

Unaudited Condensed Interim Consolidated Financial Statements of

ATLAS ENERGY CORP.

(Formerly Willow Biosciences Inc.)

For the Three and Nine Month Periods Ended September 30, 2025 and 2024

(in thousands of Canadian dollars)

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Atlas Energy Corp.
(Formerly Willow Biosciences Inc.)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

In thousands of Canadian dollars	Note	September 30 2025	December 31 2024
Assets			
Current			
Cash and cash equivalents		\$ 27,904	\$ 333
Accounts receivable		19	39
Short-term investments		20	20
Deposits and prepaid expenses		179	209
Inventory		-	56
		28,122	657
Property, plant and equipment		-	499
Right-of-use assets		-	1,176
Long-term deposits		-	157
		\$ 28,122	\$ 2,489
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 164	\$ 648
Current portion of lease liabilities		-	970
Deferred share awards liability	5g	-	208
Deferred revenue		-	167
		164	1,993
Lease liabilities		-	287
Convertible debenture	6	-	714
		164	2,994
Shareholders' equity (deficiency)			
Share capital and warrants	4,5	30,291	120,888
Equity component of convertible debentures	6	-	44
Contributed surplus		6,835	6,753
Accumulated other comprehensive loss	8	-	(316)
Deficit	5b	(9,168)	(127,874)
Total shareholders' equity deficiency		27,958	(505)
		\$ 28,122	\$ 2,489

See accompanying notes to these unaudited condensed interim consolidated financial statements.

Atlas Energy Corp.
(Formerly Willow Biosciences Inc.)

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

In thousands of Canadian dollars	Note	Three months ended September 30 2025	2024 <i>Re-presented</i> (Note 2, 8)	Nine Months ended September 30 2025	2024 <i>Re-presented</i> (Note 2, 8)
Operating Expenses					
General and administrative		657	528	1,853	1,529
Share based compensation	5c	-	15	(18)	145
Depreciation and amortization		-	14	30	43
Foreign exchange (gain) loss		(3)	1	34	7
Loss on extinguishment of convertible debenture	6	-	-	107	-
Total operating expenses		654	558	2,006	1,724
Loss from operating activities		(654)	(558)	(2,006)	(1,724)
Net finance income (expense)		157	(27)	90	(44)
Loss from continuing operations		(497)	(585)	(1,916)	(1,768)
Net income (loss) from discontinued operations	8	(250)	(661)	1,222	(3,523)
Net Income (loss)		(747)	(1,246)	(694)	(5,291)
Foreign exchange gain on translation of discontinued foreign operations		-	(13)	-	39
Reclassification of foreign exchange translation gain on disposition	8	-	-	316	-
Net comprehensive income (loss)		\$ (747)	\$ (1,259)	\$ (378)	\$ (5,252)
Loss per share from continuing operations:					
Loss per share, basic and diluted	7	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Earnings (loss) per share from discontinued operations:					
Earnings (loss) per share, basic	7	\$ (0.00)	\$ (0.00)	\$0.00	\$ (0.03)
Earnings per share, diluted	7	\$ -	\$ -	\$-	\$ -

See accompanying notes to these unaudited condensed interim consolidated financial statements.

Atlas Energy Corp.
(Formerly Willow Biosciences Inc.)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Unaudited)
Nine Months Ended September 30

In thousands of Canadian dollars, except for common share figures	Number of Common Shares*	Share Capital and Warrants	Convertible debenture-equity portion	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
	(Note 5)	(Note 5)	(Note 6)	(Note 5)			
December 31, 2024	28,969,309	\$ 120,888	\$ 44	\$ 6,753	\$ (316)	\$ (127,874)	\$ (505)
Private placement	600,000,000	30,000	-	-	-	-	30,000
Share issuance costs	-	(1,365)	-	-	-	-	(1,365)
Release of restricted share awards	470,045	227	-	(227)	-	-	-
Reclass of expired warrants	-	(59)	-	59	-	-	-
Reclass convertible debenture-equity portion	-	-	(44)	44	-	-	-
Share-based compensation	-	-	-	206	-	-	206
Foreign exchange loss on translation of discontinued foreign operations	-	-	-	-	-	-	-
Reclass of foreign exchange loss on translation of foreign operations	-	-	-	-	316	-	316
Reduction in stated capital	-	(119,400)	-	-	-	119,400	-
Net income for the period	-	-	-	-	-	(694)	(694)
September 30, 2025	629,439,354	\$ 30,291	\$ -	\$ 6,835	\$ -	\$ (9,168)	\$ 27,958

