

Consolidated Financial Statements  
(Expressed in Canadian Dollars)

**Telo Genomics Corp.**  
For the Years Ended June 30, 2024 and 2023



**Crowe MacKay LLP**

1100 - 1177 West Hastings Street  
Vancouver, BC V6E 4T5

Main +1 (604) 687-4511  
Fax +1 (604) 687-5805

[www.crowemackay.ca](http://www.crowemackay.ca)

## **Independent Auditor's Report**

To the Shareholders of Telo Genomics Corp.

### **Opinion**

We have audited the consolidated financial statements of Telo Genomics Corp. (the "Group"), which comprise the consolidated statements of financial position as at June 30, 2024 and June 30, 2023 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2024 and June 30, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### **Basis for Opinion**

We conducted our 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 4 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

### **Other Information**

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is Kevin Kwan.

*Crowe Mackay LLP*

**Chartered Professional Accountants  
Vancouver, Canada  
October 25, 2024**

**Telo Genomics Corp.**  
**Consolidated Statements of Financial Position**  
**(Expressed in Canadian dollars)**

	Note	As at June 30, 2024	As at June 30, 2023
<b>Assets</b>		<b>\$</b>	<b>\$</b>
Current assets			
Cash		796,020	2,673,247
Amounts receivable		31,249	63,763
Prepaid expenses		91,764	105,934
		<b>919,033</b>	<b>2,842,944</b>
Non-current assets			
Property and equipment	6	30,240	66,260
Intangible asset	7	16,371	16,371
		<b>46,611</b>	<b>82,631</b>
<b>Total assets</b>		<b>965,644</b>	<b>2,925,575</b>
<b>Liabilities and Equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	10	375,587	280,369
Long-term loan	8	-	32,500
<b>Total liabilities</b>		<b>375,587</b>	<b>312,869</b>
Equity			
Share capital	9	22,347,916	21,687,372
Shares to be issued	9	-	42,000
Contributed surplus	9	6,073,368	6,001,551
Deficit		(27,831,227)	(25,118,217)
Total equity		<b>590,057</b>	<b>2,612,706</b>
<b>Total liabilities and equity</b>		<b>965,644</b>	<b>2,925,575</b>

Approved on behalf of the board of directors

/s/ Dr. Sabine Mai  
Director

/s/ Hugh Rogers  
Director

Going concern (Note 4)

The accompanying notes form an integral part of these consolidated financial statements.

**Telo Genomics Corp.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian dollars)**

	Note	For the year ended June 30, 2024	For the year ended June 30, 2023
<b>Expenses</b>		<b>\$</b>	<b>\$</b>
General and administrative	11	1,360,260	1,457,042
Research and development	11	1,362,750	1,363,730
		<b>(2,723,010)</b>	<b>(2,820,772)</b>
Other income:			
Gain on loan forgiveness	8	10,000	-
<b>Net loss and comprehensive loss for the year</b>		<b>(2,713,010)</b>	<b>(2,820,772)</b>
Basic and diluted loss per share		<b>(0.04)</b>	<b>(0.05)</b>
Weighted average number of common shares used in computing basic and diluted loss per share		<b>71,384,113</b>	<b>60,152,278</b>

*The accompanying notes form an integral part of these consolidated financial statements.*

**Telo Genomics Corp.**  
**Consolidated Statements of Changes in Equity**  
**(Expressed in Canadian dollars)**  
**For the years ended June 30, 2024 and 2023**

	Number of Shares	Share capital	Shares to be issued	Contributed Surplus	Deficit	Total
		\$	\$	\$	\$	\$
Balance, June 30, 2022	59,424,433	19,105,745	-	5,794,859	(22,297,445)	2,603,159
Private placement:						
Gross proceeds	11,335,500	2,833,875	-	-	-	2,833,875
Finders fees – cash	-	(173,504)	-	-	-	(173,504)
Finders fees – warrants	-	(101,759)	-	101,759	-	-
Other share issuance costs	-	(92,220)	42,000	-	-	(50,220)
Share-based compensation	-	-	-	160,168	-	160,168
Issuance of shares on exercise of options	400,000	115,235	-	(55,235)	-	60,000
Net loss for the year	-	-	-	-	(2,820,772)	(2,820,772)
Balance, June 30, 2023	71,159,933	21,687,372	42,000	6,001,551	(25,118,217)	2,612,706

