**	**$ 10,198**	**$ 119,902**	**$ -**	**$ -**	**$ 336,563**
Charge for the year	140,736	9,966	134,678	446	9,982	295,808
Balance as at Dec 31, 2021	347,199	20,164	254,580	446	9,982	632,371
Charge for the year	144,919	11,236	174,235	1,763	32,399	364,552
Balance as at Dec 31, 2022	**$ 492,118**	**$ 31,400**	**$ 428,815**	**$2,209**	**$ 42,381**	**$ 996,923**
Net Book Value						
As at Dec 31, 2021	**$ 253,709**	**$ 18,501**	**$ 546,333**	**$ 4,012**	**$ 49,907**	**$ 872,462**
As at Dec 31, 2022	**$ 108,790**	**$ 25,653**	**$ 653,536**	**$ 4,406**	**$ 142,801**	**$ 935,186**

(Expressed in Canadian dollars)

Upon the expiry of the Company's existing office lease, the Company leased additional space within the building and extended the lease term to September 30, 2023. The new lease was recorded using an incremental borrowing rate of 10.86%.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		As at December 31, 2022	As at December 31, 2021
Accounts payable	$	112,577	$ 14,064
Accrued liabilities		18,000	11,000
	$	**130,577**	**$ 25,064**

5. SHARE CAPITAL

Common Shares

Authorized: unlimited common shares without par value

During the year ended December 31, 2022:

I) On December 31, 2022, the Company issued 1,191,078 common shares related to the exercise of warrants for proceeds of $1,132,634. Included in accounts receivable is $256,500 relating to the exercise of warrants that was received subsequent to December 31, 2022.

During the year ended December 31, 2021:

II) On March 17, 2021, the Company issued 5,074,911 common shares of the company to shareholders at $1.30 for total proceeds of $6,597,384 less bank fees of $6,290.

III) On September 22, 2021, the Company issued 860,200 shares for the exercise of warrants for total proceeds of $215,050.

Warrants

	Number of warrants	Weighted average exercise price
Balance, December 31, 2020	8,453,725	$ 0.61
Exercised	(860,200)	0.25
Expired	(40,600)	0.25
Balance, December 31, 2021	7,552,925	$ 0.65
Exercised	(1,191,078)	0.95
Balance, December 31, 2022	6,361,847	$ 0.60

The warrants have a weighted average remaining life of 3.08 years as at December 31, 2022.

(Expressed in Canadian dollars)

Expiry Date	Exercise price $	Remaining life (years)	Warrants outstanding
October 30, 2026	0.50	3.83	5,000,000
April 30, 2023	0.95	0.33	2,500
April 30, 2023	0.95	0.33	77,500
April 30, 2023	0.95	0.33	20,000
April 30, 2023	0.95	0.33	77,000
April 30, 2023	0.95	0.33	1,153,847
April 30, 2023	0.95	0.33	31,000
		3.08	**6,361,847**

During the year-ended December 31, 2020, the company extended the expiry date of 900,800 broker warrants one additional year, the warrants expire July 17, 2021. Additionally, the 2,521,925 common share warrants issued on December 18, 2019 were also extended for one additional year, expiring now on December 18, 2022, which were subsequently extended to April 2023.

Options

The Company has adopted an incentive stock option plan, which enables the Board of Directors of the Company from time to time, at its discretion, grant to directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Each stock option permits the holder to purchase one share at the stated exercise price. The options vest at the discretion of the Board of Directors.

The following is a summary of the Company's stock option activity:

	Number of options	Weighted average exercise price
Balance, December 31, 2020	2,810,000	0.38
Granted	50,000	1.30
Balance, December 31, 2021	2,860,000	0.40
Granted	420,000	1.30
Balance, December 31, 2022	3,280,000	0.51

During the year ended December 31, 2022, the Company issued 420,000 options to the directors of the company. These options were issued with an exercise price of $1.30 an estimated life of 7 years and vested upon grant.

During the year ended December 31, 2021, the Company issued 50,000 options to the directors of the company. These options were issued with an exercise price of $1.30 an estimated life of 3 years and vested upon grant.

(Expressed in Canadian dollars)

During the year ended December 31, 2022, the Company recorded share-based payments expense of $449,516 (2021 - $53,256) pursuant to the granting of options. The Company fair values options using the Black-Scholes option pricing model using the following assumptions:

	December 31, 2022	December 31, 2021
Weighted average fair value of options granted	$ 1.07	$ 1.06
Risk-free interest rate	1.41%	0.47%
Estimated life	7 years	3 years
Expected volatility	100%	100%
Expected dividend yield	0.00%	0.00%

As at December 31, 2022 the following options were outstanding and exercisable:

Expiry Date	Exercise price $	Remaining life (years)	Options outstanding	Unvested	Vested
June 30, 2025	0.10	3.50	50,000	-	50,000
October 29, 2026	0.28	4.83	1,950,000	-	1,950,000
October 3, 2027	0.65	5.76	810,000		810,000
April 20, 2024	1.30	2.30	50,000		50,000
February 11, 2029	1.30	6.8	420,000		420,000
		5.25	**3,280,000**	**-**	**3,280,000**

6. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its directors, will balance its overall capital structure through new equity issuance or undertaking other activities as deemed appropriate under the specific circumstances. There are no external restrictions on the management of capital. There was no change to the company's approach to capital management during the year ended December 31, 2022.

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel was as follows:

For the years ended December 31,		2022	2021
Salaries	$	775,000	777,900
Share based payments		449,516	-
	$	1,224,516	777,900

8. Lease Obligation

A summary of right-of-use lease obligations is as follows:

	December 31, 2022 $	December 31, 2021 $
Total minimum lease payments payable	113,250	281,250
Portion representing interest to be expensed over the remaining term of the lease	(5,358)	(25,493)
Principal outstanding	107,892	255,757
Less: Current portion	(107,892)	(147,865)
Non-current portion	-	107,892

The following is a schedule of future minimum lease payments over the lives of the right-of-use lease:

	Year ended December 31, 2022 $
Within 1 year	113,250
1 – 3 years	-
Total	113,250
Less: Unearned interest	(5,358)
Total	107,892

A summary of changes in the year follows:

	Year ended December 31, 2022 $	Year ended December 31, 2021 $
Balance, beginning	255,756	360,808
Addition	-	22,462
Payments made	(168,000)	(161,000)
Interest expense	20,136	33,486
Balance, ending	107,892	255,756

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is its cash held in bank accounts. Cash is deposited in bank accounts held with major bank in Canada. As all of the Company's cash is held by one bank, there is a concentration of credit risk. However, this risk is managed by using major bank that is high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has not incurred significant transactions in foreign currency.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

10. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

For the years ended December 31,		**2022**		**2021**
Net loss	$	(3,682,393)	$	(3,235,166)
Statutory tax rate		27%		27%
Expected income tax recovery at the statutory tax rate	$	(994,246)	$	(873,495)
Non-deductible expenditures and non-taxable revenues		125,897		17,134
Change in unrecognized deferred assets		638,973		1,014,600
Other		229,376		(158,239)
Income tax recovery	$	-	$	-

(Expressed in Canadian dollars)

Significant components of the Company's potential deferred income tax assets are shown below:

	2022	2021
Non-capital losses	$ 2,359,230	$ 1,727,100
Property and equipment	99,100	36,940
Share issue costs	25,871	58,550
SRED	107,580	130,218
	2,591,781	1,952,808
Unrecognized deferred income tax assets	(2,591,781)	(1,952,808)
Net deferred income tax assets	$ -	$ -

As at December 31, 2022, the Company has non-capital losses of approximately $8,738,000 that may be carried forward, expiring in 2042 and applied against taxable income of future years. No deferred tax asset has been recognized relating to these losses as future profits are uncertain and recoverability cannot be considered more likely than not.

11. INVESTMENT TAX CREDIT

During the year-ended December 31, 2022 the Company recognized $445,023 (December 31, 2021 - $239,379) related to eligible scientific research and experimental development ("SRED") expenditures. Included in accounts receivable is $110,000 of SRED relating to the year ended December 2022 that was filed subsequent to year-end.

12. GRANT INCOME

During the year-ended December 31, 2022 the Company applied for and received $140,530 (December 31, 2021 - $212,011) related to grants from organizations related to agricultural development.

13. SUBSEQUENT EVENT

In January 2023, the board of directors agreed to extend the expiry of the December 18, 2022 warrants to the end of April 2023. In the first quarter of 2023, an additional 477,000 warrants were exercised for proceeds of $453,150.

Management's Discussion and Analysis of

Cytophage Technologies Inc.

(Expressed in Canadian Dollars)

For the 12 month period ended December 31, 2022

Effective Date: June 20, 2023

The following discussion is management's assessment and analysis of the results of operations and financial conditions of Cytophage Technologies Inc. (the "Company", "Cytophage", "our" or "us") and should be read in conjunction with the accompanying consolidated financial statements and accompanying notes for the twelve months ended December 31, 2023 and 2022. All financial information in this Management's Discussion and Analysis ("MD&A") has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

This MD&A includes "forward-looking statements". Forward-looking statements include statements that may relate to our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing and other information that is not historical information. These statements appear in a number of different places in this MD&A and can often be identified by words such as "anticipates", "estimates", "projects", "expects", "intends", "believes", "plans", "will", "could", "may", or their negatives or other comparable words. Such forward-looking statements are necessarily based on estimates and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Forward-looking statements in this MD&A, include, but are not limited to, statements relating to:

- requirements for, and the ability to obtain, future funding on favourable terms or at all;
- business strategy;
- expected future loss and accumulated deficit levels;
- projected financial position and estimated cash burn rate;
- expectations about the timing of achieving milestones and the cost of our development programs;
- estimates of the size and characteristics of the potential markets for the Company's products;
- expectations and intended benefits of memorandums of understanding and agreements entered into with third parties;
- expectations about the timing and future plans with respect to preclinical studies;
- expectations about the Company's products' safety and efficacy;
- our ability to identify and secure sources of non-dilutive funding for the development of our products and technologies;
- expectations regarding the cost, progress and successful and timely completion of the various stages of the regulatory approval process; ability to secure strategic partnerships with larger pharmaceutical and biotechnology companies;
- strategy to acquire and develop new products and technologies and to enhance the safety and efficacy of existing products and technologies; plans to market, sell and distribute our products and technologies;
- ability to retain and access appropriate staff, management, and expert advisers; expectations with respect to existing and future contractual obligations, corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by the Company or to the Company in respect of such arrangements; and
- our strategy and ability with respect to the protection of our intellectual property.

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, we have made various material assumptions, including but not limited to:

- our ability to obtain financing on acceptable terms;
- additional sources of funding, including grants and funding from partners;
- our ability to attract and retain skilled staff;
- favourable general business and economic conditions;

- our future research and development plans proceeding substantially as currently envisioned;
- our ability to obtain positive results from our research and development activities;
- future expenditures to be incurred by the Company;
- research and development and operating costs;
- our ability to find commercialization and distribution partners;
- the products and technology offered by our competitors;
- the impact of competition on the Company;
- our ability to obtain regulatory and other approvals to commence additional animal health trials involving current and future product candidates;
- our ability to protect patents and proprietary rights; and
- receipt of anticipated research and development tax credits.

Certain risks and uncertainties that could cause such actual events or results expressed or implied by such forward-looking statements and information to differ materially from any future events or results expressed or implied by such statements and information include, but are not limited to, the risks and uncertainties related to the fact that:

- the Company has a limited operating history and has not generated revenue to date;
- history of losses and negative operating cashflows;
- the Company's potential products are at an early stage of development;
- development of commercially unique bacteriophage using novel synthetic phage technology makes it difficult to predict the time and cost of development;
- no bacteriophage products developed by Cytophage have been approved in Canada or elsewhere
- there is limited public awareness and understanding of bacteriophages;
- bacteriophage products for animal and human health involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and field trials may not be predictive of future trial results and Cytophage's product candidates may not have favorable results in later trials or in the commercial setting;
- delays in animal health trials or failure to attract trial partners could result in us not achieving anticipated developmental milestones when expected, increased costs and delay Cytophage's ability to obtain regulatory approval for and commercialize its product candidates;
- Cytophage must continue to develop manufacturing processes for its product candidates and any delay in or inability to do so would result in delays in the production and commercialization of bacteriophage products;
- government regulations could inhibit the affairs of Cytophage;
- potential export restrictions by Canadian authorities;
- the Company's reliance on Key Personnel;
- negative results from field trials or studies of others and adverse safety events involving the targets of Cytophage's products may have an adverse impact on future commercialization efforts;
- Cytophage may be subject to risk from international distribution partners or customers with international operations that could materially affect its core business;
- future capital needs and uncertainty of additional financing; and
- failure to adequately protect its intellectual property could harm Cytophage's business.

The foregoing is not exhaustive and readers are encouraged to read a more comprehensive list in the Filing Statement dated January 30, 2024, available on www.sedarplus.ca,

If one or more of these risks or uncertainties or a risk that is not currently known to us materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from those expressed or implied by forward-looking statements. The forward-looking statements represent our views as of the date of this MD&A and are based on certain assumptions including assumptions as to future economic conditions and courses of action, as well as other factors management believes are appropriate in the circumstances. While we may elect to update these forward-looking statements in the future, we have no current intention to do so except as to the extent required by applicable legislation or regulation. The Company cautions readers that forward-looking statements are not guarantees of future performance, are inherently uncertain and are cautioned not to put undue reliance on forward-looking statements.

COMPANY OVERVIEW

The full corporate name of Cytophage is "Cytophage Technologies Inc." Cytophage was incorporated on September 20, 2013 under the name "Ewing Asset Management Inc." pursuant to the *Business Corporations Act* (Ontario). On February 6, 2015, Cytophage amended its articles to change its name to "Cytophage Technologies Inc." On December 9, 2019, Cytophage filed articles of continuance, whereby it continued into the Province of Manitoba pursuant to provisions of the *Corporations Act* (Manitoba).

Cytophage's head office is located at 26 Henlow Bay, Winnipeg, Manitoba, Canada R3Y 1G4. Cytophage's registered office is located at MLT Aikins LLP, 30th Floor, 360 Main Street, Winnipeg, Manitoba, Canada R3C 4G1.

DESCRIPTION OF BUSINESS

Cytophage is a Canadian biotechnology company that develops and commercializes pathogen-specific bacteriophage, or phage, products to address bacterial challenges affecting animal health, human health and food security. Cytophage harnesses the power of phages as an innovative tool to prevent and treat bacterial infections. Its proprietary technology creates combinations of natural, modified and synthetic phages that target and destroy harmful bacterial cells. These phages are effective at finding and targeting specific bacteria and overcoming cellular defenses to destroy specific harmful bacteria, as opposed to traditional broad-spectrum antibiotics that target both helpful and harmful bacteria.

Cytophage has become a leading developer of phage products that address common bacterial infections that were previously managed with antibiotics. Given the majority of antibiotics produced are used in animal agriculture, Cytophage' commercial efforts are currently focused on animal health bacteriophage products.

Cytophage's proposed first commercial product is AviPhage, a phage solution to address bacterial infections in poultry. Cytophage has also developed a phage product to enhance food security, PhageFend that is an antimicrobial for the surface of chicken meat and carcasses, and food processing facility surfaces. Further, Cytophage has products in its pipeline that address surface contamination on eggs (OvaPhage), mastitis in dairy cows (BoviPhage), and necrotic enteritis in poultry (AviPhage CP). On the human health side, Cytophage is currently testing its filamentous phage platform by developing an antiviral for coronavirus, focused on preventing transmission of the virus. This work is intended to inform the development of new products for respiratory viruses including the potential for a broad strain flu-vaccine.

