

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

PharmaDrug Inc.
130 Adelaide Street West, Suite 3002
Toronto, Ontario M5K 1H1

Item 2. Date of Material Change

January 2, 2026

Item 3. News Releases

A news release was issued and disseminated through the facilities of Newsfile Corp. and subsequently filed on the System for Electronic Document Analysis and Retrieval+ (www.sedarplus.ca) on January 5, 2026.

Item 4. Summary of Material Change

Cantura Closing

PharmaDrug Inc. (CSE: PHRX) (OTC: LMLLF) ("**PharmaDrug**" or the "**Company**") announced that it has closed the previously announced (see press release dated [October 31, 2025](#)) acquisition (the "**Transaction**") of limited partnership units of Canurta Limited Partnership ("**Canurta**"), the parent entity of Canurta Inc., a biotechnology company pioneering novel botanical therapeutics for inflammatory and neurodegenerative diseases.

In connection with the completion of the first tranche, Akeem Gardner joined the Company's board of directors. Mr. Gardner is the Founder and CEO of Canurta Inc.

Under the Transaction, PharmaDrug acquired 8,109,987 limited partner units of Canurta (the "**LP Units**") from a company controlled by Akeem Gardner in exchange for 25,980,000 common shares of PharmaDrug ("**PHRX Shares**"). No finder's fees were payable in connection with the Transaction. In connection with the Transaction, Canurta advanced \$85,000 to PharmaDrug by way of a forgivable promissory note bearing interest at 12% per annum to support working capital requirements. The PHRX Shares are subject to a hold period which expires on the later of (i) May 3, 2026 and (ii) 10 days after a business acquisition report with the audited financial statements has been filed and announced by way of a news release, all in a form acceptable to the Canadian Securities Exchange and in accordance with applicable Canadian securities laws.

As previously announced, the Transaction will be completed in two stages, whereby the Company will acquire up to a 40% equity interest in Canurta, to be completed in two tranches through the issuance of an aggregate of 83,645,316 PHRX Shares at a deemed price equal to the 20-day volume-weighted average price immediately prior to each closing.

The deemed issue price of the PHRX Shares issued on the first closing was \$0.0152 per share.

At the second closing, PharmaDrug will acquire 8,191,495 LP Units in exchange for 57,665,316 PHRX Shares with such closing to take place on or before March 31, 2026 (the "**Second Tranche**"), subject to shareholder approval pursuant to the policy 6 of the Canadian Securities Exchange (the "**CSE**").

PharmaDrug expects to hold a shareholder meeting to approve the issuance of PHRX Shares in connection with the Second Tranche (the "**Shareholder Meeting**") in the first quarter of 2026. Details of the meeting and the matters to be voted on will be provided in a management information circular to be mailed to shareholders in accordance with the policies of the CSE and applicable securities laws.

Upon completion of both tranches, PharmaDrug will hold a 40% interest in Canurta, and Canurta limited partners will hold approximately 44% of PharmaDrug's issued and outstanding shares on a pro forma basis. The transaction is being completed on an arm's-length basis.

Debt Restructuring

The Company is also pleased to announce that further to its press release dated October 31, 2025, it has issued \$445,686 principal amount of secured convertible debentures to replace indebtedness previously owing to two current holders of the Company's secured convertible debentures that were past their maturity date.

Early Warning Disclosure

In connection with the completion of the first tranche of the Transaction, Atlas365 Incorporated acquired beneficial ownership of 25,980,000 common shares of the Company, representing approximately 19.4% of the issued and outstanding common shares of the Company on a non-diluted basis. The PHRX Shares were acquired in connection with the Transaction described herein and were issued as consideration for the acquisition by the Company of limited partnership units of Canurta.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

See Schedule "A" attached.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

The report is not being filed on a confidential basis.

Item 7. Omitted Information

No significant facts have been omitted from this report.

Item 8. Executive Officer

The following officer of the Company may be contacted for further information:

Dr. David Kideckel
Executive Chairman
kideckel.david@gmail.com

Item 9. Date of Report

This report is dated this 5th day of January, 2026.