	Number of Shares	Share capital	Shares to be issued	Contributed Surplus	Deficit	Total
		\$	\$	\$	\$	\$
Balance, June 30, 2023	71,159,933	21,687,372	42,000	6,001,551	(25,118,217)	2,612,706
Private placement:						
Gross proceeds	3,250,000	650,000	-	-	-	650,000
Finders fees – cash	-	(7,000)	-	-	-	(7,000)
Finders fees – warrants	-	(2,598)	-	2,598	-	-
Other share issuance costs	-	(17,196)	-	-	-	(17,196)
Shares issued pursuant to an agreement	150,000	42,000	(42,000)	-	-	-
Warrants issued pursuant to an agreement	-	(4,662)	-	4,662	-	-
Share-based compensation	-	-	-	64,557	-	64,557
Net loss for the year	-	-	-	-	(2,713,010)	(2,713,010)
Balance, June 30, 2024	74,559,933	22,347,916	-	6,073,368	(27,831,227)	590,057

*The accompanying notes form an integral part of these consolidated financial statements.*

## Telo Genomics Corp.

### Consolidated Statements of Cash Flows (Expressed in Canadian dollars)

	Notes	For the year ended June 30, 2024	For the year ended June 30, 2023
		\$	\$
Operating activities:			
Net loss for the year		(2,713,010)	(2,820,772)
Depreciation of property and equipment	6,11	39,536	33,114
Loss of disposal of asset	6	1,599	-
Share-based compensation	9(c),11	64,557	160,168
Gain on loan forgiveness	8	(10,000)	-
Changes in non-cash working capital accounts			
Amounts receivable		32,514	(25,786)
Prepaid expenses		14,170	(50,328)
Accounts payable and accrued liabilities		111,470	74,045
<b>Cash used in operating activities</b>		<b>(2,459,164)</b>	<b>(2,629,559)</b>
Investing activity:			
Property and equipment additions	6	(5,115)	(69,062)
<b>Cash flows used in investing activity</b>		<b>(5,115)</b>	<b>(69,062)</b>
Financing activities:			
Proceeds from issuance of common shares	9(b)	650,000	2,833,875
Finders' fees – cash	9(b)	(7,000)	(173,504)
Share issuance costs	9(b)	(33,448)	(33,968)
Proceeds from exercise of options	9(b)	-	60,000
Loan repayment	8	(22,500)	(7,500)
<b>Cash flows from financing activities</b>		<b>587,052</b>	<b>2,678,903</b>
Decrease in cash		(1,877,227)	(19,718)
Cash, beginning of year		2,673,247	2,692,965
<b>Cash, end of year</b>		<b>796,020</b>	<b>2,673,247</b>
<b>Supplemental Disclosures:</b>			
Warrants issued for finders' fees		2,598	101,759
Share issuance cost included in accounts payable and accrued liabilities		-	16,252
Shares to be issued		-	42,000
Warrants issued pursuant to an agreement		4,662	-
Contributed surplus reclassified to share capital on exercise of stock options		-	55,235

The accompanying notes form an integral part of these consolidated financial statements.

# Telo Genomics Corp.

For the Years Ended June 30, 2024 and 2023  
Notes to the Consolidated Financial Statements  
(Expressed in Canadian dollars)

## 1. Reporting entity

Telo Genomics Corp. (the "Company") was incorporated in Canada on May 25, 2014 and its shares are listed on the TSX Venture Exchange as a Tier 2 issuer under the symbol "TELO", the OTCQB under the symbol "TDSGF" and the Frankfurt Stock Exchange in Germany under the symbol "3D0". The Company's registered office is located at 1200-750 West Pender Street, Vancouver, BC V6C 2T8 and its corporate head office is located at MaRS Centre, South Tower, 101 College Street, Suite 200, Toronto, Ontario, M5G 1L7.