RECENT HIGHLIGHTS

The following are the achievements and highlights for the twelve months ending December 31, 2022 through to the date hereof:

- On June 30, 2022, Cytophage was awarded US$250,000 in non-dilutive funding to develop biological solutions for plant bacterial challenges at the Donald Danforth Plant Science Center in St. Louis, Missouri. The funding was provided by the Wells Fargo Innovation Incubator. Studies on the cassava plant using Cytophage's phage products are ongoing at the Danforth Donald Danforth Plant Science Center.

SELECTED ANNUAL INFORMATION

The following selected financial data with respect to the Company's financial condition and results of operations has been derived from the consolidated financial statements of the Company for the twelve months ended December 31, 2022, and 2021, as applicable.

The selected financial data should be read in conjunction with those financial statements and the notes thereto.

Twelve months ended December 31,	2022 $	2021 $
Revenues	$0	$0
Gross profit	$0	$0
Total operating expenses	$3,682,393	$3,235,166
Net loss	($3,682,393)	($3,235,166)
Comprehensive loss	($3,682,393)	($3,235,166)
Basic and diluted loss per share	$(0.09)	$(0.08)
Weighted average number outstanding	40,928,264	39,737,680

As at	December 31, 2022 $	December 31, 2021 $
Cash	$2,246,338	$4,842,467
Current assets	$2,754,669	$4,959,988
Total assets	$3,689,855	$5,832,450
Total liabilities	$238,469	$280,821
Shareholders' equity (deficiency)	$3,451,386	$5,551,629

RESULTS OF OPERATIONS

Twelve months ended December 31, 2022 and 2021

During the twelve months ended December 31, 2022, the Company recorded a net loss of $3,682,393 (December 31, 2021 - $3,235,166). The increase in net loss of $447,227 as compared to the twelve months ended December 31, 2021 is primarily attributable to the following factors:

- A decrease of $22,728 in consulting fees as the Company focused its commercialization efforts in core regions and on core product candidates which required less consulting efforts.
- An increase of $68,744 in depreciation due to an increase in equipment depreciation.
- An increase of $13,130 in meals and entertainment as the Company was able to reengage with potential customers and partners after limited in-person interactions due to the COVID-19 pandemic in 2021.
- An increase of $76,834 in travel expenses as the Company was able to reengage with potential customers and partners after limited in-person interactions due to the COVID-19 pandemic in 2021.
- A decrease of $154,026 in office and administration expenses as the Company continued to pursue cost efficiencies in its Winnipeg location.
- As increase of $112,327 in professional fees related into an increase in the quantity of legal work as well as legal advisory related to the Company's business model.
- A decrease of $10,394 in interest expense due to the decrease in future minimum lease payments.
- An increase of $17,782 in research and development costs related to the Company's continued focus on its product candidates for the poultry animal health markets.
- An increase of $83,461 in salaries and wages as the Company faced inflationary wage pressures related to its scientific staff and personnel.
- An increase of $396,260 in share-based compensation as the Company issued 420,000 options in 2022 as opposed to 50,000 in 2021.
- An decrease of $71,481 in grant income as the Company met fewer and less significant grant milestones in 2022 than in 2021.
- An increase of $205,644 in investment tax credit due to the Company generating a greater amount of expenditures that were eligible for scientific, research and experimental development tax incentives.

Twelve months ended December 31,	2022	2021	Change ($)	Change (%)
	$	$		
Consulting fees	$ 246,228	$ 268,956	($22,728)	-8.5%
Depreciation	364,552	295,808	$68,744	23.2%
Meals and entertainment	33,535	20,405	$13,130	64.3%
Office and administration	574,109	728,135	($154,026)	-21.2%
Professional fees	193,627	81,300	$112,327	138.2%
Interest expense	20,136	30,530	($10,394)	-34.0%
Research and development	442,614	424,832	$17,782	4.2%
Salaries and wages	1,804,693	1,721,232	$83,461	4.8%
Share-based payments	449,516	53,256	$396,260	744.1%
Travel	138,936	62,102	$76,834	123.7%
Grant income	(140,530)	(212,011)	$71,481	-33.7%
Investment tax credit	(445,023)	(239,379)	($205,644)	85.9%

Three months ended December 31, 2022 and 2021

During the three months ended December 31, 2022, the Company recorded a net loss of $1,297,891 (December 31 2021 - $761,880). The increase in net loss of $536,011 as compared to the three months ended December 31, 2022 is primarily attributable to the following factors:

- An increase of $86,869 in consulting fees as the Company increased its commercialization efforts in Southeast Asia, in preparation for engaging a distribution partner.
- An decrease of $201,077 in depreciation due to the timing of quarterly charges in 2022, as compared to a significant depreciation charge in the 4th quarter of 2021.
- An increase of $4,069 in meals and entertainment due to increased interactions as personnel and external parties were able to better engage than during the height of the COVID-19 pandemic.
- An increase of $43,465 in office and administration expenses due to the recognition of a gain on the Company's lease liability in 2021.
- An increase of $113,073 in professional fees primarily related to a negative balance of legal fees in 2021, due to the recategorization of legal fees into share issuance costs.
- A decrease of $26,875 in interest expense due to the decrease in future minimum lease payments.
- A decrease of $38,712 in research and development costs as the Company did not engage contract research organizations for testing services as it had in the comparative 2021 quarter.
- An decrease of $59,162 in salaries and wages as the Company had not yet replaced certain personnel who had previously resigned.
- An decrease of $53,256 in share-based compensation as the Company did not issue any share based compensation in 2022 compared to 2021.
- An increase of $3,892 in travel expenses due to increased interactions as personnel and external parties were able to better engage than during the height of the COVID-19 pandemic.
- A decrease of $65,944 in grant income as the Company did not receive any grant payments or satisfy any milestone triggers for previously awarded grants compared to the previous period.
- A decrease of $129,379 in investment tax credit due to decreased spending on qualified projects over the previous period.

Three months ended December 31,	2022	2021	Change ($)	Change (%)
	$	$		
Consulting fees	$101,869	$15,000	$86,869	579.1%
Depreciation	$94,731	$295,808	($201,077)	-68.0%
Meals and entertainment	$13,039	$8,970	$4,069	45.4%

Office and administration	$159,911	$115,619	$43,465	37.6%
Professional fees	$32,318	($65,037)	$113,073	-173.6%
Interest expense	$3,554	$30,429	($26,875)	-88.3%
Research and development	$39,828	$78,540	($38,712)	-49.3%
Salaries and wages	$465,006	$524,168	($59,162)	-11.3%
Share-based payments	$0	$53,256	($53,256)	-100.0%
Travel	$48,644	$44,752	$3,892	8.7%
Grant income	($525)	$65,419	($65,944)	-100.8%
Investment tax credit	($110,000)	$239,379	($129,379)	-54.0%

SUMMARY OF QUARTERLY RESULTS

The table below sets forth selected results of operations of the Company. All figures are in accordance with IFRS.

For the three months ended	Revenue	Loss for the period	Loss per share (basic)	Loss per share (diluted)
December 31, 2022	$ 0	$ (1,297,891)	$ (0.03)	$ (0.03)
September 30, 2022	$ 0	$ (555,079)	$ (0.03)	$ (0.01)
June 30, 2022	$ 0	$ (833,153)	$ (0.01)	$ (0.02)
March 31, 2022	$ 0	$ (996,270)	$ (0.02)	$ (0.02)
December 31, 2021	$ 0	$ (761,880)	$ (0.02)	$ (0.01)
September 30, 2021	$ 0	$ (821,766)	$ (0.02)	$ (0.02)
June 30, 2021	$ 0	$ (772,479)	$ (0.02)	$ (0.02)
March 31, 2021	$ 0	$ (879,042)	$ (0.02)	$ (0.02)

For the period ending December 31, 2022, net loss for the Company almost doubled, with a net loss increase of $742,812, compared to the period ending September 30, 2022. The expenses that primarily contributed to this significant increase included share based payments, and lower grant income and SRED tax credits.

For the period ending September 30, 2022, net loss for the Company decreased by $278,074 compared to the period ending June 30, 2022. The expenses that primarily contributed to this significant increase included share based payments, and lower grant income and SRED tax credits.

For the period ending June 30, 2022, net loss for the Company decreased by $163,117 compared to the period ending March 31, 2022. The expenses that primarily contributed to this include significantly lower research and development expenses and lower professional expenses.

For the period ending March 31, 2022, net loss for the Company increased by $234,390 compared to the period ending December 31, 2021. The expenses that primarily contributed included a significant increase to research and development and supplies, as well as a decrease in SRED tax refund within the quarter.

For the period ending December 31, 2021, net loss for the Company decreased by $59,886 from the period ending September 30, 2021, primarily due to an increase in recognized tax refund, as well as a gain on the Company's lease liability due to the amended lease for its Henlow Bay location.

For the period ending September 30, 2021, net loss for the Company increased by $49,287 from the period ending June 30, 2021, primarily due to an increase in advertising and promotion, an increase in travel expenditures and a decrease in grant income.

For the period ending June 30, 2021, net loss for the Company decreased by $106,564 from the period ending March 31, 2021, primarily due to a decrease in legal expenditures as well as a decrease in research and development expenses related to contract research organizations.

For the period ending March 31, 2021, net loss for the Company was decreased by $1,385,145 from the period ending December 31, 2020, due to lower share based payments, and lower depreciation and amortization than in the previous quarter.

CAPITAL AND LIQUIDITY

As of December 31, 2022, the Company's working capital (as defined as Current Assets minus Current Liabilities) was $2,516,200. As of December 31, 2021, the Company's working capital (as defined as Current Assets minus Current Liabilities) was $4,787,059. The decrease in working capital was due to the Company's significant comparative cash balance at December 2021, due to the exercise of warrants in 2021, as well as the remaining cash balance from the Company's financing in 2020. The Company's working capital depleted throughout 2022, as the Company completed continued to incur expenditures with minimal financing activities.

Going concern

The Company's consolidated financial statements have been prepared on the basis of accounting principles applicable to going concern which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company is in the development stage and does not yet generate cash flows from operations. The Company has had recurring net losses and, as at and for the twelve months ended December 31, 2022, had negative cash flow from continuing operations of $3,682,393 and an accumulated deficit of $14,454,446. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The continuing operations of the Company are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds there from. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Cash flows

The Company's cash flows for the twelve months ended December 31, 2022 and 2021 are summarized in the table below.

	Twelve months ended December 31,	
	2022	**2021**
Net cash provided by (used in):		
Operating activities	$(2,943,590)	$(3,032,096)
Investing activities	(380,808)	(333,075)
Financing activities	728,269	6,584,214
Net increase in cash and cash equivalents	(2,596,129)	(3,319,043)

Cash used in operating activities:

For the period ended December 31, 2022, cash used in operating activities decreased by $88,506 compared to period ended December 31, 2021. The primary contributors to the cash used are a decrease in office and expenses as well as the increase in accounts payable and accrued liabilities.

Cash used in investing activities:

For the period ended December 31, 2022, cash used in investing activities increased by $47,733 compared to the period ended December 31, 2021, as the Company invested in additional equipment for its secondary laboratory to accommodate COVID-19 social distancing measures.

Cash from financing activities:

For the period ended December 31, 2022, cash used in financing activities decreased by $5,855,945 compared to the period ended December 31, 2021. The increase is attributed to significantly less equity issuances in 2022, compared to 2021.

CONTRACTUAL OBLIGATIONS

We have not incurred any material purchase obligations for our operations that would include payments over a number of months. With the exception of contractual lease payments of $113,250 over the next 12 months, we do not have any contractual obligations relating to long-term debt obligations, capital (finance) lease obligations, operating lease obligations or other long term liabilities. However, we expect there will be growth in commitments as we continue to grow our operations and execute our business plan.

OFF-BALANCE SHEET ARRANGEMENTS

We have no material undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

RELATED PARTY TRANSACTIONS

The Company had the following key management personnel and related companies as of December 31, 2022:

Key management personnel	
Harold Wolkin	Chair
Steven Theriault	Chief Executive Officer
Shantha Kodihalli	Director
Paul Gallagher	Director
Robert Gabor	Director
Michael Graham	Chief Financial Officer
Heather Medwick	President

The compensation paid or payable to key management for services for three and nine months periods ended December 31, 2022 and 2021 respectively are shown below:

	Three months ended December 31,		**Twelve months ended December 31,**	
	2022	**2021**	**2022**	**2021**
Salaries	**$** 193,750	$ $275,899	$ 775,000	$ 777,900
Share based payments	-		449,516	0
	$ 193,750	$ $275,899	$ 1,224,516	$ 777,900

SHARE CAPITAL

The Company is authorized to issue an unlimited number of Class A common shares without par value.

As at the date of this MD&A: June 20, 2023:

Security	Number outstanding
Common Shares Issued and Outstanding	42,206,663
Warrants Issued and Outstanding	5,000,000
Common Share Purchase Options	3,910,000

During the twelve months ended December 31, 2022:

- On February 11, 2022, the Company granted 420,000 options to directors with an exercise price of $1.30.
- On December 31, 2022, the Company issued 1,191,078 Class A common shares (each, a "Common Share") related to the exercise of warrants for proceeds of $1,132,634. Included in accounts receivable is $256,500 relating to the exercise of warrants that was received subsequent to December 31, 2022.

PROPOSED TRANSACTIONS

Reverse Takeover Transaction

On May 31, 2023, the Company entered into a Letter of Intent ("LOI") with Cuspis, a Capital Pool Corporation (as such term is defined in the policies of the TSX Venture Exchange Inc. (the "Exchange") pursuant to which Cuspis and Cytophage intend to complete a business combination to ultimately form a resulting issuer (the "Resulting Issuer") that will continue on the business of Cytophage (the "Transaction") and Cytophage will complete an offering of a minimum of $3,000,000 in aggregate gross proceeds. The Transaction will constitute Cuspis' Qualifying Transaction (as such term is defined in the policies of the Exchange). Following completion of the business combination, the combined company intends to list as a Tier 2 Biotechnology Issuer on the Exchange.

FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is its cash held in bank accounts. Cash is deposited in bank accounts held with major bank in Canada. As all of the Company's cash is held by one bank, there is a concentration of credit risk. However, this risk is managed by using a major bank that is high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has not incurred significant transactions in foreign currency.

Fair value
The fair value of the Company's financial assets and liabilities approximates the carrying amount.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

SUBSEQUENT EVENTS

Warrants
In January 2023, the Board of Directors approved an extension to the expiry date of the warrants issued on December 18, 2022 to the end of April 2023. In the first quarter of 2023, an additional 477,000 warrants were exercised for proceeds of $453,150.

Delaware subsidiary
On February 6, 2023, Cytophage Corp., a wholly-owned subsidiary of Cytophage, was incorporated in the State of Delaware, USA.

Letter of Intent
On May 31, 2023, the Company entered into the LOI with Cuspis.

Closing of private placement (tranche 1)
On June 30, 2023, Cytophage completed the first tranche of a private placement for aggregate gross proceeds of $306,687 at a price of $1.00 per unit (each unit consists of one Common Share and one-half of one warrant with an exercise price of $1.40 and a two-year expiry).

Management updates
On July 4, 2023, Julius Kalcevich was appointed Chief Financial Officer of Cytophage and Michael Graham, the previous Chief Financial Officer, moved to the role of Chief Commercial Officer of Cytophage.

