

MARVEL BIOSCIENCES CORP.

Consolidated Financial Statements

For the Years Ended July 31, 2025 and 2024

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Marvel Biosciences Corp.:

Opinion

We have audited the consolidated financial statements of Marvel Biosciences Corp. and its subsidiary (together the “Company”), which comprise the consolidated statement of financial position as at July 31, 2025, and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in shareholders’ deficit and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting 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 Consolidated 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 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 2 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended July 31, 2025. 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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor’s report, we have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<i>Fair value measurement of convertible debentures</i>	
Refer to note 5	Our approach to addressing the matter involved the following procedures, among others:
<p>As at July 31, 2025, the carrying amount of the Company's convertible debentures was \$2,310,000.</p> <p>The convertible debentures were accounted for as a financial liability measured at fair value through profit or loss with inputs to the fair value measurement classified as Level 3 in the fair value hierarchy.</p> <p>We considered this a key audit matter due to the auditor attention required with respect to the significant judgment and estimation uncertainty applied within the valuation model in determining the fair value of the convertible debentures. These considerations led to a high degree of subjectivity and audit effort in performing procedures to evaluate the judgments and test the significant assumptions.</p>	<ul style="list-style-type: none"> • Reviewed the convertible debenture agreements to obtain an understanding of the terms of the instruments to identify the presence of embedded derivatives. • Obtained management's analysis on the accounting treatment for the convertible debentures in accordance with IAS 32 and IFRS 9. • Evaluated the independence and expertise of management's experts and reviewed the valuation model used in determining the fair value of the convertible debentures. • Professionals with specialized skills and knowledge in the valuation of complex financial instruments assisted in testing the reasonableness of the valuation model applied by management's experts to calculate the fair value of the convertible debentures. • Recalculated the fair value change recognized in profit or loss for the year ended July 31, 2025. • Assessed the adequacy of the Company's disclosures in the consolidated financial statements related to the convertible debentures.

Other Matter

The consolidated financial statements of the Company for the year ended July 31, 2024 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on November 28, 2024.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. 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 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 Aycha Aziz.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
November 28, 2025

MARVEL BIOSCIENCES CORP.

Consolidated Statements of Financial Position

As at July 31, 2025 and 2024

(Expressed in Canadian Dollars)

	Notes	July 31, 2025 \$	July 31, 2024 \$
Assets			
Current assets			
Cash		128,855	345,769
GST receivable		17,549	115,925
Grant receivable	7	150,000	-
Prepaid expenses and deposits		30,311	29,617
		326,715	491,311
Total assets		326,715	491,311
Liabilities and Shareholders' Deficit			
Current liabilities			
Accounts payable and accrued liabilities	4,8	2,022,952	1,607,115
Convertible debentures	5	2,310,000	1,710,000
		4,332,952	3,317,115
Total liabilities		4,332,952	3,317,115
Shareholders' deficit			
Share capital	6	8,464,581	7,578,608
Reserves		439,673	294,611
Accumulated deficit		(12,910,491)	(10,699,023)
Total shareholders' deficit		(4,006,237)	(2,825,804)
Total liabilities and shareholders' deficit		326,715	491,311

Going concern (Note 2)

Subsequent events (Note 13)

Approved on behalf of the Board of Directors

/s/ "J. Roderick Matheson"

Roderick Matheson
CEO and Director

/s/ "Randall Smallbone"

Randall Smallbone
Director

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

MARVEL BIOSCIENCES CORP.

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended July 31, 2025 and 2024
(Expressed in Canadian Dollars)

	Notes	July 31, 2025 \$	July 31, 2024 \$
Expenses:			
Clinical study	7	547,366	302,023
Management, director and consulting fees	6,8	364,966	394,354
Professional fees	8	203,569	183,147
General and administrative	8	277,144	260,189
Interest and bank charges	5,8	268,006	113,977
Transfer agent fees		58,829	47,248
Travel		21,683	9,203
Share-based compensation	6,8	75,126	75,720
Loss before other items		(1,816,689)	(1,385,861)
Other items:			
Foreign exchange loss		(24,373)	(54,218)
Interest income		1,934	-
Write-off of GST receivable		(72,340)	-
Change in fair value of convertible debentures	5	(600,000)	(210,000)
Government grant	7	300,000	-
Net loss and comprehensive loss		(2,211,468)	(1,650,079)
Basic and diluted net loss per share		(0.05)	(0.04)
Weighted average number of common shares outstanding	6	47,304,567	39,963,827

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

MARVEL BIOSCIENCES CORP.