The Company, through its wholly owned subsidiary Telo Genomics Holdings Corp., is developing diagnostic and prognostic products that may save lives, improve the quality of life, and reduce the cost of care associated with numerous diseases that display genomic instability.

## 2. Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved and authorized for issue by the Board of Directors on October 24, 2024.

## 3. Basis of preparation

### (a) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments at fair value through profit or loss which are measured at fair value. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### (b) Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary, Telo Genomics Holdings Corp., a corporation incorporated under the Canadian *Business Corporations Act*.

Subsidiaries are fully consolidated from the date of acquisition, being the date in which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All intra-group balances, income and expenses, equity and dividends resulting from intra-group transactions have been eliminated upon consolidation.

### (c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

### (d) Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future.

Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

## Telo Genomics Corp.

For the Years Ended June 30, 2024 and 2023  
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### 3. Basis of preparation (continued)

#### (d) *Significant accounting judgments, estimates and assumptions (continued)*

##### *Significant estimates*

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make estimates when applying accounting policies. The most significant estimates are as follows:

- **Share-based compensation** - The fair value of share-based payments and warrants is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

##### *Significant judgments*

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements are as follows:

- **Going concern** - The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.
- **Research and development** - Management monitors the progress of its research and development activities. Significant judgment is required to distinguish between the research and development phases and if development cost capitalization criteria are met. Development costs are recognized as an asset when the following criteria are met: (i) technical feasibility; (ii) intention to complete the project; (iii) the ability to use or sell; (iv) the ability to generate future economic benefits; (v) availability of technical and financial resources; and (vi) the ability to measure the expenditures reliably. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. To date, management's assessment has concluded that the capitalization criteria have not been met; hence, research and development costs have been expensed as incurred.

### 4. Going concern

These consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company is a research and development stage company and as such is primarily dependent on the funding from investors to continue as a going concern. In the future, the Company's ability to continue as a going concern will be dependent upon its ability to attain profitable operations and generate funds there from, and/or to continue to obtain funding through equity or debt financings sufficient to meet current and future obligations.

These consolidated financial statements do not reflect any other adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations. Such adjustments could be material. The disclosed factors indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

During the year ended June 30, 2024, the Company incurred a net loss of \$2,713,010 (2023 - \$2,820,772) and has an accumulated deficit of \$27,831,227 (2023 - \$25,118,217).

## Telo Genomics Corp.

For the Years Ended June 30, 2024 and 2023  
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### 5. Summary of material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, unless otherwise indicated.

#### (a) Research and development

The Company incurs costs on activities that relate to research and development of new technologies. Research and development costs are expensed, except in cases where development costs meet certain identifiable criteria for deferral, including technical and economic feasibility. Development costs are capitalized only if the expenditures can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Deferred development costs are amortized over the life of related commercial production, or in the case of serviceable property and equipment, are included in the appropriate property group and are depreciated over its estimated useful life. As at June 30, 2024 and 2023, the Company has not capitalized any research and development costs.

#### (b) Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9 Financial Instruments ("IFRS 9"):

##### (i) Financial assets and liabilities

The Company classifies its financial assets into the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

*Amortized cost* - Amortized cost are those assets which are held within a business whose objective is to hold financial assets to collect contractual cash flows and the terms of the financial assets must provide on specified dates cash flows solely through the collection of principal and interest.

*Fair value through profit or loss ("FVTPL")* - A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or FVOCI. The Company may, however, make the irrevocable option to classify particular investments as FVTPL.

Management determines the classification of its financial liabilities at initial recognition.

*Amortized cost* - The Company classifies all financial liabilities as subsequently measured at amortized cost using the effective interest method, except for financial liabilities carried at FVTPL and certain other exceptions.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

The following table shows the classification under IFRS 9:

Financial Instrument	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized Cost
Long-term loan	Amortized Cost

## Telo Genomics Corp.

For the Years Ended June 30, 2024 and 2023  
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### 5. Summary of material accounting policies (continued)

#### (b) *Financial instruments (continued)*

##### (ii) *Fair value of financial instruments*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques that are recognized by market participants. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

For those financial instruments where fair value is recognized in the consolidated statement of financial position the methods and assumptions used to develop fair value measurements have been classified into one of the three levels of the fair value hierarchy for financial instruments:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;
- Level 3 – Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents are measured at fair value which is determined using Level 1 inputs. Accounts payable and accrued liabilities and the long-term loan are carried at amortized cost.