In thousands of Canadian dollars, except for common share figures	Number of Common Shares*	Share capital and Warrants	Convertible debenture-equity portion	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
	(Note 6)	(Note 5,6)	(Note 7)	(Note 6)			
December 31, 2023	24,887,565	\$ 118,176	\$ 44	\$ 7,314	\$ (413)	\$ (121,685)	\$ 3,436
Convertible debenture-interest payment	88,975	48	-	-	-	-	48
Exercising of equity settled awards	82,229	972	-	(972)	-	-	-
Private placement – issuance	502,597	270	-	-	-	-	270
Brokered Financing-issuance	3,279,473	1,640	-	-	-	-	1,640
Share issue costs	-	(260)	-	-	-	-	(260)
Share-based compensation	-	-	-	313	-	-	313
Foreign exchange loss on translation of foreign operations	-	-	-	-	39	-	39
Net loss for the period	-	-	-	-	-	(5,291)	(5,291)
September 30, 2024	28,840,839	\$ 120,846	\$ 44	\$ 6,655	\$ (374)	\$ (126,976)	\$ 195

See accompanying notes to these unaudited condensed interim consolidated financial statements.

*These amounts are restated and presented on a post-consolidation basis (Note 5)

Atlas Energy Corp.
(Formerly Willow Biosciences Inc.)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

In thousands of Canadian dollars	Note	Three months ended September 30		Nine months ended September 30	
		2025	2024	2025	2024
Cash provided by (used for):					
Operating activities					
Net Income (Loss)		\$ (747)	\$ (1,246)	\$ (694)	\$ (5,291)
Items not affecting cash and cash equivalents:					
Share based compensation	5c	-	65	94	329
Depreciation and amortization		-	314	30	1,019
Interest on lease payments		-	26	39	89
Accretion interest on convertible debenture	6	-	10	19	28
Interest payable on convertible debenture	6	-	48	-	48
Share issuance costs		-	(6)	-	(6)
Loss on settlement of convertible debt	6	-	-	107	-
Gain on sale of property, plant and equipment		-	-	-	(135)
Other income (loss) on discontinued operations	8	250	-	250	-
Gain on sale of discontinued operations	8	-	-	(3,030)	-
Extinguishment of deferred share awards	5g	-	-	(96)	-
Net change in non-cash working capital	9	(654)	(119)	66	529
Cash used in operating activities		(1,151)	(908)	(3,215)	(3,390)
Financing activities					
Lease payments		-	(198)	(363)	(596)
Proceeds from private placement	5	-	1,093	30,000	1,910
Share issuance costs	5	(58)	(254)	(1,365)	(254)
Proceeds from stock options exercised		-	2	-	2
Extinguishment of convertible debenture	6	-	-	(840)	-
Net change in long-term deposits		-	1	-	(1)
Cash from (used in) financing activities		(58)	644	27,432	1,061
Investing activities					
Cash proceeds from sale of discontinued operations, net of cash disposed	8	-	-	3,363	-
Proceeds from sale of investments		-	20	-	20
Expenditures on property, plant and equipment		-	(20)	-	(20)
Proceeds on sale of property, plant and equipment		-	-	-	135
Net change in non-cash working capital	9	-	(109)	-	(109)
Cash from (used in) investing activities		-	(109)	3,363	26
Increase (Decrease) in cash and cash equivalents		(1,209)	(373)	27,580	(2,303)
Effect of foreign exchange on cash and cash equivalents		5	(5)	(9)	17
Cash and cash equivalents, beginning of period		29,108	690	333	3,145
Restricted cash		-	547	-	-
Cash and cash equivalents, end of period		\$ 27,904	\$ 859	\$ 27,904	\$ 859
Cash interest paid on convertible debenture	6	-	\$ 34	\$ 42	\$ 100

