LOBE SCIENCES LTD.

Condensed Interim Consolidated Financial Statements

For the three months ended November 30, 2025 and 2024

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three Months Ended November 30, 2025 and 2024.

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Lobe Sciences Ltd. for the interim periods ended November 30, 2025 and 2024 have been prepared in accordance with the International Accounting Standard 34 - *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of management.

The independent auditors, Davidson & Company LLP, have not performed a review of these condensed interim consolidated financial statements.

LOBE SCIENCES LTD.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	November 30, 2025	August 31, 2025
		$	$
ASSETS			
Current			
Cash		**5,991,614**	5,854,118
Receivables		**17,111**	47,500
Prepaid expenses and deposits	5	**50,351**	745
Short-term Investment		**1,025,098**	1,686,688
		7,084,174	7,589,051
Total assets		**7,084,174**	7,589,051
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current			
Accounts payable and accrued liabilities		**2,657,098**	1,982,421
Income tax payable		**238,000**	238,000
Derivative liability	6	**141,185**	205,105
		3,036,283	2,425,526
Convertible notes	6	**295,679**	273,349
Total liabilities		**3,331,962**	2,698,875
Shareholders' Equity			
Share capital	7	**34,963,074**	34,707,965
Shares to be issued	7	**139,616**	-
Reserves	7	**6,689,868**	6,712,183
Accumulated other comprehensive loss		**(157,203)**	189,544
Deficit		**(40,078,970)**	(39,253,836)
Non-Controlling Interest		**2,195,828**	2,534,320
Shareholders Equity		**3,752,212**	4,890,177
Total liabilities and shareholders' equity		**7,084,174**	7,589,051

Nature of operations (Note 1)
Subsequent events (Note 12)

Approved and authorized for issue on behalf of the Board of Directors:

DocuSigned by: Frederick D. Sancilio
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Director

DocuSigned by: wesley rampeet
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Director

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

LOBE SCIENCES LTD.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended Nov 30, 2025	Nov 30, 2024
		$	$
Advertising		**(9,447)**	-
Consulting fees		**(33,000)**	(51,284)
Directors fees		**(174,773)**	(175,156)
General and administrative		**(42,181)**	(73,588)
Insurance		**(21,289)**	(15,967)
Professional fees		**(56,740)**	(131,772)
Research		**(982,087)**	(7,551)
Share-based compensation		**(129,801)**	(186,667)
Operating loss		**(1,449,318)**	(641,985)
Other income (expenses)			
Accretion expense	6	**(10,153)**	(63,843)
Foreign exchange		**20,740**	(61,203)
Interest expense	6	**(7,991)**	(59,321)
Gain on change in fair value of derivative liability	6	**63,921**	25,718
Account payable write-off		**2,999**	
Interest income		**20,514**	-
Miscellaneous Income		**1,049**	-
Dividend income		**55,388**	-
Investment market gain/loss		**2,750**	
Foreign Exchange Revaluation Gain (Loss)		**(5,726)**	-
Loss before tax		**(1,305,827)**	(800,634)
Income tax expense		**-**	-
Net loss		**(1,305,827)**	(800,634)
Attributable to Lobe Shareholders		**(916,142)**	-
Attributable to Non-Controlling Interest		**(389,685)**	-
Other comprehensive income			
Gain (Loss) on translation of foreign subsidiaries		**(203,823)**	23,493
Comprehensive loss		**(1,509,650)**	(777,141)
Attributable to Lobe Shareholders		**(1,114,328)**	-
Attributable to Non-Controlling Interest		**(395,321)**	-
Net loss per share			
Basic and diluted		**(0.01)**	(0.00)
Weighted average number of shares outstanding			
Basic and diluted		**267,199,267**	173,702,273

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

LOBE SCIENCES LTD.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Three Months ended November 30,	
	2025	2024
	$	$
Operating Activities		
Net loss and comprehensive loss	**(1,305,827)**	(800,634)
Adjustments to non-cash items		
Share-based compensation	**129,801**	186,667
Accretion expense	**10,153**	63,843
Unrealized foreign exchange loss (gain)	**(204,547)**	23,493
Interest expense	**7,991**	59,321
Gain on change in fair value of derivative liability	**(63,920)**	(25,718)
Receivables	**30,389**	(5,559)
Prepaid expenses	**(49,606)**	(8,545)
Accounts payable and accrued liabilities	**866,560**	264,064
Net cash used in operating activities	**(579,006)**	(243,068)
Investing Activities		
Short-term Investment	**661,590**	-
Net Cash provided by investing activities	**661,590**	**-**
Financing Activities		
Share issued from Private Placement	**50,000**	-
Net Cash provided by financing activities	**50,000**	-
Effect of exchange rate changes on cash	**4,911**	30,846
(Decrease) increase in cash	**137,496**	(243,068)
Cash, beginning of period	**5,854,118**	237,772
Cash, end of period	**5,991,614**	25,550