Consolidated Statements of Cash Flows
For the Years Ended July 31, 2025 and 2024
(Expressed in Canadian Dollars)

	July 31, 2025 \$	July 31, 2024 \$
Operating Activities		
Net loss	(2,211,468)	(1,650,079)
Non-cash items:		
Change in fair value of convertible debentures	600,000	210,000
Director fees settled by deferred share units	22,500	-
Write-off of GST receivable	72,340	-
Share-based compensation	75,126	75,720
	(1,441,502)	(1,364,359)
Changes in non-cash working capital items:		
GST receivable	26,036	4,236
Prepaid expenses and deposits	(694)	(34,011)
Grant receivable	(150,000)	-
Accounts payable and accrued liabilities	415,837	214,638
Net cash used in operating activities	(1,150,323)	(1,179,496)
Financing Activities		
Proceeds from private placement	1,018,750	500,000
Share issuance costs	(87,966)	(31,357)
Proceeds from convertible debentures	-	500,000
Proceeds from exercise of warrants	2,625	-
Net cash provided by financing activities	933,409	968,643
Net decrease in cash	(216,914)	(210,853)
Cash, beginning of the year	345,769	556,622
Cash, end of the year	128,855	345,769
Supplemental cash flow information		
Interest paid	-	-
Income taxes paid	-	-
Non-cash investment and financing activities		
Fair value of warrants exercised	1,163	-
Fair value of finder's warrants	18,599	16,754

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

MARVEL BIOSCIENCES CORP.

Consolidated Statements of Changes in Shareholders' Deficit
For the Years Ended July 31, 2025 and 2024
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	Common Shares #	Share capital \$	Reserves \$	Accumulated deficit \$	Total \$
Balance, July 31, 2023	39,786,231	7,126,719	202,137	(9,048,944)	(1,720,088)
Private placement (Note 6)	5,000,000	500,000	-	-	500,000
Share issuance costs (Note 6)	-	(31,357)	-	-	(31,357)
Finder's warrants (Note 6)	-	(16,754)	16,754	-	-
Share-based compensation (Note 6)	-	-	75,720	-	75,720
Net loss and comprehensive loss	-	-	-	(1,650,079)	(1,650,079)
Balance, July 31, 2024	44,786,231	7,578,608	294,611	(10,699,023)	(2,825,804)
Private placement (Note 6)	8,150,000	988,750	30,000	-	1,018,750
Share issuance costs (Note 6)	-	(87,966)	-	-	(87,966)
Finder's warrants (Note 6)	-	(18,599)	18,599	-	-
Share-based compensation (Note 6)	-	-	75,126	-	75,126
Warrants exercised	17,500	3,788	(1,163)	-	2,625
Deferred share units granted (Note 6)	-	-	22,500	-	22,500
Net loss and comprehensive loss	-	-	-	(2,211,468)	(2,211,468)
Balance, July 31, 2025	52,953,731	8,464,581	439,673	(12,910,491)	(4,006,237)

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

MARVEL BIOSCIENCES CORP.

Notes to the Consolidated Financial Statements
For the Years Ended July 31, 2025 and 2024
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Marvel Biosciences Corp. (“Marvel” or the “Company”) is a biotechnology company that was incorporated on August 1, 2018, under the laws of the Province of British Columbia. The Company continued from British Columbia to Alberta on June 14, 2021. The address of the Company’s head office and principal place of business is 420, 505 8th Ave SW, Calgary, Alberta T2P 1G2 and its registered and records office is 600, 815 8th Avenue SW, Calgary Alberta T2P 3T2.

The Company’s common shares are listed on the TSX Venture Exchange (“TSXV” or the “Exchange”) under the symbol “MRVL”. The Company is classified as a Tier 2 issuer pursuant to TSXV policies and a reporting issuer in each of the Provinces of British Columbia, Alberta, and Ontario.