Distribution agreement
On July 10, 2023, Cytophage entered into a distribution agreement with Renata Limited-Animal Health Division Dhaka, Bangladesh ("Renata") for the distribution of Cytophage's animal health products by Renata in Bangladesh, Myanmar, Nepal and Sri Lanka.

Closing of private placement (tranche 2)
On August 31, 2023, Cytophage completed the second tranche of a private placement for aggregate gross proceeds of $216,000 at a price of $1.00 per unit (each unit consists of one Common Share and one-half of one warrant with an exercise price of $1.40 and a two-year expiry).

Share options
On October 11, 2023, the Company granted 350,000 options exercisable at $1.00 for a period of seven years to the Chief Financial Officer ("CFO") of the Company as part of the CFO's employment agreement. The options vested immediately upon grant.

Financial advisory agreement
On November 2, 2023, Cytophage and PI Financial Corp. ("PI Financial") entered into a financial advisory agreement (the "Advisory Agreement"), pursuant to which Cytophage engaged PI Financial as an independent financial advisor to provide financial advisory services in connection with the Transaction. Pursuant to the Advisory Agreement, Cytophage shall pay PI Financial a financial advisory fee in the aggregate amount of $50,000, with $10,000 payable upon entering the Advisory Agreement and

$40,000 payable upon the earlier of: (i) the Completion of the Transaction; (ii) the termination of the Advisory Agreement; or (iii) the date that is two months from the effective date of the Advisory Agreement. Cytophage will pay the balance owing under the Advisory Agreement on closing of the Transaction. In addition, Cytophage agreed to pay PI Financial a sponsorship fee in the aggregate amount of $100,000, with $20,000 payable upon entering the Advisory Agreement and $80,000 due upon receiving a Sponsor Report (as such term is defined in Exchange Policy 2.4), if required by the Exchange. The Exchange has granted an exemption from the sponsorship requirements and as such, a Sponsor Report is not required.

Business combination update

On November 6, 2023, the Company, Cuspis and 10179321 Manitoba Ltd., a wholly-owned subsidiary of the Cuspis, entered into a business combination agreement (the "Definitive Agreement") to complete the Transaction, which superseded the terms of the LOI. The Definitive Agreement contemplates, among other things, the Transaction will be completed by way of a three-cornered amalgamation under the laws of the Province of Manitoba, whereby a Manitoba wholly-owned subsidiary of Cuspis to be incorporated ("Subco") and Cytophage will amalgamate (the "Amalgamation"), and the resulting amalgamated entity will survive as a wholly-owned subsidiary of Cuspis. Each issued and outstanding Common Share will be exchanged for common shares of the Resulting Issuer on the basis of one resulting issuer share for one (1) Common Share (the "Exchange Ratio"). In addition, it is contemplated that all securities convertible, exercisable or exchangeable into Common Shares outstanding at the effective time will be exchanged for similar securities of the Resulting Issuer on the basis of the Exchange Ratio. Immediately prior to or concurrently with closing of the Transaction, Cuspis is expected to (i) consolidate (the "Consolidation") all of its issued and outstanding common shares (each, a "Cuspis Share") on the basis of one (1) post-consolidation Cuspis Share for approximately 4.1448 (the "Consolidation Ratio") pre-consolidation shares; and (ii) change its name to "Cytophage Technologies Ltd." (the "Name Change") or such other name as is acceptable to Cytophage, the Exchange and the Director appointed under the *Business Corporations Act (Ontario)*; and (iii) complete the Offering (as described below). It is also contemplated that all securities convertible, exercisable or exchangeable into Cuspis Shares will be consolidated at the Consolidation Ratio.

Completion of the Transaction is subject to a number of conditions, including but not limited to:

- completion of the Offering;
- compelation of the Consolidation (including the consolidation of all issued outstanding securities of Cuspis) and the Name Change;
- preparation and filing of a disclosure document as required by the Exchange outlining the definitive terms of the Transaction and describing the business ot be conducted by the Company following the completion of the Transaction, in accordance with the policies of the Exchange;
- receipt of all shareholder, third party and requisite regulatory approvals; and
- acceptance by the TSXV.

There can be no assurance that the Transaction will be completed as proposed or at all.

Lease extension

On November 14, 2023, the Company entered into a lease extension agreement for the Henlow Bay office and lab to extend the lease term to March 31, 2024. This agreement was in furtherance of the extension agreement negotiated on August 30, 2023.

Loans

On December 15, 2023, Cuspis advanced a loan of $25,000 to Cytophage pursuant to a 10% interest bearing promissory note, repayable on demand at a rate of 10% per annum. Cuspis and Cytophage have entered into a loan agreement on January 11, 2024 to provide for a further loan of $225,000 (the "Loan") to be used for general corporate working capital purposes of Cytophage prior to the completion of the Transaction. The Loan is repayable in full on demand of Cuspis following the earlier of (i) six (6)

months from the date of advance, and (ii) termination of the Transaction for any reason. The Loan shall bear interest at the rate of ten percent (10%) per annum, calculated daily, and, payable on date of repayment of the principal. The obligations under the loan agreement and the promissory note are secured by liens granted by Cytophage to Cuspis, including, among other things, a priority over all present and future personal property of Cytophage.

Concurrent financing

On December 22, 2023, the Company completed an offering of 2,500,000 Subscriptions Receipts at a price of $1.00 per Subscription Receipt for gross proceeds of $2,500,000 (the "Offering"). Immediately prior to closing of the transaction (the "Closing"), and provided certain escrow release conditions are satisfied or waived (to the extent waiver is permitted), each Subscription Receipt shall be exchanged automatically, for no additional consideration and with no further action on the part of the holder thereof, into one unit of Cytophage (a "Unit"). Each Unit will consist of one Common Share (the Common Shares comprising the Units being the "Underlying Shares") and one-half of one Common Share purchase warrant of Cytophage (each whole warrant, an "Underlying Warrant"). Each Underlying Warrant will entitle the holder to purchase one Common Share (a "Warrant Share", and together with the Underlying Shares and the Underlying Warrants, the "Underlying Securities") at an exercise price equal to $1.40 until the date that is 24 months following the date of the Closing, subject to acceleration in accordance with the terms of a warrant indenture dated December 22, 2023 entered into between Cytophage and TSX Trust Company, as warrant agent.

The gross proceeds of the Offering (the "Escrowed Funds") are being held in escrow by TSX Trust Company, acting as escrow agent (the "Subscription Receipt Agent") pursuant to the terms of a subscription receipt agreement dated the date hereof (the "Subscription Receipt Agreement") entered into among Cytophage, Cuspis and the Escrow Agent. The Escrowed Funds will be released (together with the interest thereon) to Cytophage upon satisfaction of the escrow release conditions.

In connection with the Offering, certain duly registered and eligible finders (the "Finders") are entitled to an aggregate cash fee of $42,525.00, being an amount equal to 7.0% of the aggregate gross proceeds raised from subscribers introduced by them. As additional consideration, the Company issued an aggregate of 35,525 finder's warrants ("Finder's Warrants") to the Finders, being an amount equal to 7.0% of the number of Subscription Receipts issued to subscribers introduced by them, which will be paid upon the satisfaction of the escrow release conditions. One Finder will only receive a cash fee for its efforts in connection with the Offering. Each Finder's Warrant is exercisable at an exercise price of $1.00 to acquire one Unit at any time during the twenty-four (24) months following the date on which the escrow release conditions are fully satisfied, or the closing of the Offering, if the Transaction is not completed. The Finders shall not be paid any cash fee from the proceeds of the Offering representing the Escrowed Funds until such time as the escrow release conditions are satisfied. Upon the completion of the Transaction, the Finder's Warrants will be exchanged for finder's warrants of the Resulting Issuer on economically equivalent terms.

SCHEDULE "D"

FINANCIAL STATEMENTS AND MD&A OF CYTOPHAGE FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2023

(Please see attached)

CYTOPHAGE TECHNOLOGIES INC.

Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars)

CYTOPHAGE TECHNOLOGIES INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at September 30, 2023 and December 31, 2022
(Unaudited - Expressed in Canadian Dollars)

	Notes	September 30, 2023	December 31, 2022
ASSETS			
Current assets			
Cash		$ 472,969	$ 2,246,338
Accounts receivable and other	12	110,000	370,919
GST/HST receivable		140,250	85,556
Prepaid expenses and deposits	4	121,788	51,856
		845,007	2,754,669
Non-current assets			
Property and equipment	5	728,462	826,396
Right-of-use asset	6	38,194	108,790
TOTAL ASSETS		$ 1,611,663	$ 3,689,855
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7	$ 204,484	$ 130,577
Lease obligation	6	38,460	107,892
TOTAL LIABILITIES		242,944	238,469
SHAREHOLDERS' EQUITY			
Share capital	8	16,178,494	15,442,692
Reserves	8	2,986,733	2,463,140
Deficit		(17,796,508)	(14,454,446)
TOTAL SHAREHOLDERS' EQUITY		1,368,719	3,451,386
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 1,611,663	$ 3,689,855

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 15)

Approved and authorized for issue by the Board of Directors on January 30, 2024

"Paul Gallagher"
Director

"Harold Wolkin"
Director

CYTOPHAGE TECHNOLOGIES INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and nine months ended September 30, 2023
(Unaudited - Expressed in Canadian Dollars)

	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2023	2022	2023	2022
Operating expenses					
					$
Consulting fees		$ 104,969	$ 101,664	$ 165,788	144,359
Depreciation	5	113,742	92,936	333,512	269,821
Meals and entertainment		9,254	6,855	25,535	20,496
Office and administration		132,527	134,060	337,238	414,198
Professional fees		100,216	22,753	169,030	161,309
Interest expense		665	4,557	4,643	16,582
Research and development		2,124	97,722	441,485	402,786
Salaries and wages	10	457,359	452,807	1,454,689	1,339,687
Share-based payments	8, 10	-	-	523,593	449,516
Travel		54,075	51,599	150,278	90,292
Grant income	13	-	(74,851)	(263,729)	(140,005)
Investment tax credit		-	(335,023)	-	(335,023)
Total operating expenses		$ (974,931)	$ (555,079)	$ (3,342,062)	$ (2,834,018)
Loss and comprehensive loss		**$ (974,931)**	**$ (555,079)**	**$ (3,342,062)**	**$ (2,834,018)**
Loss per share – basic and diluted		**$ (0.02)**	**$ (0.01)**	**$ (0.08)**	**$ (0.07)**
Weighted average number of shares outstanding – basic and diluted		**42,663,475**	**40,868,274**	**42,340,181**	**40,868,274**

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

CYTOPHAGE TECHNOLOGIES INC.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine months ended September 30, 2023 and 2022
(Unaudited - Expressed in Canadian Dollars)

		Share Capital				
	Notes	Number of shares	Amount	Reserves	Deficit	Total
Balance at December 31, 2021		**40,868,274**	**$ 14,310,058**	**$ 2,013,624**	**$ (10,772,053)**	**$ 5,551,629**
Shares issued for cash	8	-	-	-	-	-
Share-based payments	8	-	-	449,516	-	449,516
Net loss for the period		-	-	-	(2,834,018)	(2,834,018)
Balance, September 30, 2022		**40,868,274**	**$ 14,310,058**	**$ 2,463,140**	**$ (13,606,071)**	**$ 3,167,127**
Balance, December 31, 2022		**42,059,352**	**$ 15,442,692**	**$ 2,463,140**	**$ (14,454,446)**	**$ 3,451,386**
Shares issued for cash	8	522,688	522,688	-	-	522,688
Warrants exercised	8	227,000	215,650	-	-	215,650
Share issuance costs	8	-	(2,536)	-	-	(2,536)
Share-based payments	8	-	-	523,593	-	523,593
Net loss for the period		-	-	-	(3,342,062)	(3,342,062)
Balance at September 30, 2023		**42,809,040**	**$ 16,178,494**	**$ 2,986,733**	**$ (17,796,508)**	**$ 1,368,719**

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

CYTOPHAGE TECHNOLOGIES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

	September 30, 2023	September 30, 2022
Operating activities		
Loss for the period	$ (3,342,062)	$ (2,834,018)
Adjustments for:		
Depreciation	333,514	269,821
Share-based payments	523,593	449,516
Changes in non-cash working capital items:		
GST/HST receivable	(54,694)	33,451
Prepaid expenses and deposits	(69,932)	(10,547)
Accounts payables and accrued liabilities	85,085	77,640
Accounts receivable and other	260,919	-
Net cash flows used in operating activities	(2,263,577)	(2,014,137)
Investing activities		
Purchase of equipment	(125,237)	(354,725)
Net cash flows used in investing activities	(125,237)	(354,725)
Financing activities		
Proceeds from shares issued	522,688	-
Share issuance costs	(2,536)	-
Proceeds from exercise of warrants	215,650	-
Lease payments	(120,357)	(109,418)
Net cash flows provided by (used in) financing activities	615,445	(109,418)
Decrease in cash	(1,773,369)	(2,478,279)
Cash, beginning of the period	2,246,338	4,842,467
Cash, end of the period	472,969	**$ 2,364,188**
Interest paid	**$ 4,643**	**$ 16,477**
Income taxes paid	**-**	**-**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Cytophage Technologies Inc. ("Cytophage" or the "Company") was incorporated on September 20, 2013 under the *Business Corporations Act* (Ontario) on September 20, 2013 and redomiciled to Manitoba in 2019. The Company's core business activity is to develop bacteriophages that will reduce and ultimately replace the use of antibiotics for illness prevention and treatment. The head office, registered, and records office of the Company is located at 26 Henlow Bay, Winnipeg, MB.

These interim condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to going concern which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company is in the development stage and does not yet generate cash flows from operations. The Company has had recurring net losses and, as at and for the nine months ended September 30, 2023, had negative cash flow from operations of $2,263,577 and an accumulated deficit of $17,796,508. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The continuing operations of the Company are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds there from. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with and using accounting policies in compliance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRIC").

The notes presented in these interim condensed consolidated financial statements include only significant events and transactions occurring since the Company's last fiscal year end and they do not include all of the information required in the Company's most recent annual consolidated financial statements. Except as noted below, these condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company's annual financial statements and should be read in conjunction with the Company's most recent audited consolidated financial statements which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB.

Basis of measurement

These interim condensed consolidated financial statements have been prepared using the historical cost convention, except for certain items which are recorded at fair value. In addition, these interim condensed consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

The interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. The functional currency of the Company's subsidiaries is the Canadian Dollar.

(Unaudited - Expressed in Canadian dollars)

Basis of consolidation

These interim condensed consolidated financial statements include the accounts of the Company and its controlled subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. The Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Percentage ownership
Cytophage IP Inc.	Canada	100%
Cytophage Human Health Inc.	Canada	100%
Cytophage Animal Health Inc.	Canada	100%
Cytophage Corp.	USA	100%

Grant income

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Non-government grants are recognized when the grants are received and all attached conditions will be complied with.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 2 to the audited consolidated financial statements for the year ended December 31, 2022 and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

Critical accounting judgments, estimates and assumptions

The preparation of the Company's interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim condensed consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant estimates and critical judgements were the same as those stated in Note 2 to the audited financial statements as at and for the year ended December 31, 2022.