There are no non-cash financing or investing activities in the periods presented except as disclosed elsewhere in these financial statements.

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

LOBE SCIENCES LTD.
Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Number	Issued capital	Shares to be issued	Reserves	Accum OCI	Deficit	NCI	Total
	#	$	$	$	$	$	$	$
August 31, 2024	171,560,392	30,612,082	-	6,371,728	4,904	(40,103,102)	-	(3,114,388)
Shares issued to settle accounts payable	10,828,400	246,572	-	-	-	-	-	246,572
Share-based compensation	-	-	186,667	-	-	-	-	186,667
Currency translation adjustment	-	-	-	-	23,493	-	-	23,493
Net loss for the period	-	-	-	-	-	(800,634)	-	(800,634)
Balance, November 30, 2024	182,388,792	30,858,654	186,667	6,371,728	28,397	(40,903,736)	-	(3,458,290)
Ending Balance, August 31, 2025	264,149,448	34,707,965	-	6,712,183	189,544	(39,253,836)	2,534,320	4,890,176
Shares issued to settle accounts payable and accrued liabilities	3,837,686	191,884	-	-	-	-	-	191,884
Share issued from warrants exercised (Note 8)	1,000,000	50,000	-	-	-	-	-	50,000
Share issued from vested RSU (Note 8)	500,000	12,500	-	(12,500)	-	-	-	-
Share-based compensation (Note 8)	-	-	139,616	(9,815)	-	-	-	129,801
Currency translation adjustment	-	725	-	-	(346,747)	91,010	51,192	(203,822)
Net loss for the period	-	-	-	-	-	(916,143)	(389,685)	(1,305,827)
Ending Balance, November 30, 2025	**269,487,134**	**34,963,074**	**139,616**	**6,689,868**	**(157,203)**	**(40,078,970)**	**2,195,828**	**3,752,212**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Lobe Sciences Ltd. (the "Company" or "Lobe") was incorporated under the Business Corporations Act (British Columbia) on May 13, 2010. The head office, principal address and registered office of the Company are located at 1771 Robson Street #1614 Vancouver, BC V6G 3B7.

The Company's common shares are listed under the symbol "LOBE" on the Canadian Securities Exchange ("CSE"), under the symbol "LOBEF" on the OTCQB, and under the symbol "LOBE.F" on the Frankfurt Exchange.

Lobe is a biopharmaceutical company committed to discovering and developing patient-focused medicines for orphan and rare diseases. The Company, through collaborations with industry-leading partners, is engaged in drug research and development using sub-hallucinatory doses of proprietary psychedelic compounds to improve brain and mental health and wellness. Initially the Company will develop psilocin-based therapeutics for the treatment of severe forms of anxiety such as post-traumatic stress disorder, cluster headaches, and an undisclosed pediatric Orphan disease associated with severe anxiety. With the acquisition of Altemia & Company LLC ("Altemia") on April 17, 2023, The Company intends to commercialize a medical food named Altemia™ for the treatment of sickle cell disease ("SCD").

These unaudited condensed interim consolidated financial statements for the three months ended November 30, 2025 and 2024 (the "financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As of November 30, 2025, the Company had a working capital surplus of $4,047,891 (August 31, 2025 - $5,163,526) and an accumulated deficit of $40,078,970 (August 31, 2025 - $39,253,836). During the three months ended November 30, 2025, the Company incurred a net loss of $1,305,827 (2024 - $800,634).

