Defence Therapeutics Inc.

Condensed Consolidated Interim Financial Statements

Nine Months Ended March 31, 2026

(Unaudited – Expressed in Canadian Dollars)

Defence Therapeutics Inc.

Nine Months Ended March 31, 2026 and 2025

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Condensed Consolidated Interim Financial Statements

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

May 22, 2026

Defence Therapeutics Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

		March 31 2026 (unaudited)		June 30 2025
Assets				
Current				
Cash	$	2,952,981	$	1,232,427
Receivables (note 10)		315,182		198,052
Prepaids		10,365		33,377
		3,278,528		1,463,856
Non-current				
Restricted cash		6,000,000		-
Equipment (note 7)		167,773		180,997
Right-of-use asset (note 7)		-		6,662
		6,167,773		187,659
	$	9,446,301	$	1,651,515
Liabilities				
Current				
Accounts payable and accrued liabilities (note 10)	$	973,684	$	1,403,088
Convertible debentures (note 8)		-		1,489,194
Lease obligation – current portion		-		15,069
		973,684		2,907,351
Non-current				
Derivative liability		1,493,512		
Convertible debentures (note 8)		1,564,207		-
		4,031,403		2,907,351
Shareholders' Deficiency				
Share Capital (note 11)	$	32,868,091	$	24,191,231
Share-based Payments Reserve (note 11)		6,533,656		3,753,396
Equity Component of Convertible Debentures (note 8)		281,558		104,340
Accumulated other comprehensive income		(3,000)		1,303
Deficit		(34,265,406)		(29,306,106)
		5,414,899		(1,255,836)
	$	9,446,301	$	1,651,515

Going Concern (note 2)
Commitments (note 13)

Approved on behalf of the Board of Directors:

"Sébastien Plouffe" ……………………………… Director Sébastien Plouffe

" Philippe Lefrançois" ……………………………… Director Philippe Lefrançois

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

Defence Therapeutics Inc.
Condensed Consolidated Interim Statements of Comprehensive Loss
For the Nine Months Ended March 31,
(Unaudited – Expressed in Canadian Dollars)

	Three Months ended		Nine Months ended	
	March 31,	March 31,	March 31,	March 31,
	2026	**2025**	**2026**	**2025**
Expenses				
Share-based compensation (notes 10 and 11)	$ 15,795	$ 421,236	$ 213,231	$ 651,680
Research and lab fees (notes 10 and 12)	729,186	120,475	1,161,297	466,966
Investor relations and shareholder communication	251,347	254,187	1,015,521	325,485
Management fees (note 10)	135,000	100,000	275,000	311,000
Interest accretion (notes 8 and 9)	76,487	83,370	268,062	300,833
Consulting fees (note 10)	89,613	21,690	190,526	105,713
Accounting and legal	61,384	45,150	238,211	92,638
Office and general	115,520	40,940	251,781	88,535
Transfer agent and filing fees	8,240	6,753	51,532	69,165
Depreciation of equipment and right-of-use asset (note 7)	9,425	17,710	34,940	53,128
Foreign exchange loss (gain)	-13,964	-5,803	294	52,326
	1,478,033	1,105,708	3,700,395	2,517,469
Other Items				
Interest income	-	1	-631	63
Loss /(gain) in Derivative	1,493,512	-	1,493,512	-
Gain on extinguishment of debentures	-	153,820	-	153,820
Cumulative translation adjustment	-9,800	-	3,000	-
Net Loss and Comprehensive Loss for the Period	$ 2,961,745	$ 1,259,529	$ 5,196,276	$ 2,671,352
Basic and Diluted Loss Per Share	$ (0.04)	$ (0.03)	$ (0.09)	$ (0.06)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	59,032,644	49,213,052	57,677,473	44,342,166

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

Defence Therapeutics Inc.
Condensed Consolidated Interim Statements of Changes in Equity (Deficiency)
(Unaudited – Expressed in Canadian Dollars)