4. PREPAID EXPENSES AND DEPOSITS

		September 30, 2023		**December 31, 2022**
Retainers	**$**	31,643	**$**	37,856
Prepaid subscriptions		2,830		-
Lease security deposit		73,315		-
Prepaid rent		14,000		14,000
	$	**121,788**	**$**	**51,856**

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

(Unaudited - Expressed in Canadian dollars)

On May 16, 2023, the Company entered into a lease agreement for a facility located at 400 Fort Whyte Way, Macdonald in Manitoba, Canada. As part of the agreement, the Company was required to pay a lease security deposit of $73,315. The Company anticipates having the occupancy by April 2024. Basic rent for the first two years is $24,874 per month, and increases to $26,589 per month for years three to five, and to $28,304 per month in years six and seven. In addition, the Company must pay a management fee equal to 5% of the base rent and operating costs and taxes.

5. PROPERTY AND EQUIPMENT

	Computer Equipment	Equipment	Furniture and Equipment	Research Facility	Total
Cost					
Balance, December 31, 2021	**$ 38,665**	**$ 800,913**	**$ 4,458**	**$ 59,889**	**$ 903,925**
Additions	18,388	281,437	2,157	125,293	427,275
Balance, December 31, 2022	**$ 57,053**	**$ 1,082,350**	**$ 6,615**	**$185,182**	**$ 1,331,200**
Additions	7,535	102,035	-	15,667	125,237
Balance as at September 30, 2023	**$ 64,588**	**$ 1,184,385**	**$ 6,615**	**$ 200,849**	**$1,456,437**
Depreciation					
Balance, December 31, 2021	**$ 20,164**	**$254,580**	**$ 446**	**$ 9,982**	**$285,172**
Additions	11,236	174,235	1,763	32,399	219,633
Balance, December 31, 2022	**$ 31,400**	**$ 428,815**	**$ 2,209**	**$ 42,381**	**$504,805**
Additions	12,170	163,584	986	46,429	223,169
Balance, September 30, 2023	**$ 43,570**	**$ 592,400**	**3,195**	**$ 88,810**	**$727,974**
Net Book Value					
As at December 31, 2022	**$ 25,653**	**$ 653,536**	**$ 4,406**	**$142,801**	**$ 826,396**
As at September 30, 2023	**$ 21,018**	**$591,985**	**$ 3,420**	**$112,040**	**$ 728,463**

6. LEASES

The Company entered into a lease agreement for office and lab space located at 26 Henlow Bay in Winnipeg, Manitoba commencing October 1, 2020 for a term of thirty-six months at a monthly lease payment of CAD$12,500. The Company leased an additional open area within the building on August 1, 2021, for a term expiring on September 30, 2023 at a monthly lease payment of CAD $1,000.

On August 30, 2023, the Company negotiated and agreed with the landlord for an extension to the property under lease from the original expiration date on September 30, 2023, to December 31, 2023. For the extended term from October 1, 2023, the Company would return a portion of office spaces to the landlord, and the pre-GST monthly rent charged thereon shall be $13,000 per month.

(Unaudited - Expressed in Canadian dollars)

Right-of-use asset:

Cost	**Office**
Balance, December 31, 2021 and December 31,2022	**$ 600,908**
Additions	**-**
Modifications	**39,748**
Balance, September 30, 2023	**$ 640,656**

Accumulated Depreciation	**Office**
Balance, December 31, 2021	$ 347,199
Additions	144,919
Balance, December 31, 2022	$ 492,118
Additions	110,343
Balance, September 30, 2023	**$ 602,461**

Net Book Value	**Office**
Balance, December 31, 2022	$ 108,790
Balance, September 30, 2023	**$ 38,194**

Lease liability

		Office
Balance, December 31, 2021	$	255,756
Lease liability payments		(168,000)
Accretion expense		20,136
Balance, December 31, 2022	$	107,892
Modification		50,926
Lease liability payments		(125,000)
Accretion expense		4,643
Balance, September 30, 2023	**$**	**38,460**

Allocated as:	**September 30, 2023**	**December 31, 2022**
Current	$ 38,460	$ 107,892
Non-current	-	-
	$ 38,460	**$ 107,892**

Maturity Analysis	**September 30, 2023**	**December 31, 2022**
Less than one year	$ 38,460	$ 113,250
One to three years	-	-
Total undiscounted lease liability	38,460	$ 113,250
Amount representing implicit interest	(539)	(5,358)
Lease liability	**$ 37,921**	**$ 107,892**

(Unaudited - Expressed in Canadian dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	December 31, 2022
Trade payables	$ 139,344	$ 112,577
Accrued liabilities	65,140	18,000
	$ 204,484	**$ 130,577**

8. SHARE CAPITAL

Common Shares

Authorized: unlimited Class A common shares without par value

During the nine months ended September 30, 2023:

- On August 31, 2023, the Company completed a private placement financing of 216,000 units for proceeds of $216,000. Each unit consisted of one Class A common share (each, a "Common Share") and one-half of one Common Share purchase warrant with each warrant exercisable at $1.40 per warrant share for a period of two years. $ Nil was allocated to warrants based on the residual method.
- On June 30, 2023, the Company completed a private placement financing of 306,687 units at a price of $1.00 per unit for proceeds of $306,687. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant with each warrant exercisable at $1.40 per warrant share for a period of two years. The Company incurred $800 in share issuance cost related to the financing. $ Nil was allocated to warrants based on the residual method.
- On April 10, 2023, the Company issued 77,000 common shares pursuant to the exercise of warrants for proceeds of $73,150. $ Nil was allocated to warrants based on the residual method.
- On March 23, 2023, the Company issued 150,000 common shares pursuant to the exercise of warrants for proceeds of $142,500. $ Nil was allocated to warrants based on the residual method.

During the year ended December 31, 2022:

a) On December 31, 2022, the Company issued 1,191,078 Common Shares related to the exercise of warrants for proceeds of $1,132,634. Included in accounts receivable is $256,500 relating to the exercise of warrants that was received subsequent to December 31, 2022.

Warrants

	Number of warrants	Weighted average exercise price
Balance, December 31, 2021	7,552,925	$ 0.65
Exercised	(1,191,078)	0.95
Balance, December 31, 2022	6,361,847	$ 0.60
Granted	261,344	1.40
Exercised	(227,000)	0.95
Expired	(1,134,847)	0.95
Balance, September 30, 2023	**5,261,343**	$ 0.54

(Unaudited - Expressed in Canadian dollars)

The warrants have a weighted average remaining life of 2.98 years as at September 30, 2023.

Expiry Date	Exercise price ($)	Remaining life (years)	Warrants outstanding
October 30, 2026	$0.50	3.08	5,000,000
June 30, 2025	$1.40	1.75	153,343
August 31, 2025	$1.40	1.92	108,000
		3.02	**5,261,343**

Options

The Company has adopted an incentive stock option plan, which enables the Board of Directors of the Company from time to time, at its discretion, grant to directors, officers, employees and consultants to the Company, non-transferable stock options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the Company's issued and outstanding Common Shares. Each stock option permits the holder to purchase one Common Share at the stated exercise price. The options vest at the discretion of the Board of Directors.

The following is a summary of the Company's stock option activity:

	Number of options	Weighted average exercise price
Balance, December 31, 2021	2,860,000	$ 0.40
Granted	420,000	1.30
Balance, December 31, 2022	3,280,000	$ 0.51
Granted	630,000	1.00
Balance, September 30, 2023	**3,910,000**	$ 0.59

During the nine months ended September 30, 2023:

- The Company granted 630,000 options exercisable at $1.00 for a period of seven years to the directors and management of the Company. The options vested immediately upon grant. The fair value of the options vested during the nine months ended September 30, 2023 of $523,593 was recorded as share-based payment expense and was calculated using the Black-Scholes Option Pricing Model.

During the year ended December 31, 2022:

- The Company granted 420,000 options exercisable at $1.30 for a period of seven years to the directors of the Company. The options vested immediately upon grant. The fair value of the options vested during the nine months ended September 30, 2023 of $449,516 was recorded as share-based payment expense and was calculated using the Black-Scholes Option Pricing Model.

The fair values were estimated using the Black-Scholes option pricing model using the following assumptions:

	September 30, 2023	December 31, 2022
Weighted average fair value of options granted	$ 0.83	$ 1.07
Risk-free interest rate	2.71%	1.41%
Estimated life	7 years	7 years
Expected volatility	100%	100%
Expected dividend yield	0.00%	0.00%

(Unaudited - Expressed in Canadian dollars)

As at September 30, 2023 the following options were outstanding and exercisable:

Expiry Date	Exercise price ($)	Remaining life (years)	Options outstanding	Options exercisable
June 30, 2025	$ 0.10	1.75	50,000	50,000
October 29, 2026	$ 0.28	3.08	1,950,000	1,950,000
October 3, 2027	$ 0.65	4.01	810,000	810,000
April 20, 2024	$ 1.30	0.56	50,000	50,000
February 11, 2029	$ 1.30	5.37	420,000	420,000
May 3, 2030	$ 1.00	6.59	630,000	630,000
		4.04	**3,910,000**	**3,910,000**

9. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its directors, will balance its overall capital structure through new equity issuances or undertaking other activities as deemed appropriate under the specific circumstances. There are no external restrictions on the management of capital. There was no change to the Company's approach to capital management during the nine months ended September 30, 2023.

10. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel was as follows:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Salaries	$ 251,250	$ 195,000	$ 637,494	$ 581,250
Share-based payments	-	-	482,038	449,516
	$ 251,250	$ 195,000	$ 1,119,532	$ 1,030,766

Due from/to related parties

As at September 30, 2023, $49,924 (December 31, 2022- $2,129) was due to corporate officers, directors and related parties and included in accrued liabilities. There is no maturity date nor interest on these amounts.

11. SEGMENT INFORMATION

For the included periods, the Company has presented its financial information within one entity, as the Company has not generated revenue within the period, and all of the Company's assets are within Canada. The Company also has presented its financial information within one segment, as the Company does not operate in different segments or internally report on a segmented basis.

12. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is its cash held in bank accounts. Cash is deposited in bank accounts held with major bank in Canada. As all of the Company's cash is held by one bank, there is a concentration of credit risk. However, this risk is managed by using a major bank that is high credit quality financial institution as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has not incurred significant transactions in foreign currency.

Fair value
The fair value of the Company's financial assets and liabilities approximates the carrying amount.

13. INVESTMENT TAX CREDIT

During the three and nine months ended September 30, 2023, the Company recognized $Nil and $Nil (three month ended September 30, 2022 - $335,023 and nine month ended September 30, 2022- $335,023) related to eligible scientific research and experimental development ("SRED") expenditures. Included in accounts receivable is $110,000 of SRED relating to the year ended December 2022 that was filed in June 2023.

14. GRANT INCOME

During the three and nine months ended September 30, 2023, the Company received $Nil and $100,763 (three month ended September 30, 2022 - $59,887 and nine month ended September 30, 2022- $117,704) government grants from Manitoba Agriculture and Resource Development for the evaluation of modified bacteriophage for the Treatment and Prevention of Bacterial Diseases in Swine project. There are no unfulfilled conditions or contingencies attached to these grants.

During the three and nine months ended September 30, 2023, the Company applied for and received $Nil and $162,966 (three month ended September 30, 2022 - $2,852 and nine month ended September 30, 2022- $22,301) non-government grants from organizations related to agricultural development.

15. SUBSEQUENT EVENTS

Share options

On October 11, 2023, the Company granted 350,000 options exercisable at $1.00 for a period of seven years to the Chief Financial Officer ("CFO") of the Company as part of the CFO's employment agreement. The options vested immediately upon grant.

Advisory agreement

On November 2, 2023, Cytophage and PI Financial Corp. ("PI Financial") entered into a financial advisory agreement (the "Advisory Agreement"), pursuant to which Cytophage engaged PI Financial as an independent financial advisor to provide financial advisory services in connection with the Transaction. Pursuant to the Advisory Agreement, Cytophage shall pay PI Financial a financial advisory fee in the aggregate amount of $50,000, with $10,000 payable upon entering the Advisory Agreement and $40,000 payable upon the earlier of: (i) the Completion of the Transaction; (ii) the termination of the Advisory Agreement; or (iii) the date that is two months from the effective date of the Advisory Agreement. Cytophage will pay the balance owing under the Advisory Agreement on closing of the Transaction. In addition, Cytophage agreed to pay PI Financial a sponsorship fee in the aggregate amount of $100,000, with $20,000 payable upon entering the Advisory Agreement and $80,000 due upon receiving a Sponsor Report (as such term is defined in Exchange Policy 2.4), if required by the Exchange. The Exchange has granted an exemption from the sponsorship requirements and as such, a Sponsor Report is not required.

Business combination update

On November 6, 2023, the Company, Cuspis and 10179321 Manitoba Ltd., a wholly-owned subsidiary of the Cuspis, entered into a business combination agreement (the "Definitive Agreement") to complete the Transaction, which superseded the terms of a non-binding Letter of Intent dated May 31, 2023 between Cuspis and Cytophage. The Definitive Agreement contemplates, among other things, the Transaction will be completed by way of a three-cornered amalgamation under the laws of the Province of Manitoba, whereby a Manitoba wholly-owned subsidiary of Cuspis to be incorporated ("Subco") and Cytophage will amalgamate (the "Amalgamation"), and the resulting amalgamated entity will survive as a wholly-owned subsidiary of Cuspis. Each issued and outstanding Common Share will be exchanged for common shares of the Resulting Issuer on the basis of one resulting issuer share for one (1) Common Share (the "Exchange Ratio"). In addition, it is contemplated that all securities convertible, exercisable or exchangeable into Common Shares outstanding at the effective time will be exchanged for similar securities of the Resulting Issuer on the basis of the Exchange Ratio. Immediately prior to or concurrently with closing of the Transaction, Cuspis is expected to (i) consolidate (the "Consolidation") all of its issued and outstanding common shares (each, a "Cuspis Share") on the basis of one (1) post-consolidation Cuspis Share for approximately 4.1448 (the "Consolidation Ratio") pre-consolidation shares; and (ii) change its name to "Cytophage Technologies Ltd." (the "Name Change") or such other name as is acceptable to Cytophage, the Exchange and the Director appointed under the *Business Corporations Act (Ontario)*; and (iii) complete the Offering (as described below). It is also contemplated that all securities convertible, exercisable or exchangeable into Cuspis Shares will be consolidated at the Consolidation Ratio.

Lease extension

On November 14, 2023, the Company entered into a lease extension agreement for the 26 Henlow Bay in Winnipeg, Manitoba office and lab to extend the lease term to March 31, 2024. This agreement was in furtherance of the extension agreement negotiated on August 30, 2023.

Loans

On December 15, 2023, Cuspis advanced a loan of $25,000 to be repayable on demand at a rate of 10% per annum. Cuspis and Cytophage have entered into a loan agreement on January 11, 2024 to provide for a further loan of

$225,000 (the "Loan") to be used for general corporate working capital purposes of Cytophage prior to the completion of the Transaction. The Loan is repayable in full on demand of Cuspis following the earlier of (i) six (6) months from the date of advance, and (ii) termination of the Transaction for any reason. The Loan shall bear interest at the rate of ten percent (10%) per annum, calculated daily, and, payable on date of repayment of the principal. The obligations under the loan agreement and the promissory note are secured by liens granted by Cytophage to Cuspis, including, among other things, a priority over all present and future personal property of Cytophage.