The Company intends to finance its future development activities and operations through the sale of equity securities. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. Should the Company be unable to continue as a going concern, the financial position, results of operations, and cash flows reported in these financial statements may be subject to material adjustments. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on January 29, 2026.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended August 31, 2025 and 2024 (the "Annual Financial Statements").

b) Basis of presentation

These financial statements have been prepared on a historical cost basis except for those financial instruments which have been classified at fair value through profit or loss. In addition, except for cash flow information, these financial statements have been prepared using the accrual method of accounting.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars ("CAD"), except as otherwise noted. The functional currency of the Company is CAD. See "Basis of Consolidation" for the functional currency of the Company's subsidiaries. References to "USD" or "US$" are to United States dollars. References to "AUD" are to Australian dollars. References to "EUR" are to Euros.

(Unaudited - Expressed in Canadian dollars, except where noted)

2. BASIS OF PRESENTATION (continued)

d) Basis of consolidation

These financial statements include the financial statements of the Company and entities controlled by the Company. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

All intercompany balances, and transactions have been eliminated on consolidation.

A summary of the Company's subsidiaries included in these financial statements as at November 30, 2025 is as follows:

Name of subsidiary	Country of incorporation	Percentage ownership	Functional currency
Eleusian Biosciences Corp.	Canada	100%	CAD
Altemia & Company, LLC (1)	United States	100%	USD
Alera Pharma Inc. (2)	United States	100%	CAD
Cynaptec Pharmaceuticals Inc. (3)	United States	64%	USD

(1) Altemia was acquired on April 17, 2023.
(2) Alera Pharma Inc. was incorporated on August 21, 2024.
(3) Cynaptec Pharmaceuticals Inc. was incorporated as a wholly owned subsidiary on February 5, 2025. On April 11, 2025, the Company sold a portion of its interest, reducing its ownership to 64%

3. MATERIAL ACCOUNTING POLICY INFORMATION

The same accounting policies and methods of computation are followed in these financial statements as compared with the Annual Financial Statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates based on assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised.

Areas that require significant estimates and assumptions as the basis for determining the stated amounts include, but are not limited to, the following:

Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgements to identify the primary economic environment in which the respective entity operates. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

Equity-settled share-based payments

Share-based payments are measured at fair value. Options and warrants are measured using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the measurement date and are expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Current and deferred income taxes

The Company's provision for income taxes is estimated based on the annual effective tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The current and deferred components of income taxes are estimated based on forecasted movements in temporary differences. Changes to the annual effective tax rate and differences between the actual and expected effective tax rate and between actual and forecasted movements in temporary differences will result in adjustments to the Company's provision for income taxes in the period changes are made and/or differences are identified.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on contractual revenues and expenses and planned expenses, which are internally developed and reviewed by management.

Weight is attached to tax planning opportunities that are within the Company's control, and are feasible and implementable without significant obstacles.

The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

Convertible instruments

Convertible notes are compound financial instruments which are accounted for separately by their components: a financial liability and a derivative liability. The derivative liability, which represents the conversion option is initially measured at fair value using the probability weighted expected return method. The financial liability, which represents the obligation to pay the principal and coupon interest on the convertible notes in the future, is initially measured using the residual method as principal amount of the debt obligation less the initial fair value of the derivative liability at issuance.

The identification of convertible note components is based on interpretations of the substance of the contractual arrangement and therefore requires judgement from management. The separation of the components affects the initial recognition of the convertible notes at issuance and the subsequent recognition of accretion on the liability component. The determination of the fair value of the derivative liability is based on a number of assumptions as the Company utilizes the probability weighted expected return method for this measurement. The use of this model requires management to make various estimates and assumptions that impact the value assigned to the derivative liability including the probability of future events, the event timing and future exchange rates. Changes in these assumptions can significantly affect the fair value estimate.

5. PREPAID EXPENSES AND DEPOSITS

A summary of the Company's prepaid expenses and deposits is as follows:

	November 30, 2025	November 30, 2024
	$	$
Professional fees	**50,351**	-
Other	**-**	20,000
	50,351	20,000

(Unaudited - Expressed in Canadian dollars, except where noted)

6. CONVERTIBLE NOTES

A summary of the Company's convertible notes is as follows:

	$
Balance, August 31, 2025	273,349
Interest	7,991
Accretion	10,153
Foreign exchange loss	4,186
Balance, November 30, 2025	**295,679**
Current portion	**-**
Non-current portion	**295,679**

AP Settlement Convertible Notes

Effective August 22, 2025, the Company entered into an agreement with the two holders of its convertible note to convert the outstanding balance into common shares. During the three months ended November 30, 2024, the Company incurred accretion expense of $10,153 (2024 - $39,922) and interest expense of $7,991 (2024 - $37,475) for the two remaining convertible notes.