Supplementary cash flow information – Note 9

See accompanying notes to these unaudited condensed interim consolidated financial statements.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025 and 2024
(amounts in thousands of Canadian dollars, except for share amounts)

1. Reporting Entity

On April 30, 2025, Willow Biosciences Inc. (“Willow”)’s wholly-owned operating subsidiary Epimeron USA, Inc. (“Epimeron”) which included the biotechnology business, intellectual property and Research and Development (“R&D”) team was sold to a private company. The disposition of Epimeron constituted a sale of substantially all of Willow’s business operations.

On June 19, 2025, Willow completed a transformative recapitalization transaction to form Atlas Energy Corp. (the “Company”). The Company completed: (a) consolidation of the common shares of the Company on the basis of one (1) post-Consolidation Common Share for every five (5) pre-Consolidation Common Shares; (b) appointment of a new management team and new board of directors; (c) name change to "Atlas Energy Corp."; and (d) non-brokered equity private placement for aggregate gross proceeds of \$30.0 million (the "Private Placement"). All amounts for common shares, warrants, performance warrants, restricted share awards, performance share awards, deferred share awards and stock options in these financial statements, except for the Private Placement, are presented as if the share consolidation was effected retroactively.

Atlas Energy Corp. is focused on the acquisition and management of a portfolio of international upstream oil and gas royalty and streaming transactions. As of September 30, 2025, the Company has an active pipeline of potential opportunities but has not yet consummated any royalty or streaming agreement.

The condensed interim consolidated financial statements comprise of the Company and its wholly owned subsidiary. Atlas Energy International SEZC was incorporated under the laws of the Cayman Islands on September 18, 2025.

The Company’s shares are listed on the TSX Venture Exchange (“TSXV”) under the trading symbol “ATLE”. The Company’s head office and registered office is located at Suite 3200 Dome Tower, 333 7th Ave SW, Calgary AB T2P 2Z1.

2. Basis of Presentation

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard IAS 34, “Interim Financial Reporting” using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board and are presented in thousands of Canadian dollars. These condensed interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated annual financial statements for the year ended December 31, 2024, with the exception to the discontinued operations policy as included in Note 3. These condensed interim consolidated financial statements do not include all the information required for consolidated annual financial statements and should be read in conjunction with the consolidated audited financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board.

The Company has re-presented the results of their R&D business as discontinued operations in the Condensed Interim Consolidated Statements of Comprehensive Income (Loss) to conform with the requirements IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

On June 16, 2025, the shareholders of the Company approved a consolidation of common shares on the basis of a ratio of five (5) pre-consolidation common shares for each post-consolidation common share (the "Share Consolidation"). The Share Consolidation was completed on June 19, 2025. All references to common shares, warrants, performance share awards, restricted share awards, deferred share awards and stock options in Condensed Interim Consolidated Financial Statements have been restated and are reflected on a post-consolidation basis.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 13, 2025.

Basis of Measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain items that have been measured at fair value.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025 and 2024
(amounts in thousands of Canadian dollars, except for share amounts)

Functional and Presentation Currency

Unless otherwise stated, these unaudited condensed interim consolidated financial statements are presented in Canadian (CAD) dollars. The Company's functional currency is the Canadian (CAD) dollar. The functional currency for the Company's wholly-owned Cayman Islands subsidiary is the United States (USD) dollar.

Use of Estimates and Judgements

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates. These estimates include impairment indicators and the determination of the issuance date fair value of warrants. Judgement is required in determining whether a component is considered a discontinued operation.

