NANOSPHERE
HEALTH SCIENCES

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Nanosphere Health Sciences Inc.

Opinion

We have audited the accompanying consolidated financial statements of Nanosphere Health Sciences Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income (loss) and comprehensive income (loss), cash flows, and changes in shareholders' deficiency for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates the Company had a cumulative deficit of $21,368,285, a working capital deficit of $1,351,053 and cash of $1,886. As stated in Note 1, these material uncertainties may cast significant doubt upon 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 of the current year. 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.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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. 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 activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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 Tom Protheroe.

Davidson & Company LLP

Chartered Professional Accountants | Vancouver, Canada

April 30, 2026

NANOSPHERE HEALTH SCIENCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Presented in United States Dollars)

AS AT	December 31, 2025	December 31, 2024
ASSETS		
Current		
Cash	$ 1,886	$ 2,022
Receivables	14,959	11,572
	$ 16,845	$ 13,594
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities (Note 3, 4)	$ 1,304,500	$ 1,200,098
Notes payable (Note 5)	63,398	30,710
	1,367,898	1,230,808
Shareholders' deficiency		
Share capital (Note 6)	18,762,420	18,762,420
Reserves (Note 6)	1,272,552	1,272,552
Accumulated other comprehensive income (loss)	(17,740)	31,317
Deficit	(21,368,285)	(21,283,503)
	(1,351,053)	(1,217,214)
	$ 16,845	$ 13,594

Nature of business and going concern (Note 1)

Approved and authorized by the Board of Directors on April 30, 2026:

"Toby Lim"	Director	*"Michael Iverson"*	Director
Toby Lim		Michael Iverson	

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

NANOSPHERE HEALTH SCIENCES INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Presented in United States Dollars)

For the years ended December 31,		2025		2024
EXPENSES				
Foreign exchange	$	(7,406)	$	54,486
Gain on settlement of debt (Note 4)		(90,783)		(503,344)
Interest expense (Note 5)		4,193		1,878
Office and administrative		3,826		1,702
Professional fees (Note 3)		78,896		82,793
Regulatory and filing		18,029		14,928
Research and development		2,968		9,057
Salaries and consulting (Note 3)		75,059		75,168
Income (loss) for the year		(84,782)		263,332
Exchange differences on translating foreign operations		49,057		75,915
Comprehensive income (loss) for the year	$	(35,725)	$	335,247
Basic and diluted income (loss) per share	$	(0.00)	$	0.03
Weighted average number of common shares outstanding		10,275,205		10,275,205

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

NANOSPHERE HEALTH SCIENCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Presented in United States Dollars)

For the year ended December 31,	2025	2024
CASH FROM OPERATING ACTIVITIES		
(Loss) income for the year	$ (84,782)	$ 263,332
Items not affecting cash:		
Accrued interest on loan payable	4,193	1,878
Unrealized foreign exchange loss	(7,213)	(21,219)
Gain on settlement of debt	(90,783)	(503,344)
Changes in non-cash working capital items:		
Receivables	(2,280)	(2,916)
Accounts payable and accrued liabilities	157,888	226,353
Net cash used in in operating activities	(22,977)	(35,916)
CASH FROM FINANCING ACTIVITIES		
Advance received on notes payable	26,535	28,832
Net cash provided by financing activities	26,535	28,832
Changes in cash during the year	3,558	(7,084)
Effect of foreign exchange on cash	(3,694)	(210)
Cash, beginning of the year	2,022	9,316
Cash, end of the year	$ 1,886	$ 2,022

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

NANOSPHERE HEALTH SCIENCES INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Presented in United States Dollars)

	Share capital					
	Number	**Amount**	**Reserves**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total**
Balance at December 31, 2023	10,275,205	$ 18,762,420	$ 1,272,552	$ (44,598)	$ (21,546,835)	$ (1,556,461)
Other comprehensive income	-	-	-	75,915	-	75,915
Income for the year	-	-	-	-	263,332	263,332
Balance at December 31, 2024	10,275,205	$ 18,762,420	$ 1,272,552	$ 31,317	$ (21,283,503)	$ (1,217,214)
Other comprehensive loss	-	-	-	(49,057)	-	(49,057)
Loss for the year	-	-	-	-	(84,782)	(84,782)
Balance at December 31, 2025	10,275,205	$ 18,762,420	$ 1,272,552	$ (17,740)	$ (21,368,285)	$ (1,351,053)

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

1. NATURE OF BUSINESS AND GOING CONCERN

Nanosphere Health Sciences Inc. (the "Company") was incorporated on April 20, 2005, under the laws of the province of Alberta, Canada and re-domiciled to British Columbia, Canada. The Company's shares are listed on the Canadian Stock Exchange ("CSE") under the symbol NSHS. The Company is a nano-biotechnology company focused on providing next generation delivery of biologically active compounds through licensing and joint venture arrangements. The Company has a wholly owned subsidiary. NanoSphere Health Sciences, LLC ("NanoSphere LLC") is the Company's operating division in the United States.