The Company is currently a pre-clinical stage pharmaceutical development biotechnology company that utilizes a “drug redevelopment” approach to drug development.

2. BASIS OF PREPARATION

Statement of compliance

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

Going concern

During the year ended July 31, 2025, the Company incurred a net loss and comprehensive loss of \$2,211,468 (2024 - \$1,650,079) and utilized cash totalling \$1,150,323 (2024 - \$1,179,496) in operating activities. As at July 31, 2025, the Company’s current liabilities exceeded its current assets by \$4,006,237 (2024 - \$2,825,804) and had an accumulated deficit of \$12,910,491 (2024 - \$10,699,023).

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company’s continuation as a going concern is dependent upon the successful results from its pre-clinical stage pharmaceutical development activities and its ability to attain profitable operations and generate funds from these operations and/or raise equity capital or borrowings sufficient to meet current and future obligations. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, and cash flows of the Company. These consolidated financial statements do not give effect to the likely material adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going concern.

Basis of presentation

These consolidated financial statements been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value.

Basis of consolidation

The consolidated financial statements include the accounts of Marvel Biotechnologies Inc., a wholly owned subsidiary of the Company.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiary is fully consolidated from

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the date on which control is transferred to the group. It is deconsolidated from the date that control ceases. All intercompany transactions and balances have been eliminated.

Functional and presentation currency

The consolidated financial statements are presented in Canadian Dollars, which is the Company and its subsidiary's functional currency.

Approval of the financial statements

The consolidated financial statements of the Company for the year ended July 31, 2025, were approved and authorized for issuance by the Board of Directors on November 28, 2025.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Company has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the associated risks and rewards of ownership are transferred to another entity.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires. A financial liability is also derecognized 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.

Classification and initial measurement of financial assets

Financial assets are classified into the following categories: amortized cost; fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). The classification is determined by both the Company's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

On initial recognition, all financial assets are measured at fair value adjusted for directly attributable transaction costs except for financial assets classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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After initial recognition, these are measured at amortized cost using the effective interest method.

The Company classifies its cash as amortized cost.

Financial assets at FVTPL

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell, and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Company has no financial asset in this category.

Financial assets at FVOCI

A financial asset is measured at FVOCI if the financial asset is held within a business model of both collecting contractual cash flows and selling the financial assets or through an irrevocable election for equity instruments that are not held for trading.

Any gains or losses recognized in other comprehensive income ("OCI") will be recycled upon derecognition of the asset.

The Company has no financial assets in this category.

Classification and initial measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at FVTPL.

Subsequent measurement of financial liabilities

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

The Company's accounts payable and accrued liabilities are classified as amortized cost.

The Company has designated convertible debentures as financial liabilities measured at FVTPL.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to 12 months of expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and is related to an event occurring after the impairment was recognized.

Convertible debentures

Hybrid financial instruments issued by the Company comprises convertible debentures that can be converted to common shares at the option of the holder.

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Convertible debentures are classified as financial liabilities at fair value through profit or loss (FVTPL) in accordance with IFRS 9. On initial recognition, the debenture is measured at fair value, and any directly attributable transaction costs are expensed as incurred. Subsequent to initial recognition, the instrument is remeasured at fair value at each reporting date, with changes in fair value recognized in profit or loss. The fair value is determined using a valuation model that considers relevant market inputs, including risk-free rate, share price volatility, credit spread, discount rate and the specific terms of the convertible debentures' conversion features. No portion of the instrument is classified as equity, as the Company applied the FVTPL classification due to the presence of embedded features that would otherwise require separation under IAS 32.

Scientific research and development costs

Research costs are expensed as clinical study expense in the period in which they are incurred. Development costs are expensed in the period incurred unless the Company believes a development project meets generally accepted criteria for deferral and amortization in accordance with International Accounting Standard ("IAS") 38 "Intangible Assets".

Research and development ("R&D") costs comprise salaries, consultant fees, share-based payments, lab supplies, and an allocation of office costs.

Development activities involve a plan or design for the development of new or substantially improved compounds and assets. Development expenditures are capitalized only if development costs 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. Expenditures capitalized may include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in profit or loss as incurred.