3. Material accounting policies

The material accounting policies applied by the Company are described in Note 3 of the December 31, 2024 consolidated annual financial statements. These condensed interim consolidated financial statements as at September 30, 2025 have been prepared following the same accounting policies and methods of computation as the most recent consolidated annual financial statements as at and for the year ended December 31, 2024, except as noted below.

Discontinued Operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Judgement is required in determining whether a component is considered a discontinued operation.

As disclosed in Note 8, the Company sold the entirety of its R&D business. The Company applied judgement to determine whether a component of the Company that either has been disposed of, or classified as held for sale, meets the criteria of a discontinued operation. The key area that involves management judgement in this determination is whether the component represents a separate major line of business. There were no retained liabilities directly associated with the sale of this business and management determined that this represented a major line of business for the Company. As such, the Company classified its R&D business as a discontinued operation and presented the post-tax income (loss) as a single amount in the Condensed Interim Consolidated Statements of Comprehensive Income (Loss).

New standards, amendments and interpretations not yet adopted by the Company

The amended standards and interpretations that are issued, but not yet effective, have been disclosed in the Company's consolidated financial statements for the year ended December 31, 2024. The Company is currently assessing the effect of these new accounting standards and amendments, specifically, IFRS 18 Presentation and Disclosure in Financial Statements. The Company intends to adopt such amended standards and interpretations, if applicable, when they become effective.

4. Broker Warrants and Warrants

a) Broker warrants

	Number of Broker Warrants	Weighted Average Exercise Price \$
Broker warrants at December 31, 2023	-	-

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025 and 2024
(amounts in thousands of Canadian dollars, except for share amounts)

Issued with private placement	164,984	0.500
Issued with private placement	9,000	0.650
Broker warrants at December 31, 2024 and September 30, 2025	173,984	0.508

In connection with the July 18, 2024 offering, the agent received a cash commission of \$86,992 and was issued 173,984 non-transferable broker warrants. Each broker warrant entitles the agent to purchase one (1) share (Note 5) until July 18, 2027, with 164,984 broker warrants being exercisable at the Issue Price of \$0.50, and 9,000 broker warrants being exercisable at the exercise price of \$0.65.

b) Warrants

	Number of Warrants	Weighted Average Exercise Price \$
Warrants at December 31, 2023	761,920	0.525
Issued with private placement	135,986	0.70
Issued with private placement	115,313	0.80
Issued with brokered financing	1,639,737	0.65
Warrants at December 31, 2024	2,652,956	0.625
Expired	(251,299)	0.745
Issued with recapitalization	300,000,000	0.050
Warrants at September 30, 2025	302,401,657	0.054

In connection with the July 18, 2024 offering, the Company issued 1,639,737 warrants at an exercise price of \$0.65 per Common Share for a period of 36 months from the closing of the Offering, subject to an accelerated expiry in the event the volume-weighted average closing price of the Common Shares on the TSXV is equal to or exceeds \$0.85 for ten (10) consecutive trading days.

In connection with the June 19, 2025 private placement (Note 5b), the Company issued 300 million Common Share Purchase Warrants. Each Common Share Purchase Warrant entitles the holder to purchase one Common Share at a price of \$0.05 for a period of five years. The Common Share Purchase Warrants vest and become exercisable in increments of one third upon which the first one third vests as the 10-day weighted average trading price of the Common Shares (the "Market Price") equalling or exceeding 50% above the Exercise Price, an additional one-third upon the Market Price equalling or exceeding 75% above the Exercise Price and a final one-third upon the Market Price equalling or exceeding 100% above the Exercise Price. All of the above-listed warrants have now vested.

The gross proceeds of \$15.0 million received in connection with the June 19, 2025 private placement were allocated between warrants and common shares.