Concurrent financing

On December 22, 2023, the Company completed an offering of 2,500,000 Subscriptions Receipts at a price of $1.00 per Subscription Receipt for gross proceeds of $2,500,000 (the "Offering). Immediately prior to closing of the transaction (the "Closing"), and provided certain escrow release conditions are satisfied or waived (to the extent waiver is permitted), each Subscription Receipt shall be exchanged automatically, for no additional consideration and with no further action on the part of the holder thereof, into one unit of Cytophage (a "Unit"). Each Unit will consist of one Common Share (the Common Shares comprising the Units being the "Underlying Shares") and one-half of one Common Share purchase warrant of Cytophage (each whole warrant, an "Underlying Warrant"). Each Underlying Warrant will entitle the holder to purchase one Common Share (a "Warrant Share", and together with the Underlying Shares and the Underlying Warrants, the "Underlying Securities") at an exercise price equal to $1.40 until the date that is 24 months following the date of the Closing, subject to acceleration in accordance with the terms of a warrant indenture dated December 22, 2023 entered into between Cytophage and TSX Trust Company, as warrant agent.

The gross proceeds of the Offering (the "Escrowed Funds") are being held in escrow by TSX Trust Company, acting as escrow agent (the "Subscription Receipt Agent") pursuant to the terms of a subscription receipt agreement dated the date hereof (the "Subscription Receipt Agreement") entered into among Cytophage, Cuspis and the Escrow Agent. The Escrowed Funds will be released (together with the interest thereon) to Cytophage upon satisfaction of the escrow release conditions.

In connection with the Offering, certain duly registered and eligible finders (the "Finders") are entitled to an aggregate cash fee of $42,525.00, being an amount equal to 7.0% of the aggregate gross proceeds raised from subscribers introduced by them. As additional consideration, the Company issued an aggregate of 35,525 finder's warrants ("Finder's Warrants") to the Finders, being an amount equal to 7.0% of the number of Subscription Receipts issued to subscribers introduced by them, which will be paid upon the satisfaction of the escrow release conditions. One Finder will only receive a cash fee for its efforts in connection with the Offering. Each Finder's Warrant is exercisable at an exercise price of $1.00 to acquire one Unit at any time during the twenty-four (24) months following the date on which the escrow release conditions are fully satisfied, or the closing of the Offering, if the Transaction is not completed. The Finders shall not be paid any cash fee from the proceeds of the Offering representing the Escrowed Funds until such time as the escrow release conditions are satisfied. Upon the completion of the Transaction, the Finder's Warrants will be exchanged for finder's warrants of the Resulting Issuer on economically equivalent terms.

Management's Discussion and Analysis of

Cytophage Technologies Inc.

(Expressed in Canadian Dollars)

For the 9 month period ended September 30, 2023

Effective Date: January 30, 2024

The following discussion is management's assessment and analysis of the results of operations and financial conditions of Cytophage Technologies Inc. (the "Company", "Cytophage", "our", or "us") and should be read in conjunction with the accompanying interim condensed consolidated financial statements and accompanying notes for the nine months ended September 30, 2023 and 2022. All financial information in this Management's Discussion and Analysis ("MD&A") has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

This MD&A includes "forward-looking statements". Forward-looking statements include statements that may relate to our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing and other information that is not historical information. These statements appear in a number of different places in this MD&A and can often be identified by words such as "anticipates", "estimates", "projects", "expects", "intends", "believes", "plans", "will", "could", "may", or their negatives or other comparable words. Such forward-looking statements are necessarily based on estimates and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Forward-looking statements in this MD&A, include, but are not limited to, statements relating to:

- requirements for, and the ability to obtain, future funding on favourable terms or at all;
- business strategy;
- expected future loss and accumulated deficit levels;
- projected financial position and estimated cash burn rate;
- expectations about the timing of achieving milestones and the cost of our development programs;
- estimates of the size and characteristics of the potential markets for the Company's products;
- expectations and intended benefits of memorandums of understanding and agreements entered into with third parties;
- expectations about the timing and future plans with respect to preclinical studies;
- expectations about the Company's products' safety and efficacy;
- our ability to identify and secure sources of non-dilutive funding for the development of our products and technologies;
- expectations regarding the cost, progress and successful and timely completion of the various stages of the regulatory approval process; ability to secure strategic partnerships with larger pharmaceutical and biotechnology companies;
- strategy to acquire and develop new products and technologies and to enhance the safety and efficacy of existing products and technologies; plans to market, sell and distribute our products and technologies;
- ability to retain and access appropriate staff, management, and expert advisers; expectations with respect to existing and future contractual obligations, corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by the Company or to the Company in respect of such arrangements; and
- our strategy and ability with respect to the protection of our intellectual property.

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, we have made various material assumptions, including but not limited to:

- our ability to obtain financing on acceptable terms;
- additional sources of funding, including grants and funding from partners;
- our ability to attract and retain skilled staff;
- favourable general business and economic conditions;

- our future research and development plans proceeding substantially as currently envisioned;
- our ability to obtain positive results from our research and development activities;
- future expenditures to be incurred by the Company;
- research and development and operating costs;
- our ability to find commercialization and distribution partners;
- the products and technology offered by our competitors;
- the impact of competition on the Company;
- our ability to obtain regulatory and other approvals to commence additional animal health trials involving current and future product candidates;
- our ability to protect patents and proprietary rights; and
- receipt of anticipated research and development tax credits.

Certain risks and uncertainties that could cause such actual events or results expressed or implied by such forward-looking statements and information to differ materially from any future events or results expressed or implied by such statements and information include, but are not limited to, the risks and uncertainties related to the fact that:

- the Company has a limited operating history and has not generated revenue to date;
- history of losses and negative operating cashflows;
- the Company's potential products are at an early stage of development;
- development of commercially unique bacteriophage using novel synthetic phage technology makes it difficult to predict the time and cost of development;
- no bacteriophage products developed by Cytophage have been approved in Canada or elsewhere;
- there is limited public awareness and understanding of bacteriophages;
- bacteriophage products for animal and human health involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and field trials may not be predictive of future trial results and Cytophage's product candidates may not have favorable results in later trials or in the commercial setting;
- delays in animal health trials or failure to attract trial partners could result in us not achieving anticipated developmental milestones when expected, increased costs and delay Cytophage's ability to obtain regulatory approval for and commercialize its product candidates;
- Cytophage must continue to develop manufacturing processes for its product candidates and any delay in or inability to do so would result in delays in the production and commercialization of bacteriophage products;
- government regulations could inhibit the affairs of Cytophage;
- potential export restrictions by Canadian authorities;
- the Company's reliance on Key Personnel;
- negative results from field trials or studies of others and adverse safety events involving the targets of Cytophage's products may have an adverse impact on future commercialization efforts;
- Cytophage may be subject to risk from international distribution partners or customers with international operations that could materially affect its core business;
- future capital needs and uncertainty of additional financing; and
- failure to adequately protect its intellectual property could harm Cytophage's business.

The foregoing is not exhaustive and readers are encouraged to read a more comprehensive list in the Filing Statement dated January 30, 2024, available on www.sedarplus.ca,

If one or more of these risks or uncertainties or a risk that is not currently known to us materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from those expressed or implied by forward-looking statements. The forward-looking statements represent our views as of the date of this MD&A and are based on certain assumptions including assumptions as to future economic conditions and courses of action, as well as other factors management believes are appropriate in the circumstances. While we may elect to update these forward-looking statements in the future, we have no current intention to do so except as to the extent required by applicable legislation or regulation. The Company cautions readers that forward-looking statements are not guarantees of future performance, are inherently uncertain and are cautioned not to put undue reliance on forward-looking statements.

COMPANY OVERVIEW

The full corporate name of Cytophage is "Cytophage Technologies Inc." Cytophage was incorporated on September 20, 2013 under the name "Ewing Asset Management Inc." pursuant to the *Business Corporations Act* (Ontario). On February 6, 2015, Cytophage amended its articles to change its name to "Cytophage Technologies Inc.". On December 9, 2019, Cytophage filed articles of continuance, whereby it continued into the Province of Manitoba pursuant to provisions of the *Corporations Act* (Manitoba).

Cytophage's head office is located at 26 Henlow Bay, Winnipeg, Manitoba, Canada R3Y 1G4. Cytophage's registered office is located at MLT Aikins LLP, 30th Floor, 360 Main Street, Winnipeg, Manitoba, Canada R3C 4G1.

DESCRIPTION OF BUSINESS

Cytophage is a Canadian biotechnology company that develops and commercializes pathogen-specific bacteriophage, or phage, products to address bacterial challenges affecting animal health, human health and food security. Cytophage harnesses the power of phages as an innovative tool to prevent and treat bacterial infections. Its proprietary technology creates combinations of natural, modified and synthetic phages that target and destroy harmful bacterial cells. These phages are effective at finding and targeting specific bacteria and overcoming cellular defenses to destroy specific harmful bacteria, as opposed to traditional broad-spectrum antibiotics that target both helpful and harmful bacteria.

Cytophage has become a leading developer of phage products that address common bacterial infections that were previously managed with antibiotics. Given the majority of antibiotics produced are used in animal agriculture, Cytophage' commercial efforts are currently focused on animal health bacteriophage products. Cytophage is starting with two principal products, AviPhage and PhageFend, both of which fall under the brand of FarmPhage. These products have been lab and field tested.

Cytophage's first commercial product is AviPhage, a phage solution to address bacterial infections in poultry. Cytophage has entered into a distribution agreement with an animal health company headquartered in Bangladesh to lead the process of the regulatory submission in Southeast Asia and provide for the sale of its product AviPhage for the treatment of *Salmonella* and *E. coli*. Cytophage has also developed a phage product to enhance food security, PhageFend that is an antimicrobial for the surface of chicken meat and carcasses, and food processing facility surfaces. Further, Cytophage has products in its pipeline that address surface contamination on eggs (OvaPhage), mastitis in dairy cows (BoviPhage), and necrotic enteritis in poultry (AviPhage CP). On the human health side, Cytophage is currently testing its filamentous phage platform by developing an antiviral for coronavirus, focused on preventing transmission of the virus. This work is intended to inform the development of new products for respiratory viruses including the potential for a broad strain flu-vaccine.

RECENT HIGHLIGHTS

The following are the achievements and highlights for the nine months ending September 30, 2023 through to the date hereof:

- On February 6, 2023, Cytophage Corp. was incorporated in the State of Delaware, USA.
- In February 2023, Cytophage completed its AviPhage study entitled "Bacteriophage Cocktail to Curb Salmonella Transmissions in Broilers." The study showed that, in broiler chickens, AviPhage removes the lethal effect of Salmonella and E. coli and decreases transmission of bacterial infections within the flock. The result was healthier chickens and increased weight gain.
- In April 2023, Cytophage completed its AviPhage CP study entitled "Bacteriophage Treatment of Necrotic Enteritis Disease in Broilers." The study showed that AviPhage CP reduces necrotic enteritis disease severity in broiler chickens infected with Clostridium perfringens.
- In May 2023, Cytophage completed its PhageFend study entitled "Evaluation of the ability of Farm Phage - PhageFend to reduce Salmonella on experimentally contaminated chicken breasts." The study results showed that PhageFend significantly reduced the viable Salmonella population when applied to contaminated skinless, boneless chicken breasts.

- In May 2023, Cytophage completed its AviPhage study entitled "Evaluation of the ability of FarmPhage product AviPhage to protect layer hens from Salmonella and E. coli." The study results showed that AviPhage removed the lethal effect of Salmonella and E. coli. As well, it decreased colonization in birds if an infection was present and decreased transmission of bacterial infection within the flock.
- On May 31, 2023, Cytophage entered into the LOI (s defined herein) with Cuspis Capital III Ltd. in respect of the Transaction (as defined herein).
- On June 9, 2023, Cytophage, together with its collaborators in Ottawa, Canada, published new results in the publication of "Combining Bacteriophage and Vancomycin is Efficacious Against MRSA biofilm-like Aggregates Formed in Synovial Fluid" through the NIH National Library of Medicine.
- On June 23, 2023, Cytophage submitted it's first GRAS notice to the Office of Food Additive Safety of the FDA, which such notice concluded, through scientific procedures, that the bacteriophage cocktail PhageFend is generally regarded as safe and is not subject to pre-market approval requirements for use in food.
- On June 29, 2023, Cytophage submitted it's first LONO to the Health Products and Food Branch of Health Canada to review the use of PhageFend as an antimicrobial food processing aid to reduce Salmonella on the surface of raw, skinless and boneless poultry meat.
- On June 30, 2023, Cytophage completed the first tranche of a private placement for aggregate gross proceeds of $306,687 at a price of $1.00 per unit (each unit consists of one share and one-half of one warrant with an exercise price of $1.40 and a two-year expiry).
- On July 4, 2023, Julius Kalcevich was appointed Chief Financial Officer of Cytophage and Michael Graham, the previous Chief Financial Officer, moved to the role of Chief Commercial Officer of Cytophage.
- On July 10, 2023, Cytophage entered into a distribution agreement with Renata Limited-Animal Health Division Dhaka, Bangladesh ("Renata") for the distribution of Cytophage's animal health products by Renata in Bangladesh, Myanmar, Nepal and Sri Lanka.
- In July 2023, Cytophage completed its AviPhage study entitled "Evaluation of the ability of FarmPhage product, AviPhage, to protect broiler chickens from Salmonella and E. coli" in Bangladesh. The study found that the treated birds were healthier and heavier than untreated birds. Further, mortality was decreased by more than 20%.
- On August 31, 2023, Cytophage completed the second tranche of a private placement for aggregate gross proceeds of $216,000 at a price of $1.00 per unit (each unit consists of one share and one-half of one warrant with an exercise price of $1.40 and a two-year expiry).

SELECTED QUARTERLY INFORMATION

The following selected financial data with respect to the Company's financial condition and results of operations has been derived from the condensed interim consolidated financial statements of the Company for the nine months ended September 30, 2023, and 2022, as applicable.

The selected financial data should be read in conjunction with those financial statements and the notes thereto.

Nine months ended September 30,	**2023**	**2022**
	$	**$**
Revenues	$0	$0
Gross profit	$0	$0
Total operating expenses	$3,342,062	$2,834,018
Net loss	($3,342,062)	($2,834,018)
Comprehensive loss	($3,342,062)	($2,834,018)
Basic and diluted loss per share	$(0.08)	$(0.07)
Weighted average number outstanding	42,340,181	40,868,274

As at	September 30, 2023 $	December 31, 2022 $
Cash	$472,969	$2,246,338
Current assets	$845,007	$2,754,669
Total assets	$1,611,663	$3,689,855
Total liabilities	$242,944	$238,469
Shareholders' equity (deficiency)	$1,368,719	$3,451,386

RESULTS OF OPERATIONS

Nine months ended September 30, 2023 and 2022

During the nine months ended September 30, 2023, the Company recorded a net loss of $3,342,062 (September 30, 2022 - $2,834,018). The increase in net loss of $508,044 as compared to the nine months ended September 30, 2022 is primarily attributable to the following factors:

- An increase of $21,429 in consulting fees as the Company increased its commercialization efforts in core regions and on core product candidates.
- An increase of $63,691 in depreciation due to an increase in equipment depreciation.
- An increase of $5,039 in meals and entertainment as the Company was able to reengage with potential customers and partners after limited in-person interactions due to the COVID-19 pandemic in 2022.
- An increase of $59,986 in travel expenses as the Company was able to reengage with potential customers and partners after limited in-person interactions due to the COVID-19 pandemic in 2022.
- A decrease of $76,960 in office and administration expenses as the Company continued to pursue cost efficiencies in its Winnipeg location.
- An increase of $7,721 in professional fees related into an increase in the quantity of legal work as well as legal advisory related to the Company's business model.
- A decrease of $11,939 in interest expense due to the decrease in future minimum lease payments.
- An increase of $38,699 in research and development costs related to the Company's continued focus on its product candidates for the poultry animal health markets.
- An increase of $115,002 in salaries and wages as the Company faced inflationary wage pressures in addition to the creation of the Chief Commercial Officer position in July 2023.
- An increase of $74,077 in share-based compensation as the Company issued 630,000 options in 2023 as opposed to 420,000 in 2022.
- An increase of $123,714 in grant income has the Company received the final grant payment from its NUTRECO grant in 2023.
- A decrease of $335,023 in investment tax credit due to decreased spending on qualified projects over the previous period.

