STATEMENT OF CASHFLOWS

	Three Months ended Sept. 30, 2001 (unaudited)	Three Months ended Sept. 30, 2000 (unaudited)	Year ended June 30, 2001 (audited)
Cash flows from operating activities:			
Loss for the period	$ **(392,753)**	$ (277,461)	$ (1,883,464)
Items not involving cash:			
Amortization	**38,004**	29,129	131,580
Change in non-cash working capital:			
(Increase) decrease in tax credits recoverable	**(59,039)**	6,867	103,265
(Increase) decrease in GST receivable	**59,700**	(22,280)	43,999
(Increase) decrease in accounts receivable	**29,731**	9,839	(34,498)
(Increase) decrease in prepaid expense and other receivables	**(34,646)**	(21,881)	(120,732)
Increase (decrease) in accounts payable and accrued liabilities	**13,382**	(13,594)	(114,596)
	(345,621)	(289,381)	(1,874,446)
Cash flows from financing activities:			
Issue of common shares, net of issue costs	**350,000**	2,019,395	2,495,470
Conversion of options	**-**	(13,925)	25,000
Proceeds from (repayments of) promissory note	**-**	-	(225,000)
	350,000	2,005,470	2,295,470
Cash flows from investing activities:			
Acquisition of capital assets, net of tax credits of $39 (June 2001 - $116,574)	**(129)**	(163,228)	(398,786)
	(129)	(163,228)	(398,786)
Increase (decrease) in cash and cash equivalents	**4,250**	1,552,861	22,238
Cash and cash equivalents, beginning of period	**1,783,982**	1,761,744	1,761,744
Cash and cash equivalents, end of period	**1,788,232**	3,314,605	1,783,982
Supplemental cashflow, information			
Interest paid	**-**	6,848	15,960
Interest received	17,690	36,346	151,483

See accompanying notes

Toxin Alert Inc. (A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS (unaudited)

1. Basis of Presentation

The accompanying unaudited interim financial statements have been prepared by the company in accordance with accounting principles generally accepted in Canada for interim financial statements and reflect, in the opinion of management, all adjustments (which include reclassifications and normal recurring adjustments) necessary to present fairly the financial position, results of operation and cash flows at September 30, 2001 and for all periods presented.

The accounting principles and methods of computation adopted in these financial statements are the same as those of the audited financial statements for the year ended June 30, 2001, except for the calculation of loss per share as described below.

Certain information and note disclosure normally included in the financial statements prepared in accordance with accounting principles generally accepted in Canada have been omitted. It is suggested that the present financial statements and notes should be read in conjunction with the audited financial statements for the year ended June 30, 2001. The results of operations for the three-month period ended September 30, 2001 are not necessarily indicative of the results for the full year.

During the first quarter, the Company adopted, on a retroactive basis, the new recommendations of The Canadian Institute of Chartered Accountants with respect to the calculation of loss per share. Under the new recommendations, the treasury stock method is to be used, instead of the current imputed earnings approach, for determining the effect of all dilutive elements. There are no retroactive adjustments to these financial statements resulting from adopting this new standard since there are no dilutive elements under either standard.

2. Loss per Share

Loss per common share has been calculated on the basis of losses divided by the weighted average number of common shares outstanding during the period. Due to the net loss for all periods presented, all potential common shares outstanding are considered anti-dilutive and are excluded from the calculation of diluted loss per share.

3. Share Capital

a. Common Shares and Warrants

In the first quarter, the underwriter exercised all the compensation options to purchase 140,000 Class B units. Each unit consisted of one common share of the company and one Class B share purchase warrant. Each Class B warrant entitled the holder to purchase one common share at a price of $1.50. Total proceeds were $140,000. After exercising the options the underwriter then converted the 140,000 Class B warrants to 140,000 common shares for total proceeds of $210,000. At September 30, 2001, there were 500,000 common share purchase warrants and 999,510 Class A warrants outstanding.

b. Stock Option Plan

The Company's Stock Option Plan provides for the issuance of options to acquire up to 600,000 common shares. In addition, the Company has granted options to four senior officers and directors of the Company to purchase a total of 300,000 common shares.

b. Stock Options

During the three months ended September 30, 2001, Toxin granted no stock options and no stock options were converted.