Government assistance

The Company records, presents and discloses government grants received in accordance with IAS 20, Accounting for Government Grants and Disclosure of Government Assistance. Government grants received are recognized in profit or loss as other income when there is reasonable assurance the Company will comply with the conditions attached to them and that the grants will be received.

Foreign currency translation

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transaction. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date, while non-monetary assets and liabilities are translated at historical rates. Exchange gains and losses arising on translation of foreign currency denominated transactions or balances are recorded as a component of profit or loss in the period in which they occur.

Taxes

Tax expense comprises current and deferred tax. Current tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on 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 using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to 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.

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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 deferred tax asset will be recovered, it does not recognize the asset.

Share-based payments

The Company follows the fair value method of valuing stock options and finder's warrants granted. Share-based compensation amounts are determined based on the fair value of shares on the date of grant of the options or finder's warrants. Forfeitures are estimated at the grant date and are subsequently adjusted to reflect actual forfeiture realized. The expense is recognized over the vesting period, with a corresponding increase to reserves. The fair value of share-based payments is determined using the Black-Scholes option pricing model.

Share capital

Common shares, options and warrants are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Deferred share units

A Deferred Share Unit Plan ("DSU") was established for officers and directors of the Company. The DSUs vest annually from the date of grant and are settled in cash or common shares of the Company, at the Company's option. The fair value of a DSU is measured, based on the 5-day volume weighted average price ("VWAP") of the Company's publicly traded common shares on the date of grant. The fair value of DSUs granted is recorded in profit or loss and as a credit to reserves. At termination, where the holder ceases to hold any position as a director of the Company and not otherwise being employed or engaged as a consultant or eligible stakeholder (as determined by the Board) by the Company, including the death of the holder, the Company will elect to settle the outstanding DSUs as either cash settlement or equity settlement, in accordance with the DSU plan.

Warrants

When the Company issues private placement units, each unit comprises a certain number of common shares and a certain number of warrants. The Company allocates the total fair value to the common share and warrant components using the residual method whereby it measures the common share component of the unit at fair value using the trading price on the date of issuance and then allocates the residual value, if any, of the units over the fair value of the common shares to the warrant component. The fair value attributed to the warrants, if any, is recorded as reserves within equity.

Earnings (loss) per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method.

Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the reporting periods.

However, in periods where a net loss is reported, outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive and as a result diluted loss per share is equal to the basic loss per share.

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Use of accounting estimates and judgments

The preparation of these consolidated financial statements 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 expenses during the reporting year. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

Significant estimates and judgements made by management in the preparation of these consolidated financial statements are as follows:

Estimates

Share-based payments

Share-based compensation amounts are determined based on compensation plans in effect and are subject to estimated fair values, expected volatility, expected life, discount rate, forfeiture rates and the Company's share price using the Black-Scholes option pricing model. The Company estimates expected volatility based on its historical volatility.

Convertible debentures

In line with its accounting policy, convertible debentures are measured in their entirety (debt host and convertible component), at fair values at the reporting date. The valuation method used to determine fair value requires the input of a number of assumptions including risk free rate, share price volatility, credit spread, and discount rate. These assumptions involve inherent uncertainties.

Judgements

Convertible debentures

The Company issues convertible debentures, which may be comprised of embedded derivatives, debt and equity or derivative liability components. The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management.

Deferred share units

The Company has issued deferred share units to Directors that can be settled by issuing shares of the Company or settled at the option of the Company by issuing cash. The classification of the deferred share units as equity-settled requires the Company to apply judgment in assessing whether there is a present obligation to settle in cash.

New accounting standards, amendments and interpretations issued

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that was effective for annual periods that begin on or after January 1, 2024.

IAS 1 – Classification of liabilities as Current or Non-current

These amendments clarify that the classification of liabilities as current or non-current is based on rights that exist at the end of the reporting period. Specifically, a liability is classified as non-current if the entity has a substantive right to defer settlement for at least twelve months after the reporting date. The adoption of this amendment resulted in the reclassification of the Company's convertible debentures as a current liability for the current and prior periods in accordance with the transition provisions.