5. Share Capital

On June 16, 2025, the shareholders of the Company approved a consolidation of common shares on the basis of a ratio of five (5) pre-consolidation common shares for each post-consolidation common share (the "Share Consolidation"). The Share Consolidation was completed on June 19, 2025.

a) Authorized

Unlimited number of common shares without par value.
Unlimited number of preferred shares issuable in series.

b) Issued and outstanding

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025 and 2024
(amounts in thousands of Canadian dollars, except for share amounts)

	Number of Common Shares	Share Capital and Warrants
Balance at December 31, 2023	24,887,565	\$ 118,176
Exercising of equity rewards	82,229	972
Common shares and warrants issued with private placement	502,597	270
Common shares and warrants issued with brokered financing	3,279,473	1,640
Share issuance costs	-	(266)
Common shares issued for interest payment on convertible debenture	217,445	96
Balance at December 31, 2024	28,969,309	\$ 120,888
Common share units issued with private placement	300,000,000	15,000
Common shares issued with private placement	300,000,000	15,000
Share issuance costs	-	(1,365)
Shares issued for vested RSU's	470,045	227
Reclass of expired warrants	-	(59)
Reduction in stated capital	-	(119,400)
Balance at September 30, 2025	629,439,354	\$ 30,291

On June 19, 2025, the Company issued 300 million units ("Units") at a price of \$0.05 per Unit for gross proceeds of \$15.0 million. Each Unit issued under the Private Placement was comprised of one Common Share and one Common Share purchase warrant (each, a "Warrant") (Note 4b). Additionally, the Company issued 300 million Common Shares at a price of \$0.05 per Common Share for gross proceeds of \$15.0 million.

On June 16, 2025, at the special meeting for shareholders, the shareholders authorized and approved a reduction in Stated Capital of \$119,400,000 to the capital account maintained by the Company in respect of its Common Shares.

c) Share-based compensation expense

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Stock options	\$ -	\$ 14	\$ 69	\$ 48
Restricted share awards	-	13	21	42
Performance share awards	-	4	4	39
Non-cash share-based compensation expense	\$ -	\$ 31	\$ 94	\$ 129
Deferred share awards / cash share-based compensation expense	-	(16)	(112)	16
Total share-based compensation-continued operations	\$ -	\$ 15	\$ (18)	\$ 145
Total share-based compensation-discontinued operations	\$ -	\$ 50	\$ 112	\$ 184

d) Issued and outstanding employee stock options

During the nine months ended September 30, 2025, nil stock options (2024 – 120,000) were granted to employees and board members. 1,006,067 stock options (2024 – 103,267) were forfeited due to terminations and the sale of discontinued operations 637,635 (2024 - nil) stock options expired and 560,335 (2024 - nil) stock options were cancelled upon recapitalization of the Company.

	Number of Employee Stock Options	Weighted Average Exercise Price \$

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025 and 2024
(amounts in thousands of Canadian dollars, except for share amounts)

Options at December 31, 2023	1,698,736	1.70
Forfeited	(215,800)	0.65
Expired	(192,366)	6.70
Issued	916,800	0.45
Exercised	(3,333)	0.45
Options at December 31, 2024	2,204,037	0.85
Forfeited	(1,006,067)	0.45
Expired	(637,635)	1.80
Cancelled	(560,335)	0.45
Options at September 30, 2025	-	-

e) Restricted share awards (“RSAs”)

The RSAs vest in one-third increments on the first, second and third anniversaries of the date of grant. The Company estimates the fair value of RSAs based on the market price of the underlying stock on the date of grant. All RSA’s vested and were issued upon recapitalization of the Company.

	Number of restricted share awards	Weighted average grant date fair value \$
RSAs at December 31, 2023	533,955	0.80
Released upon vesting	(55,577)	3.60
Forfeited	(5,667)	0.55
RSAs at December 31, 2024	472,711	0.80
Forfeited	(2,667)	0.55
Released upon vesting	(470,044)	0.50
RSAs at September 30, 2025	-	-

f) Performance share awards (“PSAs”)

The PSAs vest three years from the date of grant. The Company estimates the fair value of PSAs based on the market price of the underlying stock on the date of grant. All PSA’s were cancelled upon recapitalization of the Company.