SCHEDULE "A"



PHARMADRUG COMPLETES ACQUISITION OF INITIAL 19.9% INTEREST IN CANURTA INC. AND COMPLETES DEBT RESTRUCTURING

Toronto, Ontario--(Newsfile Corp. - January 5, 26) - PharmaDrug Inc. (CSE: PHRX) (OTC: LMLLF) ("**PharmaDrug**" or the "**Company**"), a specialty pharmaceutical company focused on the research, development and commercialization of natural medicines is pleased to announce that it has closed the previously announced (see press release dated October 31, 2025) acquisition (the "**Transaction**") of limited partnership units of Canurta Limited Partnership ("**Canurta**"), the parent entity of Canurta Inc., a biotechnology company pioneering novel botanical therapeutics for inflammatory and neurodegenerative diseases.

In connection with the completion of the first tranche, Akeem Gardner joined the Company's board of directors. Mr. Gardner is the Founder and CEO of Canurta Inc. With a unique blend of entrepreneurial vision, scientific understanding, and legal expertise, Mr. Gardner has led Canurta in securing more than \$13 million in cumulative project funding across equity, debt, and non-dilutive sources, and in building a global intellectual property portfolio comprising one issued patent and multiple pending patent applications across more than 20 jurisdictions. His leadership combines strategic capital management with innovation in biotech and emerging technologies, including AI and blockchain integration. Recognized as a forward-thinking leader, Akeem has been honored with awards such as Brampton's 40 Under 40 and the MNP Future Leader Award. He holds degrees in Psychology and Law and is committed to advancing breakthrough therapies that address complex inflammatory and neurodegenerative diseases.

Dr. David Kideckel, Executive Chairman of PharmaDrug, commented: "We are excited to execute on the first stage of our investment in Canurta with the intention to begin a substantial collaboration that will enable us to finally push forward with our cepharanthine development strategy and the already approved phase 1 clinical trial in Australia."

Akeem Gardner, Founder and CEO of Canurta, added: "This transaction represents an important alignment between Canurta and PharmaDrug at a time when disciplined execution matters most. PharmaDrug brings public-market experience and a shared commitment to advancing credible, clinically grounded programs. We look forward to working together to unlock the value of our botanical IP portfolio and to accelerate development in a manner that is both capital-efficient and scientifically rigorous."

Under the Transaction, PharmaDrug acquired 8,109,987 limited partner units of Canurta (the "LP Units") from a company controlled by Akeem Gardner in exchange for 25,980,000 common shares of PharmaDrug ("**PHRX Shares**"). No finder's fees were payable in connection with the Transaction. In connection with the Transaction, Canurta advanced \$85,000 to PharmaDrug by way of a forgivable promissory note bearing interest at 12% per annum to support working capital requirements. The PHRX Shares are subject to a hold period which expires on the later of (i) May 3, 2026 and (ii) 10 days after a business acquisition report with the audited financial statements has been filed and announced by way of a news release, all in a form acceptable to the Canadian Securities Exchange and in accordance with applicable Canadian securities laws.

As previously announced, the Transaction will be completed in two stages, whereby the Company will acquire up to a 40% equity interest in Canurta, to be completed in two tranches through the issuance of an aggregate of 83,645,316 PHRX Shares at a deemed price equal to the 20-day volume-weighted average price immediately prior to each closing. The deemed issue price of the PHRX Shares issued on the first closing was \$0.0152 per share.

At the second closing, PharmaDrug will acquire 8,191,495 LP Units in exchange for 57,665,316 PHRX Shares with such closing to take place on or before March 31, 2026 (the "**Second Tranche**"), subject to shareholder approval pursuant to the policy 6 of the Canadian Securities Exchange (the "**CSE**").

PharmaDrug expects to hold a shareholder meeting to approve the issuance of PHRX Shares in connection with the Second Tranche (the "**Shareholder Meeting**") in the first quarter of 2026. Details of the meeting and the matters to be voted on will be provided in a management information circular to be mailed to shareholders in accordance with the policies of the CSE and applicable securities laws.

Upon completion of both tranches, PharmaDrug will hold a 40% interest in Canurta, and Canurta limited partners will hold approximately 44% of PharmaDrug's issued and outstanding shares on a pro forma basis. The transaction is being completed on an arm's-length basis.