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New Standards not yet Adopted

IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in the Financial Statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements but carries forward many of the requirements from IAS 1. The standard introduces new defined subtotals to be presented in the Company's statement of loss and comprehensive loss, disclosure of any management-defined performance measures related to the statement of loss and comprehensive loss and requirements for grouping of information. IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with earlier adoption permitted, and will apply retrospectively. The Company is currently in the process of assessing the impact of IFRS 18 (and applicable amendments to other standards) on the consolidated financial statements and notes to the consolidated financial statements.

IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments. The amendments clarify that a financial liability is derecognized on the settlement date and introduce an accounting policy choice to derecognize a financial liability settled using an electronic payment system before the settlement date. Other clarifications include guidance on the classification of financial assets with ESG-linked features, non-recourse loans and contractually linked instruments. The amendments are effective for annual periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets (for contingent features). The Company is currently in the process of assessing the impact of the amendments on the consolidated financial statements and notes to the consolidated financial statements.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of the Company's accounts payable and accrued liabilities are below:

	July 31, 2025 \$	July 31, 2024 \$
Trade payables	1,500,303	1,347,884
Accrued liabilities	236,293	112,875
Interest payable (Note 5)	286,356	146,356
	2,022,952	1,607,115

5. CONVERTIBLE DEBENTURES

On February 24, 2023, the Company raised gross proceeds of \$1,000,000 through the issuance of unsecured convertible debentures. The convertible debentures units will mature on February 24, 2026, and bear simple interest of 8% per annum. Interest is payable annually in arrears.

On January 19, 2024, the Company raised additional gross proceeds of \$500,000 through the issuance of unsecured convertible debentures. The convertible debentures units will mature on January 19, 2027, and bear simple interest of 12% per annum. Interest is payable annually in arrears.

The entire principal amount of the convertible debenture may be converted at the election of the holder into common shares of the Company at a conversion price of \$0.12 per share at any time prior to the maturity date. The conversion is subject to certain price adjustment clauses as provided in the unsecured convertible debentures agreement, which may change the number of shares that would be issued if conversions were exercised.

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The accrued interest may be paid in cash or common shares, at the option of the Company, based on a conversion price equal to the 20-day volume-weighted average price ("VWAP") of the Company's common shares on the TSXV immediately preceding the date the interest is due.

In line with the Company's accounting policies, the Company designated these convertible debentures as measured at fair value in their entirety (debt host as well as the conversion feature). The fair values of the convertible debentures were determined using a convertible bond pricing model. The fair value of the convertible debentures that was estimated to be \$2,310,000 as at July 31, 2025 (2024 - \$1,710,000), as such, a fair value increase of \$600,000 (2024 - \$210,000) was recorded in profit or loss. Significant unobservable (level 3) inputs include: risk-free rate of 2.64% – 2.69%, credit spread of 21.31% - 37.98%, and discount rate of 24.00% - 40.62%. Other significant inputs include volatility of 67.24% – 69.38%.

Changes in the fair value of the convertible debentures and accrued interest is as follows:

	Convertible debenture \$	Interest payable (Note 4) \$	Total \$
Balance, July 31, 2023	1,000,000	39,507	1,039,507
Additions	500,000	-	500,000
Interest	-	106,849	106,849
Fair value adjustment	210,000	-	210,000
Balance, July 31, 2024	1,710,000	146,356	1,856,356
Interest	-	140,000	140,000
Fair value adjustment	600,000	-	600,000
Balance, July 31, 2025	2,310,000	286,356	2,596,356

6. SHARE CAPITAL

(a) Common Shares

Authorized:

Unlimited number of common shares without par value.

Issued and outstanding:

During the year ended July 31, 2025, the Company issued the following shares:

On January 2, 2025, 17,500 common shares were issued pursuant to the exercise of warrants for proceeds of \$2,625. The Company re-allocated \$1,163 in warrant value from reserves to share capital.

On April 8, 2025, the Company closed the first tranche of its non-brokered private placement of 7,400,000 units ("Units") at a price of \$0.125 per Unit for gross proceeds of \$925,000. Each Unit is comprised of one common share of the Company and one share purchase warrant. Each share purchase warrant is exercisable at a price of \$0.175 per share and expires on April 8, 2027. The Company fair valued the warrants at \$nil using the residual value method. The Company incurred cash share issuance costs of \$81,304.