A summary of the Company's derivative liability is as follows:

	$
Balance, August 31, 2024	603,724
Gain on change in fair value of derivative conversion feature	370,412
Settlement of Conversion feature	(769,031)
Balance, August 31, 2025	205,105
Gain on change in fair value of derivative conversion feature	(63,920)
Balance, November 30, 2025	**141,185**

The Company remeasured the fair value of the conversion option using the Black-Scholes option pricing model as at November 30, 2025 and recorded a gain of $63,920 (2024 – a gain of $25,718) in the consolidated statements of loss and comprehensive loss.

7. SHARE CAPITAL AND RESERVES

a) Authorized

The Company is authorized to issue an unlimited number of common shares and preferred shares with no par value.

b) Issued

The Company had the following share capital transactions during the three months ended November 30, 2025:

- On September 24, 2025, the Company issued 1,000,000 common shares to a warrant holder who exercised the warrants to common shares on September 5, 2025 at $50,000.
- On September 25, 2025, the Company issued 500,000 common shares to a contractor at $12,500
- On October 16, 2025, the Company issued 3,837,686 common shares to a related party company to settle the account payable balance of $191,884.

c) Share purchase warrants

A summary of the Company's share purchase warrant activity is as follows:

(Unaudited - Expressed in Canadian dollars, except where noted)

	Number of warrants	**Weighted Average Exercise Price**
Balance, August 31, 2024	42,890,470	0.04
Issued	-	0.05
Exercised	-	0.05
Expired	(1,900,000)	0.05
Balance, August 31, 2025	40,990,470	0.05
Issued	-	-
Exercised	(1,000,000)	0.05
Expired	(26,982,800)	0.05
Balance, November 30, 2025	13,007,670	0.05

A summary of the Company's outstanding share purchase warrants as at November 30, 2025 is as follows:

Expiry Date	**November 30, 2025**	**Exercise price**	**Weighted average remaining life**
		$	**Years**
May 15, 2027	12,174,337	0.05	1.45
June 16, 2027	833,333	0.05	1.54
Total	**13,007,670**	**0.05**	**1.46**

d) Performance warrants

On May 18, 2018, the Company issued 776,000 non-transferable performance warrants (each a "Performance Warrant"). Each Performance Warrant is exercisable into one common share of the Company at an exercise price of $2.10.

A summary of the Company's outstanding Performance Warrants as at November 30, 2025 is as follows:

Expiry date	**Number of Performance Warrants outstanding**	**Number of Performance Warrants exercisable**	**Weighted average exercise price**	**Weighted average remaining life**
	#	#	$	Years
May 18, 2026	776,000	776,000	2.10	0.46

e) Share purchase options

The Company has adopted a share purchase option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the share purchase options are determined by the Board of Directors. The cumulative available incentive awards to be issued under the share purchase option plan, restricted share unit plan (the "RSU Plan") and a deferred share unit plan (the "DSU Plan") will not exceed 30% of the aggregate issued and outstanding common shares of the Company, with no one individual being granted more than 5% of the issued and outstanding common shares. In addition, the exercise price of share purchase options granted under the Plan will not be lower than the exercise price permitted by the Canadian Securities Exchange, and all share purchase options granted under the Plan will have a maximum term permitted by the Canadian Securities Exchange.

A summary of the Company's share purchase options activity is as follows:

(Unaudited - Expressed in Canadian dollars, except where noted)

	Number of Options	Weighted Average Exercise Price
Balance, August 31, 2025	8,000,000	0.06
Granted	-	-
Expired	-	-
Cancelled	-	-
Balance, November 30, 2025	8,000,000	0.06

A summary of the Company's outstanding share purchase options as of November 30, 2025 is as follows:

Expiry date	Number of Options Outstanding	Number of Exercisable Options	Exercise price	Weighted Average Remaining Years
May 23, 2026	500,000	166,668	0.18	0.48
June 13, 2026	500,000	200,000	0.05	0.54
June 30, 2026	500,000	500,000	0.05	0.58
July 25, 2026	500,000	200,000	0.06	0.65
July 15, 2027	6,000,000	1,500,000	0.05	1.62
	8,000,000	2,566,668	0.06	1.36