	Share Capital						
	Number of Common Shares	Share Capital	Share-based Payments Reserve	Equity Component of Convertible Debentures	Deficit	Accumulated Other Comprehensive Income	Total
Balance, June 30, 2024	**45,536,673**	**$ 19,242,375**	**$ 6,877,146**	**104,340**	**$ (29,808,089)**	**-**	**$ (3,584,228)**
Shares issued for private placements	8,625,000	864,029	4,150,971	-	-	-	5,015,000
Share issuance costs	-	(507,524)	238,708	-	-	-	(268,816)
Fair value transferred on expiry of warrants	-	-	(548,285)	-	548,285	-	-
Fair value transferred on expiry of stock options	-	-	(3,309,090)	-	3,309,090	-	-
Share-based compensation	-	-	651,680	-	-	-	651,680
Conversion of convertible debentures	440,697	266,267	-	-	-	-	266,267
Finders fees on issuance of convertible debentures	123,000	63,960	-	-	-	-	63,960
Net loss and comprehensive loss for the period	-	-	-	-	(2,363,586)	-	(2,363,586)
Balance, March 31, 2025	**54,725,370**	**19,929,107**	**8,061,130**	**104,340**	**(28,314,300)**	**-**	**(219,723)**
Balance, June 30, 2025	**54,725,370**	**$ 24,191,232**	**$ 3,753,396**	**104,340**	**$ (29,306,107)**	**$ 1,303**	**$ (1,255,836)**
Shares issued for private placements	18,218,183	7,480,645	2,431,649	-	-	-	9,912,294
Share issuance costs	-	(425,616)	107,707	-	-	-	(317,909)
Shares issued on exercise of warrants	37,000	27,750	(9,032)	-	9,032	-	27,750
Fair value transferred on expiry of warrants	-	-	(224,945)	-	224,945	-	-
Share-based compensation	-	-	213,231	-	-	-	213,231
Conversion of convertible debentures	2,607,600	1,594,080	-	-	-	-	1,594,080
Issuance of convertible debentures	-	-	261,650	177,218	-	-	438,869
Foreign Currency Translation	-	-	-	-	-	(4,303)	(4,303)
Net loss and comprehensive loss for the period	-	-	-	-	(5,193,276)	-	(5,193,276)
Balance, March 31, 2026	**75,588,153**	**32,868,091**	**6,533,656**	**281,558**	**(34,265,406)**	**(3,000)**	**5,414,901**

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

Defence Therapeutics Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the Nine Months Ended March 31,
(Unaudited – Expressed in Canadian Dollars)

		Nine Months Ended March 31, 2026		March 31, 2025
Operating Activities				
Net loss for the period	$	(5,196,276)	$	(2,363,586)
Items not involving cash				
Loss on Derivative Instruments		1,493,512		-
Depreciation of equipment and right-of-use asset		6,662		53,128
Depreciation of intangible assets		28,278		
Interest accretion		268,062		294,913
Share-based compensation		213,231		651,680
Gain on extinguishment of debentures		-		(153,820)
Changes in non-cash working capital				
Receivables		(117,130)		8,734
Prepaids		23,012		56,815
Accounts payable and accrued liabilities		(531,690)		(1,124,752)
Cash Provided by (Used in) Operating Activities		(3,710,054)		(2,576,888)
Investing Activity				
Sale (Purchase) of equipment (Net)		(15,054)		18,595
Cash Used in Investing Activity		(15,054)		18,595
Financing Activities				
Proceeds from share issuance		3,595,000		5,015,000
Proceeds from exercise of warrants		27,750		-
Share issue costs		(615)		(268,816)
Proceeds from loan payable		-		15,000
Proceeds from issuance of convertible debentures		2,000,000		-
Repayments of convertible debentures		-		(94,000)
Transaction costs		(160,100)		-
Repayments of loan payable		-		(65,342)
Repayment of lease obligation		(15,069)		(20,437)
Cash Used in Financing Activities		5,446,966		4,581,405
Impact of currency translation on cash		(1,305)		-
Inflow (Outflow) of Cash		1,720,554		2,023,112
Cash, Beginning of Period		1,232,427		56,547
Cash, End of Period	$	2,952,981	$	2,079,660

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

1. NATURE OF OPERATIONS

Defence Therapeutics Inc. (the "Company") was incorporated as Accum Therapeutics Inc. on July 18, 2017, under the laws of the province of Québec. The Company changed its name to Defence Therapeutics Inc. on March 26, 2020 and was continued into British Columbia on July 10, 2020. Its principal business activity is the development of a biological drug enhancer platform that improves the efficacy and safety of a multitude of biological-/biosimilar-based pharmaceuticals used in the treatment of cancer and infectious diseases. Company's head office address and registered and records office is 7171 Rue Frederick-Banting, Montreal (Quebec), H4S1Z9 Canada.