The Company also issued 276,710 finder's warrants with each warrant being exercisable at \$0.175 per warrant, expiring on April 8, 2027. The Company fair valued the finder's warrants at \$16,815 using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate – 2.45%; expected volatility 107.18%; expected life – 2 years; forfeiture rate – nil%; expected dividends – \$nil.

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On May 7, 2025, the Company closed the second tranche of its non-brokered private placement of 750,000 units (“Units”) at a price of \$0.125 per Unit for gross proceeds of \$93,750. Each Unit is comprised of one common share of the Company and one share purchase warrant. Each share purchase warrant is exercisable at a price of \$0.175 per share and expires on May 7, 2027. The Company fair valued the warrants at \$30,000 using the residual value method. The Company incurred cash share issuance costs of \$6,662.

The Company also issued 52,500 finder’s warrants with each warrant being exercisable at \$0.175 per warrant, expiring on May 7, 2027. The Company fair valued the finder’s warrants at \$1,784 using the Black-Scholes option pricing model using the following assumptions: risk free rate – 2.45%; expected volatility 107.44%; expected life – 2 years; forfeiture rate – nil%; expected dividends – \$nil.

During the year ended July 31, 2024, the Company issued the following shares:

On July 19, 2024, the Company closed a non-brokered private placement of 5,000,000 units (“Units”) at a price of \$0.10 per Unit for gross proceeds of \$500,000. Each Unit is comprised of one common share of the Company and one share purchase warrant. Each share purchase warrant is exercisable at a price of \$0.15 per share and expires on July 19, 2026. The Company fair valued the warrants at \$nil using the residual value method. The Company incurred cash share issuance costs of \$31,357. The Company also issued 252,000 finder’s warrants with each warrant being exercisable at \$0.15 per warrant, expiring on July 19, 2026. The Company fair valued the finder’s warrants at \$16,754 using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate – 3.28%; expected volatility – 115.782%, expected life – 2 years; forfeiture rate – nil%, expected dividends – \$nil.

(b) Warrants

Warrant transactions are summarized as follows as at July 31, 2025 and 2024:

	Number of warrants	Weighted Average Exercise Price \$	Weighted Average Remaining Life (years)
Balance, July 31, 2023	2,700,000	0.15	0.02
Issued	5,252,000	0.15	-
Expired	(2,700,000)	0.19	-
Balance, July 31, 2024	5,252,000	0.15	1.72
Issued	8,479,210	0.175	-
Exercised	(17,500)	0.15	-
Balance, July 31, 2025	13,713,710	0.165	1.42

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(c) Stock Options

The Company has established a stock option plan (the "Plan") whereby it provides for a rolling number of common shares to be reserved and available to be granted. This number is approved by the Company's Shareholders from time to time and not to exceed 10% of the Company's issued and outstanding common shares on an undiluted basis and including securities authorized under any equity compensation plans, at the time of approval. The exercise price of the common shares subject to each stock option is determined by the Board of Directors and may not be less than the discounted market price as defined by the TSXV.

The balance of options outstanding and related information for the years ended July 31, 2025 and 2024 are as follows:

	Number of options	Weighted Average Exercise Price \$	Weighted Average Remaining Life (years)
Balance, July 31, 2023	3,350,000	0.20	3.46
Granted	1,475,000	0.125	-
Forfeited	(750,000)	0.33	-
Balance, July 31, 2024 and 2025	4,075,000	0.15	2.46

The balance of options outstanding as at July 31, 2025 was as follows:

Expiry Date	Exercise price \$	Number of options outstanding	Unvested	Exercisable
July 14, 2026	0.25	975,000	-	975,000
July 14, 2027	0.10	1,425,000	-	1,425,000
October 19, 2027	0.14	200,000	-	200,000
July 23, 2029	0.125	1,475,000	491,667	983,333
		4,075,000	491,667	3,583,333

During the year ended July 31, 2025, the Company did not grant any share options. During the year ended July 31, 2025, the Company recorded \$75,126 (2024 - \$75,720) relating to the vesting of previously granted options.

