Protecting Your Health™

TOXIN ALERT INC.

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FOR THE NINE MONTHS ENDED MARCH 31, 2003

Message to the Shareholders

To our Shareholders:

The third quarter of fiscal year 2003 was a busy and productive one, although we did not deliver a commercial version of Toxin Guard™ to a potential partner. During the quarter, we spent a great deal of time at the printer, and ran a large number of print trials. While we have not perfected a commercially produced version of Toxin Guard yet, we have made a large number of changes and adaptations, and each one has moved us closer to a commercial version of our product.

While we are not happy about the time and effort it is taking to translate a very successful laboratory assay into an affordable commercial product, this has not dampened the enthusiasm of our potential partners, either in North America or Europe. The demand for a product such as Toxin Guard remains very high, and we have neither seen nor heard of anything else remotely resembling it, or aimed at the markets it addresses.

One of the most attractive attributes of Toxin Guard is its affordability, and the only way this can be delivered is to produce it on equipment that is in place and in use daily by our potential business partners. This transfer from the laboratory bench to the lithographic printer is a large step, and although we overcame some of the obvious problems long ago, making the final adjustments to the process is proving to be time-consuming.

There is no question as to the ultimate outcome of our efforts, it's just taking longer than we anticipated.

In the meantime, we have entered into an agreement with a large private agribusiness in southern Ontario that will afford us the capability to translate the research we have funded at the University of Guelph into large scale, affordable antibody production. We have incorporated a subsidiary, Protein Plants Limited, for the purpose of translating what we have learned at the University into practical methods of producing antibodies and other proteins in plants.

Protein Plants will become a joint venture with our agribusiness partner and others, such as management and science providers. At the end of the quarter, we employed Dr. Ted Petroff, a highly qualified scientist and businessman, whose duties will include the development of Protein Plants. Subsequent to the end of the quarter, we made our first plantings, and are beginning to test plants for expression and yields. This effort is extremely important, since when Toxin Guard is deployed in the food industry, supply of sufficient quantities of antibodies will become critical.

We continue to manage our financial resources frugally, and are beginning to develop income streams to mitigate our expenses. However, we will return to the public or private markets this summer to replenish our cash position as the move to commercialize Toxin Guard is taking longer than we planned, and there is no certainty that we will execute a commercial agreement before the end of the fiscal year.

As always, Toxin Alert appreciates the patience of our investors, and the commitment of our employees and partners as Toxin Guard moves closer to its commercial debut.

Respectfully submitted,

A. Michael Espy
Chairman
Toxin Alert Inc.

William T. Bodenhamer
President & Chief Executive Officer
Toxin Alert Inc.

Management's Discussion & Analysis of Financial Results

This discussion and analysis covers Toxin Alert Inc.'s ("Toxin" or the "Company") interim financial statements for the three and nine-month periods ended March 31, 2003, prepared in accordance with Canadian generally accepted accounting principles. As well, it provides an update to the discussion and analysis contained in the Company's June 30, 2002 Annual Report. This discussion and analysis should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and the annual financial statements contained in the Company's 2002 Annual Report. All amounts following are expressed in Canadian dollars unless otherwise indicated.

Results of Operations

The Company's third quarter loss from operations was $250,734, or $0.03 per share, compared with a loss of $464,446, or $0.06 per share, during the same period a year ago. For the nine months ended March 31, 2003, the Company recorded a loss of $703,459 or $0.09 per share, compared with $1,488,750, or $0.20 per share, for the nine months ended March 31, 2002.

Revenues for the three months ended March 31, 2003 totalled $161,345, an increase of $128,458 over the $32,887 received during the same period a year ago. Revenues for the nine months ended March 31, 2003 totalled $556,058, an increase of $458,387 over the $97,671 received during the same period a year ago. Revenues for the current three-month period resulted primarily from compensation pertaining to payments received under a standstill agreement, with a potential partner, which ended February 2003. The nine-month increase is attributed to the sale of reagents and compensation from the standstill agreement. The current results may not necessarily be indicative of future trends.