On April 30, 2021, the Company became a reporting issuer, and on May 7, 2021, the Company's Common Shares were listed on the Canadian Securities Exchange and began trading under the symbol "DTC".

2. GOING CONCERN

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue its operations and to realize assets at their carrying value is dependent upon its ability to generate positive cash flows and/or obtain additional financing sufficient to fund its development and operating costs. The Company may be able to generate working capital to fund its operations by raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. Based on its current plans, budgeted expenditures and cash requirements, the Company does not have sufficient cash to finance its current plans for at least twelve months from the date the condensed interim financial statements are issued. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These condensed interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim financial statements.

If the going concern assumption were not appropriate for these condensed interim financial statements, then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges, such as the risk of higher inflation and the energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

3. BASIS OF PREPARATION

a) Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The condensed interim financial statements of the Company should be read in conjunction with the Company's June 30, 2025 audited financial statements, which have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board.

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 19, 2026.

(Unaudited – Expressed in Canadian Dollars)

3. BASIS OF PREPARATION (Continued)

b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiary. A subsidiary is an entity in which the Company has control, directly or indirectly. Control is defined as the investor being exposed, or having rights, to variable returns from its involvement with the investee and having the ability to affect those returns through its power over the investee. All material intercompany transactions and balances have been eliminated on consolidation.

Details of the Company's subsidiary as at March 31, 2026 and 2025 are as follows:

Name	Place of Incorporation	Ownership % March 31, 2026	Ownership % June 30, 2025
Defence Therapeutics US LLC	USA	100%	100%

c) Basis of measurement

These condensed interim financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair value, as explained in the material accounting policies (note 4). These condensed interim financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

4. MATERIAL ACCOUNTING POLICIES

These condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in note 4 to the audited financial statements as at June 30, 2025 and for the year then ended, except for the following:

Classification of liabilities as current or non-current (amendments to IAS 1)

IAS 1 has been amended to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

These amendments were adopted for the reporting period beginning January 1, 2024. There was no impact for the Company.

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability.
IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing

(Unaudited – Expressed in Canadian Dollars)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the year of the change if the change affects that year only, or in the year of the change and future years if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next fiscal year are discussed below.

Going concern risk assessment

The assessment of the Company's ability to continue as a going concern requires significant judgment. The condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, as disclosed in note 2.

Key sources of estimation uncertainty

Convertible debentures and lease obligation

The debt component of the convertible debenture and lease obligation are calculated using a discounted cash flow method, which requires management to make an estimate of an appropriate discount rate. Changes in the discount rate can materially affect the calculation of the debt component of the convertible debentures and the lease obligation.

6. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The carrying values of accounts payable and accrued liabilities, lease obligation, loan payable and convertible debentures approximate their fair values due to their short term to maturity.

The following table sets forth the Company's financial asset measured at fair value by level within the fair value hierarchy:

March 31, 2026	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 2,952,981	$ -	$ -	$ 2,952,981
Restricted cash	6,000,000			6,000,000

June 30, 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 1,232,427	$ -	$ -	$ 1,232,427

6. FINANCIAL INSTRUMENTS (Continued)

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

- Credit risk;
- Liquidity risk; and
- Market risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing it at major Canadian financial institutions. The Company has minimal credit risk. Of the $315,182 (June 30, 2025 - $198,052) receivables balance, $315,182 (June 30, 2025 - $198,052) is owing from the Canada Revenue Agency and Revenue Québec.