	Number of performance share awards	Weighted average grant date fair value \$
PSAs at December 31, 2023	120,177	3.95
Released upon vesting	(23,318)	7.50
Cancelled	(23,318)	7.50
Forfeited	(3,000)	1.40
PSAs at December 31, 2024	70,541	1.70
Forfeited	(3,000)	0.55
Cancelled	(67,541)	1.75
PSAs at September 30, 2025	-	-

g) Deferred share awards (“DSAs”)

The DSAs vest immediately when they are granted. The DSAs are payable at the time non-executive directors cease to hold the office of director for any reason and are settled by a lump-sum cash payment, in accordance with the terms of the DSA plan. The Company estimates the fair value of the cash payout based on the market price of the underlying units at the end of each reporting period.

The following table summarizes the change in the number of DSAs:

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025 and 2024
(amounts in thousands of Canadian dollars, except for share amounts)

	Number of Deferred share awards
DSAs at December 31, 2024	640,000
Exercised	(640,000)
DSAs at September 30, 2025	-

The deferred share awards were settled at a share price of \$0.15 on June 20, 2025.

The following table summarizes the change in compensation liability relating to the DSAs:

	Value of liability \$
DSAs at December 31, 2023	\$ 320
Change in accrued compensation liabilities	(112)
DSAs at December 31, 2024	\$ 208
Change in accrued compensation liabilities	(112)
Cash payment	(96)
DSAs at September 30, 2025	\$ -

6. Convertible Debentures

On October 10, 2023, the Company closed a non-brokered private placement of convertible debenture units (“Debenture Units”) for gross proceeds of \$800,000. Each Debenture Unit consists of \$1,000 in principal amount of unsecured convertible debenture of the company and 952 common share purchase warrants. The convertible debenture bears interest at 12% per annum, is paid semi-annually in arrears in cash or common shares at the Company’s option and matures on October 10, 2026. Each warrant is exercisable at \$0.525 per share until October 10, 2025. The convertible debentures are convertible at the holder’s option into common shares at a fixed conversion price of \$0.525 per share.

The following table summarizes the continuity of the Company’s convertible debentures:

	Number of convertible debentures	Liability Component	Equity Component
Balance at December 31, 2023	800	\$ 676	\$ 44
Accretion interest	-	38	-
Balance at December 31, 2024	800	\$ 714	\$ 44
Accretion interest	-	19	-
Settlement	(800)	(733)	(44)
Balance at September 30, 2025	-	\$ -	\$ -

During the nine months ended months ended September 30, 2025, the Company incurred \$42,000 in interest expense, which was paid on settlement.

The convertible debt was paid out in its entirety including a 5% penalty of \$40,000 on June 13, 2025. A loss of \$107,000 has been recognized inclusive of the \$40,000 penalty.

	September 30, 2025
Cash paid on extinguishment	\$ 840
Convertible debt balance at extinguishment	(733)
Loss on extinguishment of convertible debt	\$ 107

7. Loss per Share

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025 and 2024
(amounts in thousands of Canadian dollars, except for share amounts)

The following table summarizes the weighted average number of common shares used in calculating basic and diluted loss per share.

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Loss from continuing operations	(497)	(585)	(1,916)	(1,768)
Net income (loss) from discontinued operations	(250)	(661)	1,222	(3,523)
Weighted average common shares outstanding, basic	629,439,354	28,227,139	256,436,135	26,388,418
Weighted average common shares outstanding, diluted	-	-	468,200,841	-
Loss per share, basic and diluted from continuing operations:	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Earnings (loss) per share, basic and diluted from discontinued operations:				
Earnings (loss) per share, basic	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.03)
Earnings per share, diluted	\$ -	\$ -	\$ -	\$ -

8. Discontinued Operations

During the quarter ended March 31, 2025, the Company announced it signed an agreement for the sale of its wholly-owned operating subsidiary, Epimeron USA, Inc. (“Epimeron”) inclusive of the Company’s biotechnology business, intellectual property and R&D team, for cash consideration of \$4.84 (US\$3.38) million, subject to closing adjustments.