In the second quarter of fiscal 2003 Toxin Alert agreed to a "standstill" period during which a potential business partner would evaluate the Company's technology. Toxin Alert was compensated for this concession during the standstill period, which ended at the end of February 2003. The compensation has been recognized as revenue on a straight-line basis over the standstill period.

Research and development expenditures for the three months ended March 31, 2003, which include costs associated with product development and regulatory affairs, totalled $230,986 before consideration of tax credits, compared with $229,887 during the same period in 2002. Research and development expenditures for the nine months ended March 31, 2003, which include costs associated with product development and regulatory affairs, decreased by $143,856 to $659,898 before consideration of tax credits, compared with $803,754 in the same period ending March 31, 2002. The decrease reflects a net savings resulting from the reduction of research and development activities conducted externally and an increase in internal efforts.

Investment tax credits have decreased to $201,382 for the nine months ended March 31, 2003 compared with $241,000 for the nine months ended March 31, 2002. The decrease is directly attributable to the decline in research and development expenditures.

General and administrative expenses for the three months ended March 31, 2003, totalled $218,006, compared with $278,253 during the same period a year ago. General and administrative expenses, for the nine months ended March 31, 2003, decreased by $181,562 to $704,374, from $885,936 for the same period a year ago. This decrease reflects a significant decline in the cost of external consultants.

Amortization of capital assets for the three months ended March 31, 2003, decreased by $25,862 to $32,209, compared with amortization of $58,071 during the same period a year ago. Amortization of capital assets for the nine months ended March 31, 2003, decreased by $41,104 to $96,627, compared with amortization of $137,731 during the same period a year ago. No capital expenditures have been made in the first nine months of fiscal 2003. The lab facility at the University of Guelph is fully equipped and no further additions have been required to date.

Liquidity and Capital Resources

As at March 31, 2003 the Company had working capital of approximately $412,213 with cash resources totalling approximately $411,255. The Company's cash decreased by approximately $377,828 during the nine months ended March 31, 2003. The decrease relates directly to operating activities and is net of a refund of $265,980 received from Revenue Canada for refundable investment tax credits plus interest for the year ended June 30, 2002.

At March 31, 2003, recoverable investment tax credits totaled $273,230, as compared to $470,000 as at Jun 30, 2002. During the nine months ended March 31, 2003 the Company received recoverable tax credits of $137,260 and $260,892 for the fiscal years 2001 and 2002 respectively. For the nine months ended March 31, 2003, the Company accrued recoverable tax credits of $201,382. Subsequent to March 31, 2003, the Company received additional recoverable investment tax credits of $86,472 pertaining to fiscal 2002.

Management expects that existing cash reserves and cash resources, including accounts receivable are sufficient to sustain operations to the end of the current fiscal year. The Company is currently exploring several additional financing options.

Risk factors

This discussion and analysis and other sections of the interim financial statements contain forward looking statements, which are based on the Company's current expectations and assumptions, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. Such risks and uncertainties include, but are not limited to, research and development programs, product sales levels, initiation and execution of collaborative agreements and timely regulatory approvals for various products.

Significant funding is required for ongoing research and development, and therefore financial resources are necessary until such time as revenues are sufficient to generate profits.

There can also be no assurance that any of the products developed by the Company will be successful or that regulatory approval of any of these or future products will be obtained. Furthermore, there can be no assurance that existing products or new products developed by Toxin's competitors will not be more effective than the products developed by Toxin.

In addition, there can be no assurance that Toxin will be issued any patents currently applied for or patents to be applied for in the future. There can also be no assurance that Toxin's existing patents or patents pending will offer protection against competition, or will not be designed around or infringed upon by others.