The Company's head office and principal address is 430 - 605 Robson Street, Vancouver, BC V6B 5J3.

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 rather than through a process of forced liquidation.

As at December 31, 2025, the Company had a cumulative deficit of $21,368,285, a working capital deficit of $1,351,053 and cash of $1,886. Management anticipates the need to raise additional funds within the next 12 months to continue operations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

2. MATERIAL ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements of the Company are presented in U.S. dollars, which is the functional currency of NanoSphere LLC. The parent company, Nanosphere Health Sciences Inc., has a functional currency of the Canadian Dollar.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries controlled by the Company. Subsidiaries are all entities over which the Company has control. The Company controls an entity when it 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 financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Company until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

The consolidated financial statements include the financial statements of the Company and its subsidiaries:

Company	Place of Incorporation	Effective Interest	Principal Activity
Nanosphere Health Sciences LLC	United States	100%	Operating
Nanosphere Cannabis International Inc	Canada	100%	Operating

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

Significant accounting judgements, estimates, and assumptions

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 period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgement uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Going concern

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 for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, expenses and the consolidated statement of financial position classifications used (Note 1).

Financial Instruments

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

a) Fair value through profit or loss ("FVTPL") – financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in the consolidated statement of income (loss) and comprehensive income (loss).

b) Amortized cost – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) The objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.

c) Fair value through other comprehensive income - Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at fair value through other comprehensive income ("FVTOCI") is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings. The Company has no financial assets designated as FVTOCI.

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

Financial Instruments (cont'd…)

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the statement of income (loss) and comprehensive (loss).

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Company's cash, receivables, and accounts payable and accrued liabilities, and notes payable are recorded at amortized cost.

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 Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit loss for performing assets and the lifetime expected credit loss if the credit risk on the financial assets has increased significantly since initial recognition. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the expected credit losses are reversed after the impairment was recognized.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the 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. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse 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 date of statement of financial position.

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.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

Cash and equivalents

Cash consists of cash on hand and demand deposits that are subject to an insignificant risk of change in value. The Company has no cash equivalents for years presented.

Provisions

Provisions are recorded when a present legal, statutory or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimate to settle the present obligation, if the effect is material, its carrying amount is the present value of those cash flows.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added to or deducted from reserves.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Research and development expenses

No intangible assets arising from the research phase can be recognised. Intangible assets arising from the development phase are recognised when the entity can demonstrate:

1) Completion of the intangible asset is technically feasible so that it will be available for use or sale.
2) The Company intends to complete the intangible asset and use or sell it and also has the ability to use or sell it.
3) The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself.
4) There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
5) The expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting these criteria for capitalization are expensed as incurred.

Income (Loss) per share

The Company presents basic income (loss) per share for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. For the year ended December 31, 2025, the Company did not have any dilutive instruments.

2. MATERIAL ACCOUNTING POLICIES (cont'd…)

New accounting standards, amendments and interpretations issued

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and has determined that these updates are not applicable or consequential to the Company and have been excluded from discussion within these material accounting policies.

On April 9, 2024, the IASB issued a new standard – IFRS 18, "Presentation and Disclosure in Financial Statements" with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. Adoption of IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. The Company is currently evaluating the guidance and its impact to the consolidated financial statements.

3. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel comprise the Chief Executive officer and Chief Financial Officer, former Chief Executive officers and former President.

During the year ended December 31, 2025, the Company paid or accrued the following to key management personnel:

a) Management, salaries, and consulting fees of $107,832 (2024 – $75,000) for services provided by key management personnel;

b) Professional fees of $43,777 (2024 - $43,808) to a director of the Company; and

Included in accounts payable and accrued liabilities is $699,010 (2024 - $605,575) due to directors, officers, and companies controlled by directors and officers of the Company that is non-interest bearing and due on demand.