b) 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of March 31, 2026 equal $3,122,817 (June 30, 2025 - $2,907,351). The face value of the convertible debenture is $2,000,000 which matures on September 16, 2027. All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) Currency risk – The Company has minimal funds held in a foreign currency and holds a material amount of accounts payable and accrued liabilities in United States dollars. A fluctuation in the exchange rate between the Canadian and United States dollars of 10% would result in a $10,332 change in the Company's accounts payable and accrued liabilities. The Company does not use any techniques to mitigate currency risk.

ii) Interest rate risk – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates. The Company currently has no debt subject to variable interest rates. Accordingly, the Company does not consider interest rate risk to be significant.

iii) Other price risk – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

d) Capital management

The Company considers its capital to be comprised of shareholders' equity (deficiency).

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6. FINANCIAL INSTRUMENTS (Continued)

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.
Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the six months ended December 31, 2025. The Company is not subject to externally imposed capital requirements.

7. EQUIPMENT AND RIGHT-OF-USE-ASSET

		Equipment		Right-of-use Asset
Cost				
Balance at June 30, 2024		269,042		53,282
Additions		15,000		-
Disposals		-18,598		-
Balance at June 30, 2025	$	265,444	$	53,282
Addition		15,054		
Balance at March 31, 2026	$	280,498	$	53,282
Accumulated Depreciation				
Balance at June 30, 2024		38,749		19,980
Depreciation		45,699		26,640
Balance at June 30, 2025	$	84,448	$	46,620
Depreciation		28,278		6,662
Balance at March 31, 2026	$	112,726	$	53,282
Net Book Value, June 30, 2025	$	**180,996**	**$**	**33,302**
Net Book Value, December 31, 2025	$	**167,772**	**$**	**0**

8. CONVERTIBLE DEBENTURES

During the year ended June 30, 2024, debentures with a principal amount of $549,499 were converted by the holder into 349,999 Common Shares, with the debt having a value of $441,349 at the date of conversion. The Company repaid interest of $36,140 in relation to the conversions.
On November 16, 2024,
a) Debentures amounting to $ 94,000 were repaid.
b) Interest on debentures amounting to $251,200 were converted by the holders to 440,697 Common Shares.
c) The Company completed a refinancing transaction involving the extinguishment of its previously issued

8. CONVERTIBLE DEBENTURES (Continued)

convertible debentures. At the time of the transaction, the carrying amount of the liability component of the original debentures was $1,476,000.

d) In exchange, the Company issued new convertible debentures with a principal amount of $1,476,000. The fair value of the liability component of the new debentures at initial recognition was determined to be $1,333,198, based on prevailing market interest rates and contractual cash flows. As the present value of

the revised cash flows differed by more than 10% from the present value of the remaining cash flows under the original terms, discounted at the original effective interest rate, the transaction was accounted for as an extinguishment of the original financial liability in accordance with IFRS 9 – Financial Instruments. As a result, the Company derecognized the carrying amount of the original debenture liability and recognized the new debenture liability at fair value. A gain on extinguishment of $142,802 was recognized in profit or loss.

e) In connection with the above, 123,000 Common Shares were issued to an arm's length finder as finders fees. This transaction costs of $63,960 were recognized in profit and loss netted with the gain on extinguishment.

f) The equity component of the original debentures $104,340 remains with no gain or loss recognized in profit or loss.

In November 2025, the Company converted al of the principal amount and the accrued interests thereof into an aggregate number of 2,607,600 common shares of the Company. In accordance with the terms of the Debentures, the principal amount of $1,476,000 was converted into 2,460,000 Shares at the conversion price of $0.60 per Share and an aggregate amount of $118,080 of accrued interests was converted into 147,600 Shares at $0.80 per Share totaling 2,607,600 Shares for an aggregate amount of $1,594,080.

On September 16, 2025, The Company completed a non brokered private placement of up to 2,000 debenture units of the Company (the "Debenture Units") at a price of $1,000 per Debenture Unit. Each Debenture Unit will consist of (i) one $1,000 principal amount of unsecured convertible debentures (the "Debenture") and (ii) 1,666 transferable common share purchase warrant (the "Warrants").