Nine months ended September 30,	2023 $	2022 $	Change ($)	Change (%)
Consulting fees	$165,788	$144,359	$21,429	14.8%
Depreciation	$333,512	$269,821	$63,691	23.6%
Meals and entertainment	$25,535	$20,496	$5,039	24.6%
Office and administration	$337,238	$414,198	($76,960)	(18.6%)
Professional fees	$169,030	$161,309	$7,721	4.8%
Interest expense	$4,643	$16,582	($11,939)	(72.0%)
Research and development	$441,485	$402,786	$38,699	9.6%
Salaries and wages	$1,454,689	$1,339,687	$115,002	8.6%
Share-based payments	$523,593	$449,516	$74,077	16.5%

Travel	$150,278	$90,292	$59,986	66.4%
Grant income	$(263,729)	$(140,005)	($123,724)	88.4%
Investment tax credit	$0	$(335,023)	$335,023	N/A

Three months ended September 30, 2023 and 2022

During the three months ended September 30, 2023, the Company recorded a net loss of $974,931 (September 30, 2022 - $555,079). The increase in net loss of $419,852 as compared to the three months ended September 30, 2022 is primarily attributable to the following factors:

- An increase of $3,305 in consulting fees as the Company increased its commercialization efforts in core regions and on core product candidates.
- An increase of $20,806 in depreciation due to an increase in equipment depreciation.
- A decrease of $1,533 in office and administration expenses as the Company continued to pursue cost efficiencies in its Winnipeg location.
- An increase of $2,399 in meals and entertainment due to increased interactions in preparation for the Company's proposed transaction with Cuspis Capital III Ltd. ("Cuspis").
- An increase of $2,476 in travel expenses as the Company increased interactions with potential investors in advance of the Company's proposed transaction with Cuspis.
- As increase of $77,463 in professional fees related into an increase in the quantity of legal work as well as legal advisory related to the Company's business model.
- A decrease of $3,892 in interest expense due to the decrease in future minimum lease payments.
- A decrease of $95,598 in research and development costs as the Company was primarily focused on commercialization of its poultry solutions, and minimized research and development efforts within the quarter.
- An increase of $4,552 in salaries and wages due to the creation of the Chief Commercial Officer position in July 2023, while also managing staffing levels within the Company's Winnipeg office.
- A decrease of $74,851 in grant income as the Company did not receive any new grants or satisfy any milestone triggers for previously awarded grants compared to the previous period.
- A decrease of $335,023 in investment tax credit due to decreased spending on qualified projects over the previous period.

Three months ended September 30,	**2023**	**2022**	**Change ($)**	**Change (%)**
	$	**$**		
Consulting fees	$104,969	$101,664	$3,305	3.3%
Depreciation	$113,742	$92,936	$20,806	22.4%
Meals and entertainment	$9,254	$6,855	$2,399	35.0%
Office and administration	$132,527	$134,060	$1,533	1.1%
Professional fees	$100,216	$22,753	$77,463	340.5%
Interest expense	$665	$4,557	($3,892)	(85.4%)
Research and development	$2,124	$97,722	($95,598)	(97.8%)
Salaries and wages	$457,359	$452,807	$4,552	1.0%
Share-based payments	$0	$0	$0	N/A
Travel	$54,075	$51,599	$2,476	4.8%
Grant income	$0	($74,851)	$74,851	N/A
Investment tax credit	$0	($335,023)	$335,023	N/A

SUMMARY OF QUARTERLY RESULTS

The table below sets forth selected results of operations of the Company. All figures are in accordance with IFRS.

For the three months ended	Revenue	Loss for the period	Loss per share (basic)	Loss per share (diluted)
September 30, 2023	$ 0	$ (974,931)	$ (0.02)	$ (0.02)
June 30, 2023	$ 0	$ (1,206,133)	$ (0.03)	$ (0.03)
March 31, 2023	$ 0	$ (1,160,998)	$ (0.03)	$ (0.03)
December 31, 2022	$ 0	$ (1,297,891)	$ (0.03)	$ (0.03)
September 30, 2022	$ 0	$ (555,079)	$ (0.01)	$ (0.01)
June 30, 2022	$ 0	$ (833,153)	$ (0.02)	$ (0.02)
March 31, 2022	$ 0	$ (996,270)	$ (0.02)	$ (0.02)
December 31, 2021	$ 0	$ (761,880)	$ (0.02)	$ (0.02)

For the period ending September 30, 2023, net loss for the Company decreased by $231,202 from the period ending June 30, 2023, primarily due to a decrease in share based payments, which was countered by an increase in professional fees as the Company prepared for its transaction with Cuspis.

For the period ending June 30, 2023, net loss for Company was a minor increase of $45,135 from the period ending March 31, 2023, as the significant share based payments in the quarter were countered by a large decrease in research and development spending in the previous quarter.

For the period ending March 31, 2023, net loss for Company was decreased by $136,893 from the period ending December 31, 2022, due to lower share based payments, and lower consulting and professional in the previous quarter.

For the period ending December 31, 2022, net loss for the Company almost doubled, with a net loss increase of $742,812, compared to the period ending September 30, 2022. The expenses that primarily contributed to this significant increase included share based payments, and lower grant income and SRED tax credits.

For the period ending September 30, 2022, net loss for the Company decreased by $278,074 compared to the period ending June 30, 2022. The expenses that primarily contributed to this significant increase included share based payments, and lower grant income and SRED tax credits.

For the period ending June 30, 2022, net loss for the Company decreased by $163,117 compared to the period ending March 31, 2022. The expenses that primarily contributed to this include significantly lower research and development expenses and lower professional expenses.

For the period ending March 31, 2022, net loss for the Company increased by $234,390 compared to the period ending December, 2021. The expenses that primarily contributed included a significant increase to research and development and supplies, as well as a decrease in SRED tax refund within the quarter.

CAPITAL AND LIQUIDITY

As of September 30, 2023, the Company's working capital (as defined as Current Assets minus Current Liabilities) was $602,063. As of December 31, 2022, the Company's working capital (as defined as Current Assets minus Current Liabilities) was $2,516,200. The decrease in working capital was due to the Company's significant comparative cash balance as at December 2022, due to the exercise of warrants in Q4 2022. The Company's working capital depleted throughout 2023, as the Company completed minimal financing activities in advance of its proposed transaction with Cuspis.

Going concern

The Company's consolidated interim financial statements have been prepared on the basis of accounting principles applicable to going concern which assumes that the Company will continue in

operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company is in the development stage and does not yet generate cash flows from operations. The Company has had recurring net losses and, as at and for the nine months ended September 30, 2023, had negative cash flow from continuing operations of $2,263,577 and an accumulated deficit of $17,796,508. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The continuing operations of the Company are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds there from. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Cash flows

The Company's cash flows for the nine months ended September 30, 2023 and 2022 are summarized in the table below.

	Nine months ended September 30,	
	2023	**2022**
Net cash provided by (used in):		
Operating activities	$(2,263,577)	$(2,014,137)
Investing activities	(125,237)	(354,725)
Financing activities	615,445	(109,418)
Net increase in cash and cash equivalents	(1,773,369)	(2,478,279)

Cash used in operating activities:
For the period ended September 30, 2023, cash used in operating activities increased by $249,440 compared to period ended September 30, 2022. The primary contributors to the increase are attributed to changes in accounts receivables owed to the Company, as well as an increase in salaries and wages for our employees, travel costs and research and development expenses.

Cash used in investing activities:
For the period ended September 30, 2023, cash used in investing activities decreased by $229,488 compared to period ended September 30, 2022. The decrease is attributed to a slowdown in the purchase of equipment, as the Company has delayed the purchase of equipment until it can move into its new facility in 2024.

Cash from financing activities:
For the period ended September 30, 2023, cash used in financing activities increased by $724,863 compared to period ended September 30, 2022. The increase is attributed to the issuance of common shares in June and August 2023, as well as the warrant proceeds received during the period.

CONTRACTUAL OBLIGATIONS

We have not entered into research, development or license agreements during this period where we were due milestone or royalty payments. We have not incurred any material purchase obligations for our operations that would include payments over a number of months. With the exception of contractual lease payments of $37,921 over the next 12 months, we do not have any contractual obligations relating to long-term debt obligations, capital (finance) lease obligations, operating lease

obligations or other long term liabilities. However, we expect there will be growth in commitments as we continue to grow our operations and execute our business plan.

OFF-BALANCE SHEET ARRANGEMENTS

We have no material undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

RELATED PARTY TRANSACTIONS

The Company had the following key management personnel and related companies as of September 30, 2023:

Key management personnel	
Harold Wolkin	Chair
Steven Theriault	Chief Executive Officer
Shantha Kodihalli	Director
Paul Gallagher	Director
Robert Gabor	Director
Andy Hurley	Director
Michael Graham	Chief Commercial Officer (Former CFO)
Heather Medwick	President
Julius Kalcevich	Chief Financial Officer

The compensation paid or payable to key management for services for three and nine months periods ended September 30, 2023 and 2022 respectively are shown below:

	Three months ended September 30,		**Nine months ended September 30,**	
	2023	**2022**	**2023**	**2022**
Salaries	**$** 251,250	$ $195,000	$ 637,494	$ 581,250
Share based payments	-	-	482,038	449,516
	$ $251,250	$ $195,000	$ 1,119,532	$ 1,030,766

SHARE CAPITAL

The Company is authorized to issue an unlimited number of Class A common shares without par value.

As at the date of this MD&A: January 30, 2024:

Security	**Number outstanding**
Common Shares Issued and Outstanding	42,809,040
Warrants Issued and Outstanding	5,261,344
Common Share Purchase Options	4,260,000

During the nine months ended September 30, 2023:

- On August 31, 2023, the Company completed a private placement financing of 216,000 units

for proceeds of $216,000. Each unit consisted of one Class A common share (each, a "Common Share") and one-half of one Common Share purchase warrant with each warrant exercisable at $1.40 per warrant share for a period of two years. $ Nil was allocated to warrants based on the residual method.

- On June 30, 2023, the Company completed a private placement financing of 306,687 units at a price of $1.00 per unit for proceeds of $306,687. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant with each warrant exercisable at $1.40 per warrant share for a period of two years. The Company incurred $800 in share issuance cost related to the financing. $ Nil was allocated to warrants based on the residual method.
- On April 10, 2023, the Company issued 77,000 common shares pursuant to the exercise of warrants for proceeds of $73,150. $ Nil was allocated to warrants based on the residual method.
- On March 23, 2023, the Company issued 150,000 common shares pursuant to the exercise of warrants for proceeds of $142,500. $ Nil was allocated to warrants based on the residual method.

PROPOSED TRANSACTIONS

Reverse Takeover Transaction
On May 31, 2023, the Company entered into a Letter of Intent ("LOI") with Cuspis, a Capital Pool Corporation (as such term is defined in the policies of the TSX Venture Exchange Inc (the "Exchange") pursuant to which Cuspis and Cytophage intend to complete a business combination to ultimately form a resulting issuer (the "Resulting Issuer") that will continue on the business of Cytophage (the "Transaction") and Cytophage will complete an offering of a minimum of $3,000,000 in aggregate gross proceeds. The Transaction will constitute Cuspis' Qualifying Transaction (as such term is defined in the policies of the Exchange). Following completion of the business combination, the combined company intends to list as a Tier 2 Biotechnology Issuer on the Exchange.

FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is its cash held in bank accounts. Cash is deposited in bank accounts held with major bank in Canada. As all of the Company's cash is held by one bank, there is a concentration of credit risk. However, this risk is managed by using a major bank that is high credit quality financial institution as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has not incurred significant transactions in foreign currency.

Fair value
The fair value of the Company's financial assets and liabilities approximates the carrying amount.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

SUBSEQUENT EVENTS

Share options

On October 11, 2023, the Company granted 350,000 options exercisable at $1.00 for a period of seven years to the Chief Financial Officer ("CFO") of the Company as part of the CFO's employment agreement. The options vested immediately upon grant.

Advisory agreement

On November 2, 2023, Cytophage and PI Financial Corp. ("PI Financial") entered into a financial advisory agreement (the "Advisory Agreement"), pursuant to which Cytophage engaged PI Financial as an independent financial advisor to provide financial advisory services in connection with the Transaction. Pursuant to the Advisory Agreement, Cytophage shall pay PI Financial a financial advisory fee in the aggregate amount of $50,000, with $10,000 payable upon entering the Advisory Agreement and $40,000 payable upon the earlier of: (i) the Completion of the Transaction; (ii) the termination of the Advisory Agreement; or (iii) the date that is two months from the effective date of the Advisory Agreement. Cytophage will pay the balance owing under the Advisory Agreement on closing of the Transaction. In addition, Cytophage agreed to pay PI Financial a sponsorship fee in the aggregate amount of $100,000, with $20,000 payable upon entering the Advisory Agreement and $80,000 due upon receiving a Sponsor Report (as such term is defined in Exchange Policy 2.4), if required by the Exchange. The Exchange has granted an exemption from the sponsorship requirements and as such, a Sponsor Report is not required.

Business combination update

On November 6, 2023, the Company, Cuspis and 10179321 Manitoba Ltd., a wholly-owned subsidiary of the Cuspis, entered into a business combination agreement (the "Definitive Agreement") to complete the Transaction, which superseded the terms of the LOI. The Definitive Agreement contemplates, among other things, the Transaction will be completed by way of a three-cornered amalgamation under the laws of the Province of Manitoba, whereby a Manitoba wholly-owned subsidiary of Cuspis to be incorporated ("Subco") and Cytophage will amalgamate (the "Amalgamation"), and the resulting amalgamated entity will survive as a wholly-owned subsidiary of Cuspis. Each issued and outstanding Common Share will be exchanged for common shares of the Resulting Issuer on the basis of one resulting issuer share for one (1) Common Share (the "Exchange Ratio"). In addition, it is contemplated that all securities convertible, exercisable or exchangeable into Common Shares outstanding at the effective time will be exchanged for similar securities of the Resulting Issuer on the basis of the Exchange Ratio. Immediately prior to or concurrently with closing of the Transaction, Cuspis is expected to (i) consolidate (the "Consolidation") all of its issued and outstanding common shares (each, a "Cuspis Share") on the basis of one (1) post-consolidation Cuspis Share for approximately 4.1448 (the "Consolidation Ratio") pre-consolidation shares; and (ii) change its name to "Cytophage Technologies Ltd." (the "Name Change") or such other name as is acceptable to Cytophage, the Exchange and the Director appointed under the *Business Corporations Act* (Ontario); and (iii) complete the Offering (as described below). It is also contemplated that all securities convertible, exercisable or exchangeable into Cuspis Shares will be consolidated at the Consolidation Ratio.