During the three months ended November 30, 2025, the Company recognized share-based compensation expense of $129,801 (2024 - $Nil), with respect to the vesting of share purchase options.

f) Restricted share unit plan and deferred share unit plan

On May 28, 2021, the Company adopted a restricted share unit plan (the "RSU Plan") and a deferred share unit plan (the "DSU Plan"). In addition, the Company increased the cumulative available incentive awards to be issued under the share purchase option plan, the RSU Plan and the DSU Plan to 15% of the aggregate issued and outstanding common shares of the Company. A summary of the Company's RSU activity is as follows:

	Number of RSUs	Weighted Average Issue Price
Balance, August 31, 2023	5,175,000	0.07
Granted	8,100,000	0.02
Forfeited	(2,243,750)	0.05
Balance, August 31, 2024	11,031,250	0.04
Forfeited	(2,543,749)	0.03
Granted	8,500,000	0.03
Expired	(270,834)	0.69
Balance, August 31, 2025	16,716,667	0.03
Forfeited	-	-
Granted	7,500,000	0.05
Expired	-	-
Balance, August 31, 2025	24,216,667	0.03
RSUs outstanding and exercisable	**14,550,000**	0.02

(Unaudited - Expressed in Canadian dollars, except where noted)

A summary of the Company's RSUs outstanding as at November 30, 2025 is as follows:

Grant Date	RSUs Outstanding	RSUs Vested and Issued	Exercise price	Remaining life
June 30, 2023	2,450,000	2,450,000	0.03	0.83
April 17, 2024	8,100,000	8,100,000	0.02	2.67
January 1, 2025	1,166,667	1,166,667	0.03	3.34
January 15, 2025	1,000,000	500,000	0.03	3.38
January 17, 2025	1,000,000	500,000	0.03	0.42
June 1, 2025	3,000,000	-	0.03	1.75
September 1, 2025	4,000,000	1,833,333	0.05	3.99
October 1, 2025	3,500,000	-	0.06	3.99
Total	**24,216,667**	**14,550,000**	**0.02**	**2.75**

During the three months ended November 30, 2025, the Company recognized share-based compensation expense of $129,801 (2024 - $186,667), with respect to RSUs.

A summary of Company's DSU activity is as follows:

	Number of DSUs	Weighted Average Issue Price
Balance, August 31, 2024	623,339	0.07
Expired	(104,170)	0.30
Forfeited	(4,166)	0.69
Balance, August 31, 2025	515,003	0.02
Expired	-	-
Forfeited	-	-
Balance, November 30, 2025	**515,003**	**0.02**
DSUs outstanding and exercisable	**515,003**	**0.02**

A summary of the Company's DSUs outstanding as at November 30, 2025 is as follows:

Grant Date	DSUs Outstanding February 28, 2025	DSUs Vested and Issued February 28, 2025	Exercise price	Remaining life
November 30, 2021	-	-	0.24	-
February 28, 2022	5,001	5,001	0.18	0.25
May 31, 2022	6,668	6,668	0.06	0.50
August 31, 2022	3,334	3,334	0.10	0.75
Friday, June 30, 2023	500,000	500,000	0.03	0.58
Total	**515,003**	**515,003**	**0.03**	**0.58**

During the three months ended November 30, 2025, the Company recognized share-based compensation expense of $Nil (2024 - $Nil), with respect to DSUs.

g) Shares Issuable

On September 1, 2024, the Company granted 28,000,000 common shares to four directors (7,000,000 each) as share-based compensation, vesting in three tranches on September 1, 2024, 2025, and 2026. The first-tranche vested shares (2,333,333 per director) were issued on February 4, 2025. One director departed prior to the second-tranche vesting date, and the remaining three directors' second-tranche vested shares (2,333,333 per director) will be issued in Q2 2026.

8. FINANCIAL RISK MANAGEMENT

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The three levels of the fair value hierarchy are as follows:

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

The Company classifies and subsequently measures its cash, deposits (included in prepaid expenses and deposits), accounts payable and accrued liabilities and convertible notes at amortized cost.

The carrying amounts of cash, deposits (included in prepaid expenses and deposits), accounts payable and accrued liabilities and convertible notes approximate their respective fair values due to the short-term nature of these instruments or market rates used in their valuation.