Each Warrant will entitle the holder to purchase one common share of the Company at an exercise price of $0.75 per Warrant Share for a period of 24 months from the date of issuance

The Debentures will bear interest from the date of issue at a rate of 8.0% per annum, calculated and paid on the Conversion Date or the Maturity Date and which may at the election of the Company be payable in cash or alternately in common shares at a price of $0.60 per common share.

The Debentures will mature twenty-four (24) months from the date of issuance.

The Debentures are convertible into common shares of the issuer (each a "Common Share") at the option of the holder thereof at a conversion price of $0.60 per Common Share.

In connection with the issuance of the above Debentures, the Company paid a finder's fees of $160,000 and issued 266,667 warrants.

The finders' warrants had a fair value of $101,002 estimated using the Black-Scholes option pricing model with a volatility of 98.46%, risk-free interest rate of 2.49%, dividend rate of 0% and expected life of 2 years.

The debentures are compound instruments, and the proceeds are required to be bifurcated to record the fair value of the separate debt and equity components. The fair value of the debt was determined using a discounted cash flow model using an estimated market interest rate for equivalent debt of 18%. The initial fair value of

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8. CONVERTIBLE DEBENTURES (Continued)

the debt was calculated to be $1,611,402 with the residual portion of $388,598 allocated to both the equity component ($203,828) and the warrants ($184,770). Transaction costs totaled $261,102, of which $210,370 were allocated to the liability component and offset the carrying value and are amortized using the effective interest method as finance costs over the expected life of the debentures. Transactions costs of $26,610 were charged to the equity component and $24,122 were charged to the warrant component.

Convertible debenture transactions are summarized as follows:

		Nine months Ended March 31, 2026		Year Ended June 30, 2025
Opening balance	$	1,489,194	$	1,660,270
Interest accretion		-		160,930
Interest converted to shares		(118,080)		(251,200)
Repayments				(94,000)
Conversion to shares		(1,476,000)		-
Re-issue of new debentures		-		(1,476,000)
Add issue of new debentures		2,000,000		1,476,000
Less Transferred to Equity		(177,218)		-
Less: Transferred to Share based Payment Reserve		(261,650)		-
Less proportionate transaction costs		(160,100)		-
Gain on extinguishment of debentures		-		(142,802)
Interest accretion		268062		155,996
	$	1,564,207	$	1,489,194
Current portion	$	0	$	1,489,194
Non-current portion	$	1,564,207	$	-

(Unaudited – Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the condensed interim statements of comprehensive loss:

	Nine Months Ended December 31, 2025	Nine Months Ended December 31, 2024
Consulting fees	$ 97,357	$ 58,500
Accounting and Legal	102,500	40,000
Management fees	255,000	311,000
Research and lab fees	-	125,000
Wages and Salaries	190,000	53,333
Share-based compensation	213,231	519,964
	$ 858,088	$ 1,107,797

As at March 31, 2026, the Company had accounts payable of $13,797 (June 30, 2025 - $71,195) with companies controlled by current and former officers and directors. The balances owing are unsecured, non-interest-bearing and have no specific terms of repayment.

At March 31, 2026, the Company had accounts receivable of $nil (June 30, 2025 - $Nil) from a company with a common officer for expense reimbursement.

10. SHARE CAPITAL

a) Authorized

Unlimited Class A Common Shares, voting, participating, without par value ("Common Shares")

b) Issued and outstanding

During the year ended June 30, 2025

In November 2024, the Company closed a private placement of 1,600,000 units at a price of $0.50 per unit for aggregate gross proceeds of $800,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable to acquire one additional share at an exercise price of $1.00 per share for a period of 24 months from the date of the closing. The Company paid cash finder's fees of $14,000 and issued 28,000 finder's warrants with a fair value of $4,946 with the same terms as the warrants issued in the units.

The Company completed a refinancing of its convertible debentures, including the repayment of $94,000, conversion of $251,200 in interest into 440,697 shares, and issuance of new debentures totalling $1,476,000. As part of the deal, 123,000 common shares were issued to a finder with a fair value $63,960. (see note 8)

10. SHARE CAPITAL (Continued)

In January 2025, the Company closed a private placement of 7,025,000 units at a price of $0.60 per unit for aggregate gross proceeds of $4,215,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one additional share at an exercise price of $0.75 per share for a period of 24 months from the date of the closing. The Company paid cash finder's fees of $247,200 and issued 412,000 finder's warrants with a fair value of $100,632 with the same terms as the warrants issued in the units.