During the year ended July 31, 2024, the Company granted 1,475,000 share purchase options, expiring on July 23, 2029 with an exercise price of \$0.125 per share purchase option respectively. The options vest one-third on the grant date, one-third on the first anniversary of the grant and the remainder on the second anniversary of the grant. The fair value was determined using the Black-Scholes Option Pricing model using the following assumptions: Risk-free rate – 3.28% per annum; expected life – 5 years; expected volatility – 116.33%; expected forfeiture and dividends – nil.

(d) Deferred share units

On July 31, 2025, the Company adopted a deferred share unit ("DSU") plan as an alternative form of compensation for employees, officers, consultants and directors of the Company. Each DSU is comprised of one notional common share that entitles the participant, on termination of services, to receive, at the discretion of the Company, common shares of the Company up to the number of DSUs held or the cash equivalent. In the event the Company decides to settle all or a portion of the DSUs

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outstanding in cash, the total DSUs owing will be multiplied by the fair market value of one common share of the Company. The fair market value will be determined as the VWAP of the Company's common shares on the valuation date. The maximum number of common shares that are issuable under the DSU plan is 4,478,623.

On July 31, 2025, the Company granted 142,987 DSUs with an aggregate fair value of \$22,500 to directors of the Company. The fair value of the DSUs are included as director fees in profit or loss for the year.

(e) Loss per share

The calculation of weighted average common shares outstanding for the diluted loss per share calculation excludes the impact of the options and warrants outstanding as at July 31, 2025 and 2024 as the effect is anti-dilutive.

7. CLINICAL STUDY EXPENSE

During the year ended July 31, 2025, the Company continued conducting ongoing clinical studies to determine if the Company had indications of viable active compounds, that could lead to drugs being developed commercially, totaling \$547,366 (2024 – \$302,023). Since the costs incurred were to determine if a viable active compound existed and further development should be undertaken, the amounts have been expensed. The costs incurred, broken down by nature, are as follows:

	July 31, 2025	July 31, 2024
	\$	\$
Consultants	3,150	39,522
Research, laboratory work and supplies	544,216	262,501
	547,366	302,023

During the year ended July 31, 2025, the Company was awarded the Alberta Innovates AICE Validates grant and recognized \$300,000 in grant revenue to support preclinical validation of MB204. The Company received \$150,000 upon being awarded the grant and the remainder was subject to completion of certain milestones, including completion of certain experiments. As at July 31, 2025, the Company had met the requirements to receive the remainder of the grant and has therefore recorded the balance as a grant receivable at July 31, 2025. Subsequent to July 31, 2025, the amount was received. The grant was recognized as a government grant and recorded as other income in profit or loss.

8. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial or operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The compensation incurred in respect of key personnel, being the executive and non-executive officers and directors of the Company, for services provided during the year ended July 31, 2025 and 2024 are as follows:

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	July 31, 2025	July 31, 2024
	\$	\$
General and administrative	39,672	39,672
Management, director and consulting fees	330,000	330,000
Professional fees	84,130	84,000
Share-based compensation	65,522	68,958
	519,324	522,630

Included in accounts payable and accrued liabilities at July 31, 2025, are amounts due to related parties of \$76,417 (2024 - \$20,578) for the above services. The amounts owing are non-interest bearing and due on demand.

During the year ended July 31, 2025, the Company paid \$15,650 (2024 - \$10,824) in general and administrative expenses to a family member of the CEO. Included in accounts payable and accrued liabilities at July 31, 2025, is \$2,385 (2024 - \$2,050).

During the year ended July 31, 2023, the Company issued \$500,000 in convertible debentures to the CEO of the Company (Note 5). During the year ended July 31, 2025, the Company recorded \$40,000 (2024 - \$40,110) in interest expense on the convertible debt related to the CEO and as at July 31, 2025, \$97,315 (2024 - \$57,315) remains unpaid and is recorded as interest payable (Notes 4 and 5).

9. INCOME TAXES

Income tax expense varies from the amount that would be computed by applying the expected basic federal and provincial income tax rates for Canada at July 31, 2025 at 23% (2024 – 23%) to loss before income taxes.