The Company examines its various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. The risks may include credit risk, currency risk, liquidity risk and interest rate risk. The Company's risk management program strives to evaluate the unpredictability of financial markets and its objective is to minimize the potential adverse effects of such risks on the Company's financial performance, where financially feasible to do so.

When deemed material, these risks may be monitored by the Company's finance group, and they are regularly discussed with the Board of Directors.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk is predominantly related to cash balances held in financial institutions, receivables. The Company minimizes its credit risk related to cash and cash equivalents by placing cash with major financial institutions. The Company has no investments and does not expect any credit losses. The Company periodically assesses the credit quality of its financial institutions and is satisfied with the credit ratings of its banks. The Company has deposits with vendors, included in prepaid expenses and deposits, made with vendors towards the completion of research and development activities and does not expect any credit losses.

b) Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is exposed to foreign exchange risk from fluctuations in United States dollars and Australian dollars. The Company does not use derivative instruments to reduce its exposure to foreign exchange risk.

A summary of the Company's financial assets and liabilities that are denominated in United States dollars, Euros and Australian dollars as at November 30, 2025 is as follows:

(Unaudited - Expressed in Canadian dollars, except where noted)

	USD	**EUR**
	$	$
Financial assets		
Cash	5,654,183	-
	5,654,183	-
Financial liabilities		
Accounts payable and accrued liabilities	725,098	243
Convertible notes	295,679	-
	1,020,777	243
Net financial liabilities	4,633,406	(243)

A 10% increase or decrease in the United States dollar, the Australian dollar, and the Euro against the Canadian dollar, would result in an impact on profit or loss of $463,341.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company is exposed to liquidity risk through its accounts payable and accrued liabilities and convertible notes. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures.

As of November 30, 2025, the Company had a cash balance of $5,991,614 and current liabilities of $3,025,196 (August 31, 2025 - $5,854,118 and $2,425,526, respectively). The Company's current cash resources are sufficient to settle its current liabilities.

d) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate risk since its financial instruments are not subject to variable interest rates.

9. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations, including corporate and administrative functions to support operations. The Company obtains funding primarily through issuing common shares. Future financing is dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

10. RELATED PARTY TRANSACTIONS

Key management personnel include those who have the authority and responsibility of planning, directing and executing the activities of the Company. Key management includes directors of the Company, Chief Executive Officer, Executive Chairman, Chief Financial Officer, Chief Science Officer, Chief Operating Officer, Regulatory advisor and former Executive Chairman. Other than the amounts disclosed below, there was no other compensation paid or payable to key management for employee services for the reported periods.
A summary of the Company's related party transactions is as follows:

	Three Months ended November 30,	
	2025	2024
	$	$
Consulting fees	**246,297**	51,284
Directors' fees included in consulting fees	**174,773**	175,156
Professional fees	**2,811**	-
Share-based compensation	**105,143**	186,667
	529,023	413,107

(Unaudited - Expressed in Canadian dollars, except where noted)

A summary of the Company's consulting fees, excluding directors' fees included in consulting fees, paid to related parties is as follows:

	Three Months ended November 30,	
	2025	2024
	$	$
Chief Executive Officer Executive Chairman	**122,682**	-
Clearway Consulting Fee	**28,691**	-
Chief Financial Officer	**33,000**	27,000
Chief Science Officer	**15,737**	-
Regulatory advisor	**46,187**	24,284
	246,297	51,284

A summary of amounts due to related parties contained within accounts payable and accrued liabilities is as follows:

	Three Months ended November 30,	
	2025	2024
	$	$
Chief Executive Officer for consulting fees	**503,829**	-
Former Chief Executive Officer for consulting fees	**60,537**	60,532
Former Chief Operating Officer for consulting fees	**13,652**	13,652
Chief Science Officer for consulting fees	**5,243**	2,068
Altemia Chief Executive Officer	**377,650**	-
Clearway Global LLC	**49,070**	-
Managerial and Regulatory Advisor for consulting fees	**230,535**	-
Quality Chemical Laboratories LLC	**6,715**	-
Former Chief Financial Officer for professional fees	**-**	16,800
Directors	**144,732**	175,156
Former President	**19,057**	37,647
	1,411,020	305,855

11. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the biopharmaceutical development of new medicines.

12. SUBSEQUENT EVENTS

In January, 2026, a new director was appointed to the Company's Board of Directors.