Toxin Alert Inc. (A Development Stage Company)

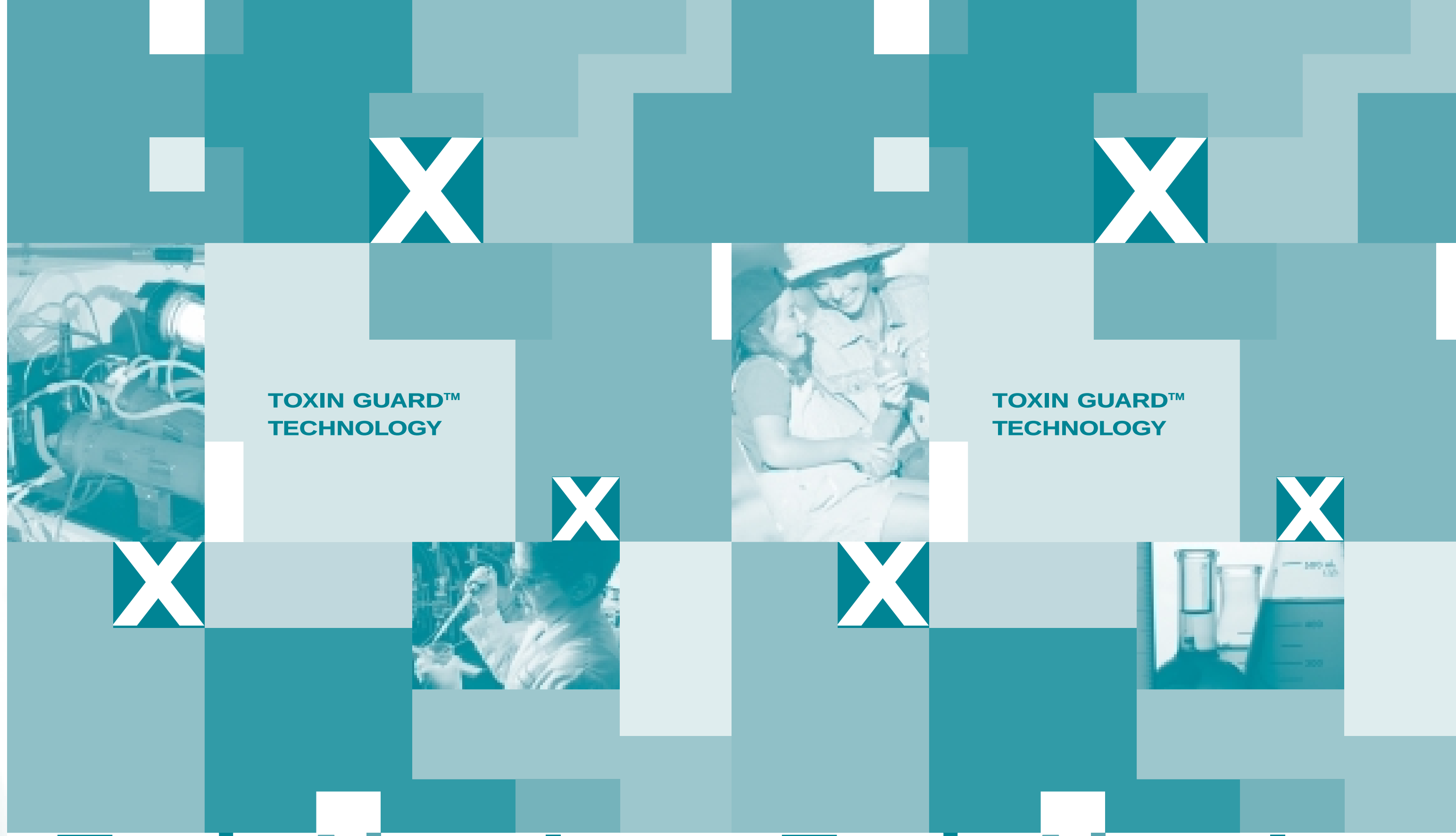
At September 30, 2001 the Company had 555,000 stock options outstanding at an average exercise price of $1.86. The options expire on various dates between December 31, 2002, and June 25, 2004. Of the stock options granted to the officers and directors 282,500 were outstanding on September 30, 2001. The exercise price of these options is $1.00 and they expire on January 1, 2003.

4. Related Party Transactions

During the three months ended September 30, 2001, the Company entered into the following transactions with shareholders and directors:

	Total Expense At Sep. 30, 2001	Total Expense At Sep. 30, 2000
Research fees and reagent sales	$ 21,738	$ -
Research and administrative expenses	$ (16,748)	$ (24,012)
Consulting services	$ (60,328)	$ (63,692)
Interest expense	$ -	$ (6,848)

Expenses for research services, administrative services and consulting services are measured at fair market values. The interest expense is at fair market value as stated in the promissory note.



ToxinAlert Inc.

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FIRST QUARTER REPORT 2002

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FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001

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