#### (c) *Share-based payments*

For equity-settled share-based payments to non-employees, the Company measures the equity awards issued as the fair value of the goods or services received, and the corresponding increase in equity, unless that fair value cannot be estimated reliably. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value of the equity award is measured by use of a valuation model.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity instruments granted is recognized as an expense over the estimated vesting period with a corresponding increase to contributed surplus.

Consideration paid for the shares on the exercise of stock options is credited to share capital; upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital. Forfeited or expired equity instruments are not adjusted through earnings and contributed surplus.

#### (d) *Share capital*

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options, and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new share options are shown in equity as a deduction from the proceeds. Where the Company issues common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

## Telo Genomics Corp.

For the Years Ended June 30, 2024 and 2023  
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### 5. Summary of material accounting policies (continued)

#### (e) *Earnings (loss) per share*

Basic earnings (loss) per share is calculated by dividing the net earnings available to common shareholders divided by the weighted average number of common shares outstanding during the period. The diluted earnings per share are calculated based on the weighted average number of common shares outstanding during the period, plus the effects of the dilutive common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the period (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the period.

#### (f) *Government assistance*

Government assistance from the Canada Emergency Business Account (“CEBA”) loans under federal COVID-19 response programs are recorded as a liability until there is reasonable assurance that the forgivable portion of the assistance will not be repayable. Government assistance under the Canada Emergency Wage Subsidy (“CEWS”) program is recognized as a reduction in the related expense in the period in which there is reasonable assurance that the grant or assistance has become receivable and all conditions, if any, have been satisfied.

#### (g) *New standards adopted*

The following amendments was effective for annual reporting periods beginning on or after January 1, 2023, and the Company adopted these during the year:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

These amendments reduced the disclosure of the Company’s accounting policies.

Definition of Accounting Estimates (Amendments to IAS 8) – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

These amendments did not have a material impact on the results and financial position of the Company.

#### (h) *New standards not yet adopted*

The following amendments will be effective for annual reporting periods beginning on or after January 1, 2024:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1) – the amendments provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting period date.

The Company anticipates that these amendments will not have a material impact on the results and financial position of the Company.

## Telo Genomics Corp.

For the Years Ended June 30, 2024 and 2023  
Notes to the Consolidated Financial Statements  
(Expressed in Canadian dollars)

### 6. Property and equipment

Cost	Computer Equipment	Computer Software & Lab Equipment	Furniture & Equipment	Total
Balance, June 30, 2022	\$ 80,774	\$ 778,858	\$ 16,212	\$ 875,844
Additions	44,313	24,094	655	69,062
<b>Balance, June 30, 2023</b>	<b>125,087</b>	<b>802,952</b>	<b>16,867</b>	<b>944,906</b>
Additions	5,115	-	-	5,115
Dispositions	(3,199)	-	-	(3,199)
<b>Balance, June 30, 2024</b>	<b>\$ 127,003</b>	<b>\$ 802,952</b>	<b>\$ 16,867</b>	<b>\$ 946,822</b>

Accumulated depreciation	Computer Equipment	Computer Software & Lab Equipment	Furniture & Equipment	Total
Balance, June 30, 2022	\$ 60,106	\$ 771,448	\$ 13,978	\$ 845,532
Depreciation	28,895	3,607	612	33,114
<b>Balance, June 30, 2023</b>	<b>89,001</b>	<b>775,055</b>	<b>14,590</b>	<b>878,646</b>
Depreciation	32,198	6,681	657	39,536
Dispositions	(1,600)	-	-	(1,600)
<b>Balance, June 30, 2024</b>	<b>\$ 119,599</b>	<b>\$ 781,736</b>	<b>\$ 15,247</b>	<b>\$ 916,582</b>