A reconciliation of the differences is as follows:

	July 31, 2025	July 31, 2024
	\$	\$
Loss before income taxes	(2,211,468)	(1,650,079)
Computed income taxes	(509,000)	(379,518)
Increase (decrease) in taxes:		
Non-deductible expenses and other	18,000	10,535
Share issue costs	(20,000)	-
Change in deferred tax assets not recognized	511,000	368,983
	-	-

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A summary of the gross tax balances in which a deferred tax asset was not recognized is as follows:

	July 31, 2025	July 31, 2024
	\$	\$
Property and equipment	-	161
Convertible debentures	810,000	-
Share issue costs	96,000	80,987
Scientific research and development expenditures	914,000	914,157
Non-capital loss carryforward	9,079,000	7,679,922
	10,899,000	8,675,227

Company's non-capital loss carry forward balances if not utilized will expire in various years ranging from 2039 to 2045. The losses expire as follows:

	Total \$
2039	58,000
2040	26,000
2041	1,076,000
2042	2,618,000
2043	2,274,000
2044	1,418,000
2045	1,609,000
	9,079,000

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized costs; and fair value through other comprehensive income.

The Company is required to make disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

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

As at July 31, 2025, the Company's financial instruments consist of cash, accounts payable and accrued liabilities and convertible debentures. Cash and accounts payable and accrued liabilities are classified as measured at amortized costs and their fair values approximate their carrying values because of the short-term nature of these instruments. Convertible debentures are classified as measured at FVTPL in accordance with Level 3, refer to Note 5.

Risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at July 31, 2025 and 2024, the Company's credit risk is primarily related to cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company's approach to management of credit risk has not changed materially from that of the year ended July 31, 2024.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2025, the Company had a cash balance of \$128,855 (2024 - \$345,769) to settle current liabilities of \$4,332,952 (2024 - \$3,317,115).

All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. Interest on convertible debentures is payable annually. The convertible debentures totalling \$1,000,000 and \$500,000 are due on February 24, 2026 and January 19, 2027, respectively.

To maintain liquidity, the Company is currently exploring financing opportunities. The Company's approach to management of liquidity risk has not changed materially from that of the year ended July 31, 2024.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to material other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate on the Company's convertible debentures is fixed during the term of the convertible debentures. The Company's approach to management of interest rate risk has not changed materially from that of the year ended July 31, 2024.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the Company's financial assets and liabilities are denominated in US dollars and give rise to risks from changes in the foreign exchange rate between the Canadian dollar (functional currency) and US dollar. As at July 31, 2025, included in the Company's cash balance was US dollars with a Canadian dollar equivalent of \$2,328 (2024 - \$291,034) and included in accounts payables were US dollar liabilities with a Canadian dollar equivalent of \$1,353,770 (2024 - \$1,121,160). A 10% increase (decrease) in the Canadian Dollar/US dollar exchange rates on that date would have resulted in an increase or decrease of approximately \$135,000 (2024 - \$83,000). The Company does not use derivative financial instruments to reduce its foreign exchange exposure and is subject to fluctuations in exchange rate between Canadian dollars and US dollars. The Company's approach to management of currency rate risk has not changed materially from that of the year ended July 31, 2024.

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11. CAPITAL MANAGEMENT

The Company manages its capital, being the components of shareholders' deficit, and makes adjustments to it, based on the funds available to the Company, in order to support research and development activities. The Company actively manages its cash flow and investment in research to match its cash generated from financing activities including eligible government programs. In order to conserve cash, the Company plans to focus on developing compounds with positive indicators of activity that can be patented or are patentable and commercialized; minimize operating expenses where possible; and limit capital expenditure. As the Company continues to expend on research and development, these activities will be financed through eligible government programs and external financing. The Company's capital structure as at July 31, 2025, is comprised of shareholders' deficit of \$4,006,237 (2024 - \$2,825,804).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital restrictions. The Company did not change its approach to capital management during the year ended July 31, 2025.

12. SEGMENT REPORTING

The Company operates as one reportable segment being pre-clinical stage pharmaceutical development within Canada.

13. SUBSEQUENT EVENTS

Subsequent to July 31, 2025, the Company issued 5,050,750 common shares pursuant to the exercise of warrants for gross proceeds of \$758,138.

On October 31, 2025, the Company granted 35,697 DSUs to directors of the Company in lieu of directors fees.