See accompanying notes

Balance Sheets

	As at March 31 2003 (unaudited)	As at June 30 2002 (audited)
Assets		
Current Assets		
Cash	$ 411,255	$ 789,083
Investment tax credit recoverable	273,230	470,000
GST receivable	6,350	1,874
Accounts receivable	29,745	54,848
Prepaid expenses and other receivables	32,409	28,519
	752,989	1,344,324
Property and equipment	533,122	629,751
	$ 1,286,111	$ 1,974,075
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 340,776	$ 337,906
Deferred revenue	-	8,000
	340,776	345,906
Shareholders' Equity		
Share capital		
Number of shares issued and outstanding		
March 31, 2003 - 7,658,110	7,464,465	7,443,840
June 30, 2002 - 7,658,110		
Deficit	(6,519,130)	(5,815,671)
	945,335	1,628,169
	$ 1,286,111	$ 1,974,075

See accompanying notes

Statements of Profit and Loss

	Three Months ended Mar. 31, 2003 (unaudited)	Three Months ended Mar. 31, 2002 (unaudited)	Nine Months ended Mar. 31, 2003 (unaudited)	Nine Months ended Mar. 31, 2002 (unaudited)
Revenue				
Revenue	$ 155,500	$ 29,243	$ 541,630	$ 65,735
Interest income	5,845	3,644	14,428	31,936
Total revenue	161,345	32,887	556,058	97,671
Expenses				
Research & Development				
Salaries and benefits	30,656	54,129	108,223	209,167
Lab supplies & services	45,697	54,967	134,801	220,040
Research funding	55,332	81,320	215,170	198,293
Professional fees	86,299	30,101	171,386	140,566
Miscellaneous costs	13,002	9,370	30,318	35,688
Total research and development	230,986	229,887	659,898	803,754
Less: Investment tax credit	(69,122)	(68,878)	(201,382)	(241,000)
	161,864	161,009	458,516	562,754
General & Administration				
Salaries and benefits	20,353	59,706	112,789	198,037
Consulting fees	87,743	80,006	250,352	331,237
Professional fees	75,668	78,666	179,968	198,464
Miscellaneous costs	34,242	59,875	161,265	158,198
Total general and administration	218,006	278,253	704,374	885,936
Amortization	32,209	58,071	96,627	137,731
Total expenses	412,079	497,333	1,259,517	1,586,421
Loss for the period	250,734	464,446	703,459	1,488,750
Deficit beginning of period	6,268,396	5,089,387	5,815,671	4,065,083
Deficit end of period	$ 6,519,130	$ 5,553,833	$ 6,519,130	$ 5,553,833
Basic and diluted loss per common share	$ 0.03	$ 0.06	$ 0.09	$ 0.20
Weighted average number of common shares outstanding	7,658,110	7,658,110	7,658,110	7,612,292

See accompanying notes

Statement of Cashflows

	Three Months ended Mar. 31, 2003 (unaudited)	Three Months ended Mar. 31, 2002 (unaudited)	Nine Months ended Mar. 31, 2003 (unaudited)	Nine Months ended Mar. 31, 2002 (unaudited)
Cash flows from operating activities:				
Loss for the period	$ (250,734)	$ (464,446)	$ (703,459)	$ (1,488,750)
Items not involving cash:				
Amortization	32,209	58,071	96,627	137,731
Stock based compensation	20,625	-	20,625	-
Change in non-cash working capital:				
(Increase) decrease in tax credits recoverable	191,770	(68,878)	196,770	(269,622)
(Increase) decrease in GST receivable	(6,350)	14,968	(4,476)	64,065
(Increase) decrease in accounts receivable	90,243	(9,198)	25,103	28,716
(Increase) decrease in prepaid expense and other receivables	7,035	(1,835)	(3,890)	65,824
Increase (decrease) in accounts payable and accrued liabilities	55,658	(235,423)	(5,128)	67,074
	140,456	(706,741)	(377,828)	(1,394,962)
Cash flows from financing activities:				
Issue of common shares, net of issue costs	-	-	-	350,000
	-	-	-	350,000
Cash flows from investing activities:				
Acquisition of capital assets	-	-	-	(95,822)
	-	-	-	(95,822)
Increase (decrease) in cash and cash equivalents	140,456	(706,741)	(377,828)	(1,140,784)
Cash and cash equivalents, beginning of period	270,799	1,349,939	789,083	1,783,982
Cash and cash equivalents, end of period	$ 411,255	$ 643,198	$ 411,255	$ 643,198
Supplemental cashflow information				
Interest paid	$ -	$ 248	$ 292	$ 297
Interest received	5,845	3,644	14,428	31,936
Tax credits received	260,892	-	398,152	-

See accompanying notes

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 March 31, 2003 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, 2002.