Carrying amounts	Computer Equipment	Computer Software & Lab Equipment	Furniture & Equipment	Total
Balance, June 30, 2023	\$ 36,086	\$ 27,897	\$ 2,277	\$ 66,260
<b>Balance, June 30, 2024</b>	<b>\$ 7,404</b>	<b>\$ 21,216</b>	<b>\$ 1,620</b>	<b>\$ 30,240</b>

### 7. Intangible asset

On April 27, 2020, the Company repurchased from Knight Therapeutics Inc. ("Knight") the exclusive license to commercialize diagnostic and prognostic test products of the Company and the right to act as the exclusive distributor of such products in Canada. In consideration for the rights, the Company paid \$5,000 and issued 50,000 share purchase warrants to Knight. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.25 per share for a period of five years from the date of issuance. The warrants are exercisable at \$0.25 per share for five years from the date of grant. The fair value of these warrants was determined to be \$7,700 using the Black-Scholes valuation model and the following inputs: i) exercise price \$0.25, ii) stock price \$0.15, iii) volatility: 243%, iv) risk free rate: 1.50%. In addition, the Company paid \$3,671 professional fees in connection with the repurchase. The intangible asset has an indefinite useful life.

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### 8. Long term loan

On June 19, 2020, the Company borrowed \$40,000 from the Canada Emergency Business Account (“CEBA”) program. The CEBA Loan has an initial term that expires on December 31, 2022, throughout which the CEBA Loan remains interest free. Repayment of \$30,000 by December 31, 2022, results in a \$10,000 loan forgiveness. The Government of Canada extended the December 31, 2022 forgiveness repayment date to January 18, 2024. If the balance is not paid prior to January 18, 2024, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly effective January 19, 2024. The full balance must be repaid by no later than December 31, 2026. The Company repaid \$7,500 in the fiscal year ending June 30, 2023. On January 8, 2024, the Company repaid the remaining amount of \$22,500 resulting in \$10,000 of the loan amount being forgiven which was approved on January 18, 2024.

### 9. Share capital

#### (a) Authorized

The Company has authorized share capital of an unlimited number of common voting shares without par value, an unlimited number of non-voting common shares without par value, and an unlimited amount of Class A, B, C, and D shares.

#### (b) Shares issued and outstanding

On June 21, 2024, the Company issued 3,250,000 units at \$0.20 per unit for gross proceeds of \$650,000. Each unit consisted of one common share and one-half share purchase warrant, with each whole warrant exercisable into one additional common share at a price of \$0.40 per share until June 21, 2027. The Company incurred finder fees of \$7,000, other share issuance costs of \$17,196 and issued 35,000 finders warrants to purchase an aggregate of 35,000 common shares at a price of \$0.20 per share until June 21, 2025. The finders' warrants had a fair value of \$2,598, estimated using the Black-Scholes valuation model and the following inputs: i) exercise price \$0.20, ii) stock price \$0.19, iii) volatility 108.30%, iv) risk free rate: 4.23%.

On July 14, 2023, the Company issued 150,000 common shares at \$0.28 per share as payment for services rendered in the prior fiscal year.

On June 13, 2023, the Company issued 11,335,500 units at \$0.25 per unit for gross proceeds of \$2,833,875. Each unit consisted of one common share and one-half share purchase warrant, with each whole warrant exercisable into one additional common share at a price of \$0.40 per share until June 13, 2025. The Company incurred finder fees of \$173,504, other share issuance costs of \$92,220 and issued 694,015 finders warrants to purchase an aggregate of 694,015 common shares at a price of \$0.25 per share until June 13, 2024. The finders' warrants had a fair value of \$101,759, estimated using the Black-Scholes valuation model and the following inputs: i) exercise price \$0.25, ii) stock price \$0.32, iii) volatility 93.86%, iv) risk free rate: 5.26%.

During the year ended June 30, 2023, 400,000 options were exercised at \$0.15 per share for gross proceeds of \$60,000. The share price on the date of exercise was \$0.32 per share.

#### (c) Stock options

The Company has an incentive stock option plan (the “Plan”) whereby the Company may grant directors, officers, employees and contractors' options to purchase common voting shares of the Company. The terms and conditions of each option granted under the Plan are determined by the Board of Directors.