(Presented in United States Dollars)

4. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

During the year ended December 31, 2025, the Company recognized a gain of $90,783 (2024 – $503,344) on the settlement of accounts payable balances. The gain arose from derecognition of historical liabilities that are no longer payable due to the expiration of statutory limited periods and absence of any expectation of settlement.

5. NOTES PAYABLE

During the year ended December 31, 2025, the Company issued promissory notes totaling $26,535 (CAD$36,369) (2024 - $28,922 (CAD$41,614) to shareholders. The promissory notes are repayable on demand and accrue interest at 10% per annum until repayment in full.

Loan liabilities		2025		2024
Balance, beginning of year	$	30,710	$	-
Additions		26,535		28,922
Interest accrued		6,153		1,788
Balance, end of year	$	63,398	$	30,710

6. SHARE CAPITAL AND RESERVES

Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Issued share capital

As at December 31, 2025 and 2024, the Company had 10,275,205 common shares issued and outstanding.

Share issuances

No common shares were issued during the years ended December 31, 2025 or the year ended December 31, 2024.

Warrants

There was no warrant activity during the years ended December 31, 2025 and 2024.

Stock options

There was no stock option activity during the years ended December 31, 2025 and 2024.

The following stock options were outstanding and exercisable at December 31, 2025:

Number	Exercisable	Exercise price		Expiry date	Remaining life (years)
71,500	71,500	$ CAD	5.00	July 16, 2029	3.54

6. SHARE CAPITAL AND RESERVES (cont'd…)

Share-based payments

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The vesting terms are determined by the board of directors.

The Company did not grant any options or recognize any share-based payments, during the years ended December 31, 2025 and 2024.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash, receivables, notes payable and accounts payable and accrued liabilities approximate their carrying value due to the short-term maturity.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

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

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company's receivables are comprised entirely of goods and services tax receivable from the Government of Canada.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through its capital management as outlined below. Notes payable, accounts payable and accrued liabilities are due within one year. As at December 31, 2025, the Company had a cash balance of $1,886 (December 31, 2024 - $2,022) to settle current liabilities of $1,367,898 (December 31, 2024 - $1,230,808). All the Company's accounts payable and accrued liabilities and notes payable have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at December 31, 2025, the Company did not have any investments in investment-grade short-term deposit certificates or long-term payables with floating interest rates.

b) Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies. Through this, the Company is exposed to foreign currency risk on fluctuations related to cash, receivables, accounts payable and accrued liabilities that are denominated in United States Dollar and Canadian Dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations. A 10% fluctuation in foreign exchange rates would not have a material impact on the Company's financial results and is therefore not considered a significant risk.

8. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance current production of the Company's patented NanoSphere Delivery System and development of future products utility system. Capital is comprised of the Company's shareholders' deficiency. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company is not subject to externally imposed capital requirements.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on management to sustain future development and commercialization of the business. The Company will continue to assess sources of financing available and to assess the potential for collaboration with interested partners with a view to managing its current financial resources in the interest of sustaining the long-term viability of the Company's operations. The Company's overall strategy with respect to management of capital at December 31, 2025 remains fundamentally unchanged.

(Presented in United States Dollars)

9. SEGMENTED INFORMATION

Operating segments are components of an entity that engage in business activities from which they incur expenses. The Company operates as a single segment, with minimal operations. The Company has no long-lived assets to report geographical information.

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2025	2024
Income (Loss) before income taxes	$ (84,800)	$ 263,300
Expected income tax (recovery) at statutory tax rates	$ (22,000)	$ 71,000
Change in statutory, foreign tax, foreign exchange rates and other	(61,000)	30,000
Permanent differences	(19,000)	(104,000)
Share issue cost	-	-
Change in unrecognized deductible temporary differences	102,000	3,000
Income tax recovery	$ -	$ -

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

	2025	Expiry Dates	2024	Expiry Dates
Property and equipment	$ 142,000	No expiry date	$ 135,000	No expiry date
Share issue costs	-		$ 1,000	2042 to 2045
Non-capital loss carry-forwards	3,311,000	2037 to indefinitely	2,995,000	2037 to indefinitely
Total	$ 3,311,000		$ 2,995,000	
Canada	3,070,000	2037 to 2045	2,758,000	2037 to 2044
USA	241,000	No expiry date	237,000	No expiry date

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