Completion of the Transaction is subject to a number of conditions, including but not limited to:

- completion of the Offering;
- completion of the Consolidation (including the consolidation of all issued outstanding securities of Cuspis) and the Name Change;
- preparation and filing of a disclosure document as required by the Exchange outlining the definitive terms of the Transaction and describing the business to be conducted by the Company following the completion of the Transaction, in accordance with the policies of the Exchange;

- receipt of all shareholder, third party and requisite regulatory approvals; and
- acceptance by the Exchange.

There can be no assurance that the Transaction will be completed as proposed or at all.

Lease extension

On November 14, 2023, the Company entered into a lease extension agreement for the Henlow Bay office and lab to extend the lease term to March 31, 2024. This agreement was in furtherance of the extension agreement negotiated on August 30, 2023.

Loans

On December 15, 2023, Cuspis advanced a loan of $25,000 to Cytophage pursuant to a 10% interest bearing promissory note, repayable on demand at a rate of 10% per annum. Cuspis and Cytophage have entered into a loan agreement on January 11, 2024 to provide for a further loan of $225,000 (the "Loan") to be used for general corporate working capital purposes of Cytophage prior to the completion of the Transaction. The Loan is repayable in full on demand of Cuspis following the earlier of (i) six (6) months from the date of advance, and (ii) termination of the Transaction for any reason. The Loan shall bear interest at the rate of ten percent (10%) per annum, calculated daily, and, payable on date of repayment of the principal. The obligations under the loan agreement and the promissory note are secured by liens granted by Cytophage to Cuspis, including, among other things, a priority over all present and future personal property of Cytophage.

Concurrent financing

On December 22, 2023, the Company completed the an offering of 2,500,000 Subscriptions Receipts at a price of $1.00 per Subscription Receipt for gross proceeds of $2,500,000 (the "Offering"). Immediately prior to closing of the transaction (the "Closing"), and provided certain escrow release conditions are satisfied or waived (to the extent waiver is permitted), each Subscription Receipt shall be exchanged automatically, for no additional consideration and with no further action on the part of the holder thereof, into one unit of Cytophage (a "Unit"). Each Unit will consist of one Common Share (the Common Shares comprising the Units being the "Underlying Shares") and one-half of one Common Share purchase warrant of Cytophage (each whole warrant, an "Underlying Warrant"). Each Underlying Warrant will entitle the holder to purchase one Common Share (a "Warrant Share", and together with the Underlying Shares and the Underlying Warrants, the "Underlying Securities") at an exercise price equal to $1.40 until the date that is 24 months following the date of the Closing, subject to acceleration in accordance with the terms of a warrant indenture dated December 22, 2023 entered into between Cytophage and TSX Trust Company, as warrant agent.

The gross proceeds of the Offering (the "Escrowed Funds") are being held in escrow by TSX Trust Company, acting as escrow agent (the "Subscription Receipt Agent") pursuant to the terms of a subscription receipt agreement dated the date hereof (the "Subscription Receipt Agreement") entered into among Cytophage, Cuspis and the Escrow Agent. The Escrowed Funds will be released (together with the interest thereon) to Cytophage upon satisfaction of the escrow release conditions.

In connection with the Offering, certain duly registered and eligible finders (the "Finders") are entitled to an aggregate cash fee of $42,525.00, being an amount equal to 7.0% of the aggregate gross proceeds raised from subscribers introduced by them. As additional consideration, the Company issued an aggregate of 35,525 finder's warrants ("Finder's Warrants") to the Finders, being an amount equal to 7.0% of the number of Subscription Receipts issued to subscribers introduced by them, which will be paid upon the satisfaction of the escrow release conditions. One Finder will only receive a cash fee for its efforts in connection with the Offering. Each Finder's Warrant is exercisable at an exercise price of $1.00 to acquire one Unit at any time during the twenty-four (24) months following the date on which the escrow release conditions are fully satisfied, or the closing of the Offering, if the Transaction is not completed. The Finders shall not be paid any cash fee from the proceeds of the Offering representing the Escrowed Funds until such time as the escrow release conditions are satisfied. Upon the completion of the Transaction, the Finder's Warrants will be exchanged for finder's warrants of the Resulting Issuer on economically equivalent terms.

SCHEDULE "E"

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE RESULTING ISSUER

(Please see attached)

CYTOPHAGE TECHNOLOGIES LTD. (formerly CUSPIS CAPITAL III LTD.)
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

As at	CUSPIS CAPITAL III LTD September 30, 2023	CYTOPHAGE TECHNOLOGIES INC September 30, 2023	Pro-Forma Adjustments	Notes	Pro-Forma Consolidated Balance
ASSETS	**$**	**$**	**$**		**$**
Current assets					
Cash	26,077	472,969	2,500,000	3(a)	2,956,521
			(42,525)	3(a)	
Short Term Investments	5,513,333	-	-		5,513,333
Accounts receivable and other	-	250,250	-		250,250
Prepaid expenses and deposits	2,372	121,788	-		124,160
	$5,541,782	$845,007	$2,457,475		$8,844,264
Non-current assets					
Property and equipment	-	728,462	-		728,462
Right-of-use asset	-	38,194	-		38,194
TOTAL ASSETS	$5,541,782	$1,611,663	$2,457,475		$9,610,920
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	38,303	204,484	450,000	3(c)	692,787
Lease obligation	-	38,460	-		38,460
TOTAL LIABILITIES	$38,303	$242,944	450,000		$731,247
SHAREHOLDERS' EQUITY					
Share capital	4,996,615	16,178,494	4,453,996	3(a)	25,629,105
Reserves	1,146,389	2,986,733	747,848	3(a, b)	4,880,970
Deficit	(639,525)	(17,796,508)	(3,194,369)	3(a, b, c)	(21,630,402)
TOTAL SHAREHOLDERS' EQUITY	$5,503,479	$1,368,719	$2,007,475		$8,879,673
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$5,541,782	$1,611,663	$2,457,475		$9,610,920

CYTOPHAGE TECHNOLOGIES LTD. (formerly CUSPIS CAPITAL III LTD.)
PRO FORMA CONSOLIDATED STATEMENTS OF EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

		Share Capital			
	Notes	Number of shares	Amount	Reserves	Deficit
		#	$	$	$
Cytophage Technologies Inc.					
Balance as at September 30, 2023		42,809,040	16,178,494	2,986,733	(17,796,508)
Cuspis Capital III Ltd.					
Balance as at September 30, 2023		35,000,000	$4,996,615	$1,146,389	(639,525)
Elimination of pre-acquisition	2	(35,000,000)	(4,996,615)	(1,146,389)	639,525
Common shares issued to Cuspis Capital III Ltd. Shareholders	3 (d)	8,444,316	6,993,136	-	-
Replacement options issued to Cuspis Capital III Ltd.	3 (d)	-	-	677,743	-
Replacement warrants issued to Cuspis Capital III Ltd. Warrant Holders	3 (d)	-	-	328,036	-
Cytophage Technologies Inc. concurrent financing	3 (a)	2,500,000	2,500,000	-	-
Share issuance costs on concurrent financing	3 (a)	-	(42,525)	-	-
Warrants from concurrent financing	3 (a)	-	-	575,625	(575,625)
Share-based payments – broker warrants	3 (a)	-	-	19,237	(19,237)
Share-based payments – Chief Financial Officer	3 (b)	-	-	293,596	(293,596)
Listing expense	3 (d)	-	-	-	(2,495,436)
Listing and other closing expenses	3 (c)	-	-	-	(450,000)
Balance at September 30, 2023		**53,753,356**	**25,629,105**	**4,880,970**	**(21,630,402)**

1. BACKGROUND AND BASIS OF PREPARATION

Cytophage Technologies Inc. ("Cytophage" or the "Company") entered into a non-binding letter of intent (the "LOI") with Cuspis Capital III Ltd. ("Cuspis"), pursuant to which the parties intend to complete the business combination of Cuspis and Cytophage to ultimately form the resulting issuer (the "Resulting Issuer") that will continue on the business of Cytophage (the "Transaction"), and Cytophage will complete an offering of a minimum of $3,000,000 in aggregate gross proceeds. The Transaction will constitute Cuspis' Qualifying Transaction (as such term is defined in the policies of the TSX Venture Exchange (the "Exchange")).

In connection with the Transaction, on June 30th, 2023 and August 31, 2023, the Company completed private placement financings of 216,000 units and 306,687 units, respectively, at an offering price of $1.00 per unit for total gross proceeds of $522,687. Each unit consisted of one class A common share and one-half of one common share purchase warrant with each warrant exercisable at $1.40 per warrant share for a period of two years. The June 30, 2023 and August 31, 2023 financings have both been included within the interim financial statements of the Company for the nine months ended September 30, 2023.

In connection with the Transaction, on December 22, 2023 the Company completed a non-brokered private placement offering (the "Offering") of 2,500,000 subscription receipts of Cytophage (each, a "Subscription Receipt") at an offering price of $1.00 for total gross proceeds of $2,500,000.

The unaudited Pro Forma Consolidated Financial Statements have been prepared by the management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and gives effect to the Transaction as per Note 2 as if it had occurred as at September 30, 2023 and has been prepared by management for inclusion in the Exchange Filing Statement for Cytophage and Cuspis dated January 30, 2024.

The unaudited Pro Forma Consolidated Statement of Financial Position is the result of combining the unaudited interim statement of financial position of Cuspis and Cytophage as at September 30, 2023.

The unaudited pro-forma consolidated financial statements are presented in Canadian Dollars, being the functional currency of Cuspis and Cytophage.

The unaudited Pro Forma Consolidated Financial Statements have been prepared for illustrative purposes only and may not be indicative of the combined entities' financial performance that would have occurred if the Transaction had been in effect at the date indicated. Actual amounts recorded upon consummation of the Transaction will likely differ from those recorded in the unaudited pro forma consolidated financial statements. The pro forma adjustments and allocations of the purchase price are based in part on estimates of the fair value of assets acquired and liabilities to be assumed. The actual fair values of the assets and liabilities will be determined as of the effective date of the Transaction and may differ materially from the amounts disclosed in the assumed pro forma purchase price allocation because of changes in fair value of the assets and liabilities up to the date of effective date of the Transaction, and as further analysis is completed.

Consequently, the actual allocation of the purchase price may result in different adjustments than those in the unaudited Pro Forma Consolidated Financial Statements. Similarly, the calculation and allocation of the purchase price has been prepared on a preliminary basis and is subject to change between the time such preliminary estimations were made and closing as a result of a number of factors.

The unaudited Pro Forma Consolidated Financial Statements have been prepared in accordance with Cuspis and Cytophage's accounting policies, as disclosed in Cuspis' audited consolidated financial statements for the year ended December 31, 2022 and Cytophage's audited consolidated financial statements for the year ended December 31, 2022. There are no material differences in accounting policies between Cuspis and Cytophage.

The unaudited Pro Forma Consolidated Financial Statements have been compiled from information derived from:

i) Cytophage's audited financial statements for the years ended December 31, 2022 and 2021;
ii) Cuspis' audited financial statements for the years ended December 31, 2022 and 2021;
iii) Cytophage's unaudited interim financial statements for the nine months ended September 30, 2023; and
iv) Cuspis' unaudited interim financial statements for the nine months ended September 30, 2023.

All of which were prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

2. Summary of Proposed Transaction

On November 6, 2023, the Company, Cuspis and 10179321 Manitoba Ltd., a wholly-owned subsidiary of the Cuspis, entered into a business combination agreement (the "Definitive Agreement") to complete the Transaction, which superseded the terms of the LOI. The Definitive Agreement contemplates, among other things, the Transaction will be completed by way of a three-cornered amalgamation under the laws of the Province of Manitoba, whereby a Manitoba wholly-owned subsidiary of Cuspis to be incorporated ("Subco") and Cytophage will amalgamate (the "Amalgamation"), and the resulting amalgamated entity will survive as a wholly-owned subsidiary of Cuspis. Each issued and outstanding Class A common share of Cytophage (each, a "Cytophage Share") will be exchanged for common shares of the Resulting Issuer on the basis of one resulting issuer share for one (1) Cytophage Share (the "Exchange Ratio"). In addition, it is contemplated that all securities convertible, exercisable or exchangeable into Cytophage Shares outstanding at the effective time will be exchanged for similar securities of the Resulting Issuer on the basis of the Exchange Ratio. Immediately prior to or concurrently with closing of the Transaction, Cuspis is expected to (i) consolidate (the "Consolidation") all of its issued and outstanding common shares (each, a "Cuspis Share") on the basis of one (1) post-consolidation Cuspis Share for approximately 4.1448 (the "Consolidation Ratio") pre-consolidation shares; and (ii) change its name to "Cytophage Technologies Ltd." (the "Name Change") or such other name as is acceptable to Cytophage, the Exchange and the Director appointed under the *Business Corporations Act* (Ontario); and (iii) complete the Offering. It is also contemplated that all securities convertible, exercisable or exchangeable into Cuspis Shares will be consolidated at the Consolidation Ratio.

Concurrent Financing

Each Subscription Receipt issued in connection with the Offering will automatically convert, immediately prior to the effective time of the Amalgamation, into one unit of Cytophage (each a "Unit"), comprised of one Cytophage Share and one-half of one warrant of Cytophage (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to acquire a Cytophage Share at a price of $1.40 at any time prior to the 24-month anniversary of the date all the escrow release conditions are satisfied, subject to acceleration in accordance with the terms of a warrant indenture dated December 22, 2023 entered into between Cytophage and TSX Trust Company, as warrant agent. Upon completion of the Transaction, each Cytophage Share shall be exchanged for one common share of the Resulting Issuer ("Resulting Issuer Share") and each Warrant shall be exchanged for one warrant of the Resulting Issuer, exercisable for one common share of the Resulting Issuer (the "Resulting Issuer Warrants"), on economically equivalent terms.

The gross proceeds of the Offering (the "Escrowed Funds") are being held in escrow by TSX Trust Company, acting as escrow agent (the "Subscription Receipt Agent") pursuant to the terms of a subscription receipt agreement dated the date hereof (the "Subscription Receipt Agreement") entered into among Cytophage, Cuspis and the Escrow Agent. The Escrowed Funds will be released (together with the interest thereon) to Cytophage upon satisfaction of the escrow release conditions.

In connection with the Offering, certain duly registered and eligible finders (the "Finders") are entitled to an aggregate cash fee of $42,525.00, being an amount equal to 7.0% of the aggregate gross proceeds raised from subscribers introduced by them. As additional consideration, the Company issued an aggregate of 35,525 finder's warrants ("Finder's Warrants") to the Finders, being an amount equal to 7.0% of the number of Subscription Receipts issued to subscribers introduced by them, which will be paid upon the satisfaction of the escrow release conditions. One Finder will only receive a cash fee for its efforts in connection with the Offering. Each Finder's Warrant is

exercisable at an exercise price of $1.00 to acquire one Unit at any time during the twenty-four (24) months following the date on which the escrow release conditions are fully satisfied, or the closing of the Offering, if the Transaction is not completed. The Finders shall not be paid any cash fee from the proceeds of the Offering representing the Escrowed Funds until such time as the escrow release conditions are satisfied. Upon the completion of the Transaction, the Finder's Warrants will be exchanged for finder's warrants of the Resulting Issuer on economically equivalent terms.