In estimating the fair value of options issued using the Black-Scholes option pricing model, the Company is required to make assumptions. The expected volatility assumption is based on the historical volatility of the Company's common share price on the TSX Venture Exchange. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has historically not paid dividends on its common stock.

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### 9. Share capital (continued)

#### (c) Stock options (continued)

On March 15, 2024, 120,000 options with an exercise price of \$0.335 per common share expired unexercised.

On December 8, 2023, the Company granted 200,000 stock options to the interim CEO of the Company. The options are exercisable for \$0.20 per share, vesting immediately from the date of grant and expire 5 years from the date of grant. The fair value of the options was estimated at \$29,198, using the Black-Scholes option pricing model with the following inputs: i) exercise price \$0.20, ii) stock price \$0.17, iii) volatility: 131.45%, iv) risk free rate: 3.40%, v) term: 5 years

On December 8, 2023, 1,000,000 options with an exercise price of \$0.35 per common share were cancelled prior to vesting.

On August 5, 2023, 50,000 options with an exercise price of \$0.50 per common share expired unexercised.

On December 12, 2022, the Company granted 1,000,000 stock options to an officer of the Company. The options are exercisable for \$0.35 per share, vest over four years with 25% of the options vesting 12 months from the grant date, 25% of the options vesting 24 months from the grant date, 25% vesting 36 months from the grant date, and the remaining 25% vesting 48 months after the grant date and expire 5 years from the date of grant. The fair value of the options was estimated at \$320,646 using the Black-Scholes option pricing model with the following inputs: i) exercise price \$0.35, ii) stock price \$0.36, iii) volatility: 139.24%, iv) risk free rate: 2.98%, v) term: 5 years. For the year ended June 30, 2024 the Company recorded share-based compensation of \$35,359 with respect to these options.

On September 30, 2022, the Company granted 252,000 stock options to employees of the Company. The options are exercisable for \$0.265 per share, vesting immediately from the date of grant and expire 5 years from the date of grant. The fair value of the options was estimated at \$55,017, using the Black-Scholes option pricing model with the following inputs: i) exercise price \$0.265, ii) stock price \$0.29, iii) volatility: 96.44%, iv) risk free rate: 3.20%, v) term: 5 years.

On July 19, 2022, the Company granted 10,000 stock options to a consultant. The options are exercisable for \$0.34 per share, vesting immediately from the date of grant and expire 5 years from the date of grant. The fair value of the options was estimated at \$2,664, using the Black-Scholes option pricing model with the following inputs: i) exercise price \$0.34, ii) stock price \$0.34, iii) volatility: 106.46%, iv) risk free rate: 3.07%, v) term: 5 years.

Changes in the number of options outstanding and exercisable are as follows:

		June 30, 2024		June 30, 2023
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	4,303,143	\$ 0.59	3,611,143	\$ 0.62
Granted	200,000	0.20	1,262,000	0.33
Exercised	-	-	(400,000)	0.15
Expired	(170,000)	0.38	-	-
Cancelled	(1,000,000)	0.35	(170,000)	0.42
Balance, end of year	3,333,143	\$ 0.64	4,303,143	\$ 0.59
Options exercisable, end of year	3,333,143	\$ 0.64	3,303,143	\$ 0.66

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### 9. Share capital (continued)

#### (c) Stock options (continued)

The following is a summary of stock options issued under the Plan as at June 30, 2024:

Expiry Date	Number outstanding	Options exercisable	Weighted average exercise price
November 28, 2024	1,600,000	1,600,000	0.15
May 4, 2025	262,444	262,444	0.60
May 13, 2025	500,000	500,000	0.15
June 16, 2025	8,075	8,075	0.35
August 7, 2025	8,075	8,075	0.35
April 1, 2026	100,000	100,000	0.64
September 26, 2026	121,924	121,924	10.15
October 27, 2026	20,000	20,000	2.20
January 18, 2027	50,625	50,625	2.85
March 15, 2027	250,000	250,000	0.335
July 18, 2027	10,000	10,000	0.34
September 30, 2027	202,000	202,000	0.265
December 8, 2028	200,000	200,000	0.20
	<b>3,333,143</b>	<b>3,333,143</b>	<b>\$ 0.64</b>

As of June 30, 2024, the weighted average remaining contractual life of the options was 1.26 years (2023 – 2.56 years).