On April 30, 2025, the Company announced the completion of the sale for aggregate consideration of \$3.829 (US\$2.76) million in cash. Of this amount, \$382 (US\$275) thousand of the net proceeds were to be held in escrow till September 17, 2025. Both parties are currently working on a mutual agreement to release the escrow. As at September 30, 2025, due to ongoing negotiations involving the settlement of the escrow, the Company no longer believes collection of the escrow funds is probable.

The disposition constituted a sale of all the Company’s R&D business operations. The results of the R&D business have been classified as discontinued operations for the period ended September 30, 2025. Comparative figures have been re-presented accordingly.

As at April 30, 2025, the assets held for sale included:

	April 30, 2025
Cash and cash equivalents	\$ 84
Accounts receivable	1
Deposits and prepaid expenses	121
Inventory	48
Property, plant & equipment	480
Right-of-use-assets	1,103
Long-term deposits	84
	\$ 1,921

As at April 30, 2025, the liabilities associated with assets held for sale included:

	April 30, 2025
Accounts payable and accrued liabilities	\$ 681
Lease liabilities	889
	\$ 1,570

Notes to Unaudited Condensed Interim Consolidated Financial Statements

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The gain on sale is calculated as follows:

Cash received on sale of Epimeron	\$ 3,447
Consideration receivable ⁽¹⁾	382
Total consideration	3,829
Working capital adjustment to be credited from escrow funds	(132)
Carrying amount of net assets of Epimeron	(351)
Gain on sale before reclassification of foreign currency translation reserve	3,346
Reclassification of foreign currency translation	(316)
Gain on sale	\$ 3,030

¹ During Q2, 2025, the Company and the purchaser of Epimeron USA Inc. mutually agreed \$132,000 (US\$96,000) would be credited back to the purchaser from the escrow.

Net income (loss) from discontinued operations includes the revenue and expenses related to the Company's R&D business inclusive of the gain on sale above.

The prior period net income (loss) from discontinued operations has been re-presented to include the revenue and expenses of the Company's R&D business until September 30, 2024. In the Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2024, research and development revenues of \$1.7 million and \$2.8 million were re-presented in the net income (loss) from discontinued operations. As at September 30, 2024, expenses of \$2.4 million and \$6.3 million were re-presented in the net income (loss) from discontinued operations. Total loss of \$661 thousand and \$3.5 million were re-presented in the net income (loss) from discontinued operations.

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Research and development revenue	\$ -	\$ (1,703)	\$ (2,179)	\$ (2,780)
General and administrative	-	404	1,905	1,073
Share based compensation	-	50	112	184
Research and development	-	1,420	1,388	3,760
Depreciation and amortization	-	300	-	976
Gain on sale of property, plant and equipment	-	-	-	(135)
Net finance expense	-	25	50	88
Foreign withholding tax expense	-	165	282	357
Net income (loss) from discontinued operations	-	(661)	(1,558)	(3,523)
Gain on sale	-	-	3,030	-
Other income (loss) ¹	(250)	-	(250)	-
Total net income (loss) from discontinued operations	\$ (250)	\$ (661)	\$ 1,222	\$ (3,523)

¹ As at September 30, 2025, due to ongoing negotiations, the Company no longer believes collection of the remaining escrow funds is assured. Other loss relates to the additional amounts determined not to be collectible in the current quarter.