The definitive agreement underlying the Transaction includes a rescission right that allows Canurta's limited partners to require the return of their transferred LP Units if defined milestones are not met within agreed-upon timelines. In such case, the corresponding PHRX Shares previously issued would be returned to treasury for cancellation, restoring the pre-closing ownership structure (the "**Rescission Right**"). The Rescission Right expires no later than March 1, 2026.

Debt Restructuring

The Company is also pleased to announce that further to its press release dated October 31, 2025, it has issued \$445,686 principal amount of secured convertible debentures to replace indebtedness previously owing to two current holders of the Company's secured convertible debentures that were past their maturity date.

Each debenture matures on October 13, 2026 and is convertible into common shares at a price of \$0.05 (subject to adjustment). Each debenture will be secured by a general security agreement from the Company. The debentures are being issued to replace presently outstanding secured convertible debentures and outstanding interest thereon, which debentures had previously matured (but remained unpaid). There will be no interest payable on the debentures unless the principal amount is not paid at maturity, in which case the debentures will bear interest at a rate of 22% per annum.

Early Warning Disclosure

In connection with the completion of the first tranche of the Transaction, Atlas365 Incorporated acquired beneficial ownership of 25,980,000 common shares of the Company, representing approximately 19.4% of the issued and outstanding common shares of the Company on a non-diluted basis.

As a result of the acquisition, Atlas365 Incorporated has become a holder of more than 10% of the issued and outstanding common shares of the Company, thereby triggering the early warning reporting

requirements under National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*. The PHRX Shares were acquired in connection with the Transaction described herein and were issued as consideration for the acquisition by the Company of limited partnership units of Canurta.

The securities were acquired for investment purposes, and Atlas365 Incorporated may, depending on market and other conditions, increase or decrease its ownership of the Company's securities in the future. An early warning report will be filed by Atlas365 Incorporated in accordance with applicable securities laws and will be available on the Company's profile on SEDAR+ at www.sedarplus.ca.

About Canurta Inc.

Canurta Inc is an innovative biotechnology company dedicated to pioneering botanical therapeutics for inflammatory and neurodegenerative diseases. Utilizing its proprietary Polykye™ platform, Canurta develops rare bioactive botanical ingredients and multi-target formulations designed to address complex disease mechanisms with clinical rigor. The company's lead candidate, CNR-401, is advancing towards Phase 2 clinical trials targeting Amyotrophic Lateral Sclerosis (ALS), with a parallel strategy incorporating real-world evidence initiatives to accelerate global regulatory approval.

About PharmaDrug Inc.

PharmaDrug is a specialty pharmaceutical company focused on the research, development and commercialization of controlled-substances and natural medicines such as psychedelics and previously approved drugs. PharmaDrug owns 51% of Sairiyo Therapeutics ("Sairiyo"), a biotech company that specializes in researching and reformulating established natural medicines with a goal of bringing them through clinical trials and the associated regulatory approval process in the US and Europe. Sairiyo is currently developing its patented reformulation of cepharanthine, a drug that has shown substantial third party validated potential for the treatment of infectious disease and rare cancers.

For further information, please contact:

Dr. David Kideckel, Executive Chairman

kideckel.david@gmail.com

Caution Regarding Forward-Looking Information:

THE CANADIAN SECURITIES EXCHANGE HAS NOT REVIEWED NOR DOES IT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

This news release may contain forward-looking statements and information based on current expectations. These statements should not be read as guarantees of future performance or results of the Company. Forward-looking statements in this press release relate to the Transaction, the holding of the Shareholder Meeting, the completion of the Second Tranche, the business of Canurta and the development of the Company's business. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be

materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; the actual results of the Company's future operations; competition; changes in legislation affecting the Company; the ability to obtain and maintain required permits and approvals, the timing and availability of external financing on acceptable terms; lack of qualified, skilled labour or loss of key individuals..

A description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Company's disclosure documents on the SEDAR+ website at www.sedarplus.ca. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

The Company's securities have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or applicable state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States or "U.S. Persons", as such term is defined in Regulations under the U.S. Securities Act, absent registration or an applicable exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or any jurisdiction in which such offer, solicitation or sale would be unlawful.

Forward-looking information contained in this press release is expressly qualified by this cautionary statement. The forward-looking information contained in this press release represents the expectations of the Company as of the date of this press release and, accordingly, are subject to change after such date. However, the Company expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.