#### (d) Warrants

On June 21, 2024, as part of the unit offering, the Company issued 1,625,000 warrants to subscribers. Each warrant is exercisable into one additional common share at an exercise price of \$0.40 per share until June 21, 2027. The Company also issued 35,000 finders warrants to purchase an aggregate of 35,000 common shares at a price of \$0.20 per share until June 21, 2025. The finders' warrants had a fair value of \$2,598, estimated using the Black-Scholes valuation model and the following inputs: i) exercise price \$0.20, ii) stock price \$0.19, iii) volatility 108.30%, iv) risk free rate: 4.23%.

On July 14, 2023, pursuant to an advisory agreement, the Company issued 75,000 warrants. Each warrant is exercisable into one common share at an exercise price of \$0.40 per share until July 14, 2024. The warrants have a fair value of \$4,662, estimated using the Black-Scholes valuation model and the following inputs: i) exercise price \$0.40, ii) stock price \$0.27, iii) volatility 89.43%, iv) risk free rate: 5.33%.

On June 13, 2023, as part of the unit offering, the Company issued 5,667,750 warrants to subscribers. Each warrant is exercisable into one additional common share at an exercise price of \$0.40 per share until June 13, 2025. The Company also issued 694,015 finders warrants to purchase an aggregate of 694,015 common shares at a price of \$0.25 per share until June 13, 2024. The finders' warrants had a fair value of \$101,759, estimated using the Black-Scholes valuation model and the following inputs: i) exercise price \$0.25, ii) stock price \$0.32, iii) volatility 93.86%, iv) risk free rate: 5.26%.

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### 9. Share capital (continued)

#### (d) Warrants (continued)

Changes in the number of warrants outstanding are as follows:

	June 30, 2024		June 30, 2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of year	6,361,765	\$ 0.38	3,937,723	\$ 1.16
Issued	1,735,000	0.40	6,361,765	0.38
Expired	(694,015)	0.25	(3,937,723)	1.16
Balance, end of year	7,402,750	\$ 0.38	6,361,765	\$ 0.38

The following is a summary of share purchase warrants as at June 30, 2024:

Expiry Date	Number outstanding	Weighted average exercise price
July 14, 2024	75,000	0.40
June 13, 2025	5,667,750	0.40
June 21, 2025	35,000	0.20
June 21, 2027	1,625,000	0.40
	7,402,750	\$ 0.40

As of June 30, 2024, the weighted average remaining contractual life of the warrants was 1.39 years (2023 – 1.85 years).

### 10. Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has identified its directors and officers as its key management personnel.

In addition to their salaries, the Company also provides non-cash benefits and participation in the Stock Option Plan. The following table details the compensation to key management personnel and directors:

	June 30, 2024	June 30, 2023
Salaries, fees, and short-term benefits	\$ 594,718	\$ 740,020
Share-based compensation	64,557	91,457
	\$ 659,275	\$ 831,477

As at June 30, 2024, the Company has \$110,200 (2023 - \$125,745) recorded within accounts payable and accrued liabilities relating to amounts payable to key management personnel. The balance is unsecured, non-interest bearing and due pursuant to normal trade creditor terms.

### 11. Supplemental disclosures – Consolidated statements of loss and comprehensive loss

General and administrative expenses include depreciation of \$800 (2023 – \$800), share-based compensation of \$64,557 (2023 - \$116,067), employee wages and benefits of \$176,498 (2023 - \$140,161). Research and development expenses include depreciation of \$38,736 (2023 – \$32,314), share-based compensation of \$Nil (2023 - \$44,101) and employee wages and benefits of \$522,204 (2023 - \$512,746).