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, 2002. The results of operations for the nine-month period ended March 31, 2003 are not necessarily indicative of the results for the full year.

2. Going Concern

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The use of the "going concern" assumption may not be appropriate because the Company experienced significant losses in each year since inception and has experienced significant negative cash flow from operations in the current period.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the generation of revenue from the Company's research and development program or through the attainment of additional debt or equity financing, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the "going concern" assumption used in preparing these financial statements. There is no certainty that these and other strategies will be sufficient to permit the Company to continue beyond June 30, 2003.

The financial statements do not reflect adjustments that would be necessary if the "going concern" assumption were not appropriate. If the "going concern" basis were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses, and the balance sheet classifications used.

3. 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.

4. Share Capital

a. Common Shares and Warrants

During the nine months ended March 31, 2003, no additional shares or warrants were issued. On March 31, 2003, 999,510 Class A warrants expired.

b. Stock Options

The Company has two stock option plans, which have each been approved by the shareholders, and which permit options to purchase a maximum of 1,200,000 common shares. In addition, prior to its initial public offering in 1999, the Company granted options to purchase a total of 300,000 common shares to four individuals, three of whom were officers of the Company. 17,500 of these options were exercised in 2000, and the balance expired on January 1, 2003.

During the nine months ended March 31, 2003, no options were exercised and 575,000 stock options expired or were repatriated. In the third quarter of 2003, 747,500 stock options were issued to replace options, which had expired. The weighted average price of the options, which were granted, is $0.87. Of the 747,500 stock options issued, 247,500 were issued to consultants at a fair value amounting to $20,625 and this was included in the statement of operations.

At March 31, 2003, the Company had 975,500 stock options outstanding at an average exercise price of $1.12. The options expire on various dates between April 1, 2003 and November 20, 2006. The 282,500 stock options granted to the officers and directors expired on January 1, 2003.

c. Stock-Based Compensation

The new Section 3870 requires the disclosure of pro forma net earnings and earnings per share information as if the Company had accounted for employee stock options granted after July 1, 2002 under the fair value method. The fair value of the options issued in the third quarter was determined using the Black-Scholes option pricing model. The following assumptions were used:

Stock options Granted	Risk-free interest rate	Dividend yield	Volatility factor	Weighted average expected option life	Weighted average grant date fair value
January 7, 2003	3.6%	0%	127%	2 years	$ 0.05
February 1, 2003	3.6%	0%	125%	2 years	0.10

For purposes of pro forma disclosure, the estimated fair value of the options is amortized to income immediately. For the three months ended March 31, 2003, the Company's pro forma net loss is $287,984 and the basic loss per share is $0.04. For the nine months ended March 31, 2003, the Company's pro forma net loss is $740,709 and the basic loss per share is $0.10.

5. Related Party Transactions

During the nine months ended March 31, 2003, the Company entered into the following transactions with shareholders and directors:

	Nine-Month Revenue (Expense) At Mar. 31, 2003	Nine-Month Revenue (Expense) At Mar. 31, 2002
Research fees and reagent sales	$ 308,689	$ 61,174
Research and administrative expenses	$ (32,652)	$ (53,281)
Consulting services	$(135,000)	$(233,846)

Expenses for research services, administrative services and consulting services are measured at fair market values.

Accounts receivable from companies where the President of the Company is also a director in those companies amount to $29,745 (2002 - $8,242). Accounts payable to a company where the President of the Company is also a director in that company amount to $42,646 (2002 - $67,904).

6. Subsequent Event

On April 2, 2003, the Company formed a subsidiary called Protein Plants Limited. The new subsidiary will be responsible for commercializing the results of research that the Company has sponsored at the University of Guelph. At a later date, a private Ontario agribusiness company will join Toxin Alert Inc. as a shareholder in Protein Plants Limited.

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