Discontinued operations reported in the consolidated statements of cash flows are as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Cash flow used in operating activities	\$ -	\$ (96)	\$ (1,134)	\$ 409
Cash flow used in financing activities	-	(109)	(336)	(109)
Cash flow from investing activities	-	-	3,363	-

9. Statements of Cash Flows Supplementary Information

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025 and 2024
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The following table provides a detailed breakdown of certain non-cash items included in cash flows from operating and investing activities:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Accounts receivable	\$ 67	\$ (290)	\$ 19	\$ (137)
Deposits and prepaid expenses	(91)	(10)	(91)	303
Inventory	-	43	8	136
Accounts payable and accrued liabilities	(630)	53	188	63
Deferred revenue	-	(24)	(58)	55
	\$ (654)	\$ (228)	\$ 66	\$ 420
Relating to:				
Operating activities	\$ (654)	\$ (119)	\$ 66	\$ 529
Investing activities	-	(109)	-	(109)
	\$ (654)	\$ (228)	\$ 66	\$ 420

10. Financial Instruments and Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments at September 30, 2025 include cash and cash equivalents, accounts receivable, short-term investments, accounts payable and accrued liabilities.

a) Fair Values of Financial Instruments

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company maximizes the use of observable inputs when preparing calculations of fair value, where possible. The fair value hierarchy has the following levels:

- Level 1 – Values are based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values are based on prices or valuation techniques that are not based on observable market data. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

The fair value of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of those instruments and are determined to be Level 1 instruments.

	As at September 30, 2025 and 2024			
	Level 1	Level 2	Level 3	Total
Short-term investments	\$ 20	\$ -	\$ -	\$ 20

b) Risks Associated with Financial Assets and Liabilities

The Company has exposure to the following risks from its use of financial instruments:

Notes to Unaudited Condensed Interim Consolidated Financial Statements

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- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market. Market risk is comprised of two types of risk: foreign currency risk and interest rate risk. The Company does not currently have significant market risk exposure other than foreign currency risk, as described below.

a) Foreign Currency Risk

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to changes in foreign exchange rates.

As at September 30, 2025, the Company had a net excess of US dollar denominated cash and cash equivalents of US\$202 thousand which is equivalent to \$278 thousand CAD at the September 30, 2025 exchange rate.

Each change of 5% in the US dollar in relation to the Canadian dollar will result in a gain or loss, with a corresponding effect on cash flows, of \$14 thousand based on the September 30, 2025 net US dollar asset position.

b) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at September 30, 2025, the Company has no exposure to risk with respect to interest rate fluctuations, as its interest-bearing debt has been settled.

The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks or credit unions with comparable credit ratings.

The Company regularly monitors compliance to its cash management policy.

The Company, as at September 30, 2025, does not have any borrowings with financial institutions. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents and short-term investments.

Cash and cash equivalents and short-term investments are maintained with financial institutions of reputable credit and may be redeemed upon demand. Accounts receivable consists of government sales tax receivable.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash and cash equivalents and short-term investments with high-credit quality financial institutions and management considers this risk to be minimal for all cash and cash equivalents and short-term investments assets based on changes that are reasonably possible at each reporting date.

The Company has a receivable balance of \$19 thousand, comprised of primarily government sales tax receivable (2024 - \$39 thousand). As at September 30, 2025, all amounts are considered collectible.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2025 and 2024
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Liquidity Risk

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company's objective in managing liquidity risk is to maintain sufficient available resources to meet its liquidity requirements at any point. The Company achieves this by managing its capital spending and maintaining sufficient funds for anticipated short-term spending in the cash and cash equivalents account.

The outstanding accounts payable and accrued liabilities of \$164 thousand will be settled in 2025 using cash and cash equivalents.

11. Capital Management

The Company considers all components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to sign any royalty and streaming agreements and generate positive operational cash flow and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company is not exposed to any externally imposed capital requirements.

12. Related Party Transaction

The Company paid \$568 thousand of its outstanding convertible debentures which included the face value, accrued interest and a 5% penalty to related parties which include key management personnel and members of the Board of Directors. See Note 6 for other disclosures relating to the convertible debentures.

As part of the private placement noted in Note 5(b), certain insiders of the Company participated in the Offering, subscribing for a total of 276,800,000 Units for aggregate proceeds of \$13.8 million.