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### 12. Financial instruments and financial risk management

#### a. Risks arising from financial instruments

##### i. Market risk

The Company is exposed to foreign exchange risk, the risk that the fair value of future cash flows for financial instruments will fluctuate because of changes in foreign exchange rates, due to its United States dollar denominated in accounts payable and accrued liabilities. As at June 30, 2024 and 2023, the Company had no cash and cash equivalents and \$109,733 (2023 – \$27,322) in accounts payable and accrued liabilities denominated in the United States dollar. A 10% change in the value of the US dollar against the Canadian dollar would not result in a material effect on net loss for the year. The Company is not exposed to any significant interest risk as it does not have any variable rate borrowings.

##### ii. Credit risk

Credit risk is the potential that customers or a counterparty to a financial instrument fail to meet their obligation to the Company. The Company believes this risk to be low as there are no trade receivables and no revenues have been earned to June 30, 2024. Additionally, amounts receivable are primarily composed of government remittances receivable in which the Company believes the collection risk is low. Additionally, the Company mitigates credit risk by holding all cash in a chartered bank.

##### iii. Liquidity risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial obligations as they become due. The Company manages liquidity risk through cash management. In managing liquidity risk, the Company maintains access to equity markets, the availability of which is dependent on market conditions. The Company monitors its requirements regularly and believes there may not be sufficient funding for the foreseeable future. All financial liabilities are current and due within the next twelve months.

#### b. Capital management

The Company's objective when managing capital is for the Company to safeguard the entity's ability to continue as a going concern, so that it can continue to explore and develop its research to ultimately provide returns for shareholders and benefits for other stakeholders.

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets as with consideration of externally imposed capital requirements. In order to maintain or adjust the capital structure, the Company may issue new shares or attempt to obtain debt financing.

The Company's management of capital as of June 30, 2024, consists of cash and the components of shareholders' equity in the definition of capital. There were no changes in the Company's approach to capital management during the current fiscal year. The Company is not subject to externally imposed capital requirements.

### 13. Segmented information

The Company has a single operating segment, focused on the development and commercialization of predictive technological products designed to personalize treatment plans for patients who have specific conditions. Substantially all of the Company's employees and assets are located within Canada.

### 14. Commitments

In October 2022, the Company renewed its agreement for lease of office and laboratory space at MaRS Discovery District for a period of one-year, effective November 1, 2022 until October 31, 2023. In accordance with the lease renewal, the Company committed to payments of \$8,925 per month. In October 2023, the Company extended its agreement for lease of office and laboratory space at MaRS Discovery District for a period of six months effective November 1, 2023 until April 30, 2024 with monthly payments of \$9,750. The Company further extended this agreement for a period of five months effective May 1, 2024, until September 30, 2024 with monthly payments of \$9,750. The Company further extended this agreement for a period of six months effective October 1, 2024, until March 31, 2025 with monthly payments of \$10,550.

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### 15. Tax losses

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate to the loss for the year and is reconciled as follows:

	2024	2023
Loss before income taxes	\$ (2,713,000)	\$ (2,821,000)
Statutory income tax rate	27%	27%
Expected income tax recovery	(733,000)	(762,000)
Non-deductible items	19,000	45,000
Share issuance costs	(32,000)	(72,000)
Change in tax assets not recognized	746,000	789,000
Income tax expense	\$ -	\$ -

As at June 30, 2024 and 2023, the Company has unused tax losses and deductible temporary difference for which no deferred tax assets have been recognized. The tax effected amounts are as follows:

	2024	2023
Non-capital losses	\$ 6,408,000	\$ 5,659,000
Property and equipment	227,000	217,000
Other	149,000	174,000
	\$ 6,784,000	\$ 6,050,000

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not recognized on the consolidated statements of financial position are as follows:

	June 30, 2024 \$	Expiry Date Range	June 30, 2023 \$	Expiry Date Range
<b>Temporary differences</b>				
Property and equipment	841,000	No expiry date	803,000	No expiry date
Share issuance costs	224,000	2025 to 2028	316,000	2024 to 2027
Non-capital losses available for future years	23,733,000	2031 to 2044	20,960,000	2031 to 2043
Other	328,000	No expiry date	328,000	No expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.

### 16. Subsequent Events

On July 14, 2024, 75,000 warrants with an exercise price of \$0.40 per common share expired unexercised.