3. Pro-forma Adjustments and Assumptions

The Pro Forma statement has been prepared to reflect the following assumptions and adjustments.

a) On December 22, 2023 the Company completed the Offering of 2,500,000 Subscription Receipts at an offering price of $1.00 for total gross proceeds of $2,500,000. Each Subscription Receipt issued in connection with the Offering will automatically convert, immediately prior to the effective time of the Amalgamation, into one Unit, comprised of one Cytophage Share and one-half of one Warrant, with each Warrant entitling the holder to acquire one Cytophage Share at a price of $1.40 at any time prior to the 24-month anniversary of the date all the escrow release conditions are satisfied, subject to acceleration. Upon completion of the Transaction, each Cytophage Share shall be exchanged for one Resulting Issuer Share Issuer and each Warrant shall be exchanged for one Resulting Issuer Warrant, on economically equivalent terms. In connection with the Offering, the Finders are entitled to an aggregate cash fee of $42,525 and also received an aggregate of 35,525 Finder's Warrants, the cash portion of which will be paid upon the satisfaction of the escrow release conditions. The Finder's warrants fair value of $19,237 was determined using the Black Scholes Option Pricing Model using the following assumptions: estimated volatility of 100%, risk-free interest rate of 4.45%, expected life of 2 years, exercise price of $1.00, a dividend yield of 0%, and a share price of $1.00.

b) On October 11, 2023, Cytophage granted 350,000 options exercisable at $1.00 for a period of seven years to Mr. Kalcevich, the Chief Financial Officer of Cytophage, pursuant to his employment agreement. The options vested immediately upon grant. The fair value of the options vested as at October 11, 2023 of $293,596 was recorded as share-based payment expense and was calculated using the Black-Scholes Option Pricing Model using the following assumptions: estimated volatility of 100%, risk-free interest rate of 4.02%, expected life of 7 years, exercise price of $1.00, a dividend yield of 0%, and a share price of $1.00. There were no other securities issued or hiring bonus obligations pursuant to the Chief Financial Officer's employment agreement.

c) In conjunction with the Transaction, the Company have incurred $450,000 of expenses which will be paid after closing of the Transaction. These expenses include legal, accounting, advisory services provided to Cytophage or Cuspis. The remainder of Cytophage's obligations to PI Financial are also included in these expenses.

d) The shareholders of Cytophage will acquire control of Cuspis, thereby constituting a reverse acquisition of Cuspis. The Transaction is considered a purchase of Cuspis' net assets by the shareholders of Cytophage.

   The Transaction will be accounted for in accordance with guidance provided in IFRS 2, "Share-Based Payment" and IFRS 3, "Business Combinations". As Cuspis did not qualify as a business according to the definition in IFRS 3, this Transaction is treated as an issuance of shares by Cytophage for the net assets of Cuspis and Cuspis' listing status with Cytophage as the continuing entity.

(Expressed in Canadian Dollars)

The purchase price is allocated as follows:

	$
Fair value of 8,444,316 common shares of Cuspis	6,993,136
Fair value of replacement options	677,743
Fair value of replacement warrants	328,036
Total consideration paid	**7,998,915**
Net assets (liabilities) of Cuspis:	
Cash and cash equivalents	26,077
Short-term investment	5,513,333
Prepaid expenses and deposits	2,372
Accounts payable and accrued liabilities	(38,303)
	5,503,479
Excess consideration - listing expense	**2,495,436**

The fair value of the shares, options and warrants issued to Cuspis of $6,993,136; $677,743 and $328,036, respectively, are based on estimated fair value of approximately $0.83 per share and $0.34 per warrant as at the Transaction closing date. The offering price for each unit of Cytophage sold was $1.00, which implies a common share fair value of $0.83 and warrant fair value of $0.17. For the purposes of the Pro Forma Consolidated Financial Statements, the fair value of the shares was based on the Offering of Subscription Receipts that closed in December 2023. The estimated fair value of the consideration is $2,495,436 higher than the fair value of the net assets acquired. This will be recorded as a listing expense.

As part of the Transaction, rights to purchase shares continue and the fair value of any options and warrants continuing from Cuspis into the Resulting Issuer is included in the calculation of total consideration for the Transaction:

- As at September 30, 2023, Cuspis had 603,165 (post 4.1448:1 consolidation) warrants outstanding exercisable at $0.83 expiring on February 1, 2027. The fair value of the options was estimated to be $328,036 based on the Black-Scholes Option Pricing Model using the following assumptions: expected dividend yield - 0%, expected volatility - 100%, risk-free interest rate – 4.30% and an expected remaining life – 3.24 years.
- As at September 30, 2023, Cuspis had 844,432 (post 4.1448:1 consolidation) options outstanding for directors and officers exercisable at $0.70 expiring on February 1, 2032. The fair value of the options was estimated to be $616,806 based on the Black-Scholes Option Pricing Model using the following assumptions: expected dividend yield - 0%, expected volatility - 100%, risk-free interest rate – 3.84% and an expected remaining life – 8.25 years.
- As at September 30, 2023, Cuspis had 84,443 (post 4.1448:1 consolidation) options outstanding for charitable organizations exercisable at $0.83 expiring on February 1, 2032. The fair value of the options was estimated to be $60,937 based on the Black-Scholes Option Pricing Model using the following assumptions: expected dividend yield - 0%, expected volatility - 100%, risk-free interest rate – 3.84% and an expected remaining life – 8.25 years.

e) On November 14, 2023, Cytophage entered into a lease extension agreement for its Henlow Bay office and lab space to extend the lease term to March 31, 2024. This agreement was in furtherance of the extension agreement negotiated on August 30, 2023.

(Expressed in Canadian Dollars)

4. Pro-forma Capitalization

	Share Capital				
	Number of Common Shares	Share Capital	Reserves	Deficit	Total
		$	$	$	$
Cuspis balance as at September 30, 2023 (post-consolidation)	8,444,316	6,993,136	-	-	6,993,136
Cytophage balance as at September 30, 2023	42,809,040	16,178,494	2,986,733	(17,796,508)	1,368,719
Issued to Cuspis on Amalgamation - options[1]	-	-	677,743	-	677,743
Issued to Cuspis on Amalgamation - warrants[2]	-	-	328,036	-	328,036
Cytophage October 2023 share based compensation	-	-	293,596	(293,596)	-
Share-based payments - agent warrants	-	-	19,237	(19,237)	-
Shares issued for concurrent offering	2,500,000	2,500,000	-	-	2,500,000
Warrants from concurrent financing	-	-	575,625	(575,625)	-
Share Issuance cost	-	(42,525)	-	-	(42,525)
Listing expense	-	-		(2,495,436)	(2,495,436)
Total	**53,753,356**	**25,629,105**	**4,880,970**	**(21,180,402)**	**9,329,673**

Notes:
1 The number of options:

Options	Note	#
Cytophage's options as at September 30, 2023		3,910,000
Cytophage October 2023 options	3 (b)	350,000
Cuspis's options as at September 30, 2023		3,500,000
Cuspis's charity options as at September 30, 2023		350,000
Issued on Amalgamation	3 (d)	928,875
Eliminated on Amalgamation		- 3,850,000
		5,188,875

(Expressed in Canadian Dollars)

2 The number of warrants:

Warrants	**Note**		**#**
Cytophage's warrants as at September 30, 2023			5,261,344
Cuspis's agent warrants as at September 30, 2023			2,500,000
Issued on Amalgamation	3 (d)		603,165
Eliminated on Amalgamation		-	2,500,000
Warrants issuable under concurrent financing	3 (a)		1,250,000
Compensation broker warrants	3 (a)		35,525
			7,150,034

SCHEDULE "F"

AUDIT COMMITTEE CHARTER

Cytophage Technologies Ltd. (the "Company")

I. Purpose

The Audit Committee (the "Audit Committee") is a committee of directors appointed by the Board of Directors of the Company (the "Board"). The Audit Committee's mandate is to provide assistance to the Board in fulfilling its financial reporting and control responsibility to the shareholders and the investment community. The Committee is, however, independent of the Board and the Company and in carrying out their role shall have the ability to determine its own agenda and any additional activities that the Audit Committee shall carry out.

II. COMPOSITION

The Committee will be comprised of at least three directors of the Company, all of whom, subject to any exemptions set out in National Instrument 52-110 *Audit Committees* ("NI-52-110") will be independent and financially literate. In addition, at least one member of the Audit Committee shall have accounting or related financial expertise as such qualifications are interpreted by the Board. An "independent" director is a director who has no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of the director's independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of NI-52-110, as set out in Schedule "A" hereto. A "financially literate" director is a director who has the ability to read and understand a set of financial instruments that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Company.

III. RESPONSIBILITIES

Responsibilities of the Audit Committee generally include, but are not limited to, the undertaking of the following tasks:

- Selecting and determining the compensation of the external auditors, subject to approval of the shareholders of the Company, to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company. In making such determination and recommendation to the shareholders, the Audit Committee will:
  - confirm the independence of the auditors and report to the Board its conclusions on the independence of the auditors and the basis for these conclusions;
  - meet with the auditors and financial management to review the scope of the proposed audit for the current year, and the audit procedures to be used; and
  - obtain from the external auditors confirmation that they are participants in good standing in the Canadian Public Accountability Board oversight program and, if applicable, in compliance with the provisions of the Sarbanes-Oxley Act of 2002 (U.S.) and other legal or regulatory requirements with respect to the audit of the financial statements of the Company.
- Overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. In overseeing such work, the Audit Committee will:
  - review with the external auditors any audit problems or difficulties and management's response;

- at least annually obtain and review a report prepared by the external auditors describing (i) the auditors' internal quality-control procedures; and (ii) any material issues raised by themost recent internal quality-control review, or peer review, of the auditors, and reviewing any steps taken to deal with such issues;
- serve as an independent and objective party to monitor the Company's financial reporting process and internal control system and overseeing management's reporting on internal control;
- provide open lines of communication among the external auditors, financial and senior management, and the Board for financial reporting and control matters;
- make inquires of management and the external auditors to identify significant business, political, financial and control risks and exposures and assess the steps management has taken to minimize such risks to the Company;
- establish procedures to ensure that the Audit Committee meets with the external auditors on a regular basis in the absence of management;
- ensure that the external auditors prepare and deliver annually a detailed report covering (i) critical accounting policies and practices to be used; (ii) material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; (iii) other material written communications between the external auditors and management such as any management letter or schedule of unadjusted differences; and (iv) such other aspects as may be required by the Audit Committee or legal or regulatory requirements;
- consider any reports or communications (and management's responses thereto) submitted to the Audit Committee by the external auditors, including reports and communications related to:
    - deficiencies noted following the audit of the design and operation of internal controls;
    - consideration of fraud in the audit of the financial statement;
    - detection of illegal acts;
    - the external auditors responsibility under generally accepted auditing standards;
    - significant accounting policies;
    - management judgements and accounting estimates;
    - adjustments arising from the audit;
    - the responsibility of the external auditors for other information in documents containing audited financial statements;
    - disagreements with management;
    - consultation by management with other accountants;
    - major issues discussed with management prior to retention of the external auditors;
    - difficulties encountered with management in performing the audit;
    - the external auditors judgements about the quality of the entity's accounting principles; and
    - any reviews of unaudited interim financial information conducted by the external auditors;
- review the form of opinion the external auditors propose to render to the Audit Committee, the Board and shareholders; and

- discuss significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the external auditors or management, and the financial impact thereof.

- Pre-approving all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor, subject to any exemptions set out in NI-52-110. Notwithstanding the pre-approval process, the Audit Committee will ensure that the external auditors are prohibited from providing the following non-audit services and will determine which other non-audit services the external auditors are prohibited from providing:
  - bookkeeping or other services related to the accounting records or financial statements of the Company;
  - financial information systems design and implementation;
  - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
  - actuarial services;
  - internal audit outsourcing services;
  - management functions or human resources;
  - broker, dealer, investment adviser or investment banking services;
  - legal services and expert services unrelated to the audit; and
  - any other service that the Audit Committee determines to be impermissible.
- Ensuring that the external auditors submit annually to the Company and the Audit Committee a formal written statement of the fees billed for each of the following categories of services rendered by the external auditors: (i) the audit of the Company's annual financial statements for the most recent fiscal year and, if applicable, the reviews of the financial statements included in the Company's Quarterly Reports for that fiscal year; and (ii) all other services rendered by the external auditors for the most recent fiscal year, in the aggregate and by each service.
- Reviewing the Company's financial statements, Management's Discussion and Analysis and annual and interim earnings press releases before the Company publicly discloses the information. In connection with such review, the Audit Committee will ensure that:
  (a) management has reviewed the financial statements with the Audit Committee, including significant judgments affecting the financial statements;
  (b) the members of the Audit Committee have discussed among themselves, without management or the external auditors present, the information disclosed to the Audit Committee; and
  (c) the Audit Committee has received the assurance of both financial management and the external auditors that the Company's financial statements are fairly presented in conformity with International Financial Reporting Standards in all material respects.
- Ensuring that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to above, and periodically assessing the adequacy of those procedures.
- Reviewing, evaluating and monitoring any risk management program implemented by the Company, including any revenue protection program. This function should include:
  - risk assessment;
  - quantification of exposure;
  - risk mitigation measures; and
  - risk reporting.
- Reviewing the adequacy of the resources of the finance and accounting group, along with its

development and succession plans.

- Establishing procedures for:
  - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
- Annually reviewing and revising this Charter as necessary with the approval of the Board and the text relating to this Charter which is required to appear in the Annual Information Form or management proxy circular of the Company, as more specifically set out in Form 52-110FI *Audit Committee Information Required in an AIF* and Form 52-110F2 Disclosure *by Venture Issuers* as applicable.
- Reviewing and assessing the adequacy of the Code of Business Conduct and Ethics governing the officers, directors and employees of the Company and the Code of Ethics governing Financial Reporting Officers at least annually or otherwise, as it deems appropriate, and propose recommended changes to the Board.
- Reporting its activities to the Board on a regular basis and making such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate.
- Reviewing and discussing with management, and approving all related party transactions.

IV. AUTHORITY

The Audit Committee has the authority to:

- Engage independent counsel and other advisors as the Audit Committee determines necessary to carry out its duties;
- Set and pay the compensation for any advisors employed by the Audit Committee, in accordance with applicable corporate statutes; and
- Communicate directly with the external auditors.

V. ADMINISTRATIVE PROCEDURES

- The Audit Committee will meet regularly and whenever necessary to perform the duties described above in a timely manner, but not less than four times a year. Meetings may be held at any time deemed appropriate by the Audit Committee and by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.
- A quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine.
- Meetings of the shall be held from time to time as the Committee or the Chairman shall determine upon 48 hours' notice to each of its members. The notice period may be waived by a quorum of the Committee.
- At the discretion of the Audit Committee, meetings may be held with representatives of the external auditors and appropriate members of management.
- The external auditors will have direct access to the Audit Committee at their own initiative.
- The Chairman of the Audit Committee will report periodically to the Board.

SCHEDULE "A" TO AUDIT COMMITTEE CHARTER

NATIONAL INSTRUMENT 52-110 *AUDIT COMMITTEES* ("NI-52-110")

Meaning of Independence (section 1.4 of NI 52-110):

(1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.

(2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

(3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

(a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

(c) an individual who:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

(4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because

(a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or

(b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.

(5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

(6) For the purposes of clause (3)(f), direct compensation does not include:

(a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and

(b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

(7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

(8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

ADDITIONAL INDEPENDENCE REQUIREMENTS FOR AUDIT COMMITTEE MEMBERS (SECTION 1.5 OF NI- 52-110):

(1) Despite any determination made under section 1.4 of NI- 52-110, an individual who

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.

(2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

(a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

(3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.