On March 6, 2026, the Company completed a non-brokered private placement of 17,445,455 units (the "Units") at a price of $0.55 per Unit for aggregate gross proceeds of approximately $9,595,000. Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.65 per share for a period of 24 months from the date of issuance.

The financing consisted of (i) 6,536,364 Units issued for cash proceeds of approximately $3,595,000, and (ii) 10,909,091 Units issued pursuant to a sharing agreement with two arm's length institutional investors for aggregate proceeds of approximately $6,000,000. In addition, the Company issued 654,547 Units as a corporate finance fee and 118,182 Units as a non-refundable deposit in connection with the sharing agreement.

The sharing agreement was documented under an ISDA framework and provides for a staged settlement and share release mechanism over an 18-month period commencing following the applicable trigger date as defined in the agreement. Management evaluated the arrangement under IFRS 9 – Financial Instruments and determined that certain provisions of the arrangement constitute derivative financial instrument features requiring separate recognition and measurement at fair value through profit or loss.

In connection with the sharing agreement entered into with the institutional investors, the Company determined that certain contractual settlement and pricing adjustment provisions met the definition of a derivative financial instrument under IFRS 9 – Financial Instruments. Accordingly, a portion of the proceeds received under the arrangement was allocated to a derivative financial liability on inception of the financing.

The derivative financial liability was initially measured at approximately $908,586 using a valuation model that considered the contractual settlement provisions of the sharing agreement, expected future share price movements, expected volatility and other market-based assumptions.

As the derivative financial liability is measured at fair value through profit or loss, the liability is remeasured at each reporting date. As at the reporting date, the fair value of the derivative financial liability was approximately $1,443,035, resulting in an unrealized fair value loss of approximately $534,449 recognized in the statement of loss and comprehensive loss for the period.

(Unaudited – Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

Accordingly, on inception of the arrangement, the Company recognized a derivative financial liability associated with the sharing agreement. The fair value of the derivative liability was determined using a valuation model incorporating market-based assumptions, including the Company's share price, expected volatility, settlement mechanics, pricing adjustments and contractual settlement provisions. Subsequent changes in the fair value of the derivative liability are recognized in profit or loss in the period incurred.

The fair value of the warrants issued as part of the Units was estimated using an option pricing model. Based on the valuation analysis performed, the fair value attributed to the warrants issued in connection with the financing was approximately $2,539,356, representing a value of approximately $0.1394 per warrant. Accordingly, a portion of the gross proceeds was allocated to warrant reserve based on the relative fair value method.

Transaction costs associated with the financing, including the fair value of Units issued as corporate finance fees and non-refundable deposits, were recognized as share issuance costs and recorded as a reduction of equity.

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Nine Months Ended March 31, 2026		**Year Ended June 30, 2025**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	10,807,140	$0.87	2,974,260	$2.02
Issued	21,816,850	$0.67	8,265,000	$0.78
Exercised	-37,000	$0.75	-	-
Expired	-1,575,140	$0.81	-432,120	7.14
Outstanding, end of period	31,011,850	$0.70	10,807,140	$0.87

(Unaudited – Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

c) Warrants (continued)

The following warrants were outstanding and exercisable at March 31, 2026:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding
30-Oct-26	0.58	$1.00	28,000
30-Jan-27	0.84	$1.00	567,000
31-Jan-27	0.84	$0.75	7,400,000
22-Mar-27	0.98	$1.00	400,000
15-Sep-27	1.46	$0.75	3,598,667
30-Oct-27	1.58	$0.75	775,000
29-Nov-27	1.67	$0.75	25,000
8-Mar-28	1.94	$0.65	18,218,183

During the nine months ended March 31, 2026, the following warrants were repriced:

Number of warrants	Original Expiry date	New Expiry Date	Original exercise price	New Exercise price
567,000	January 30, 2026	January 30, 2027	$2.00	$1.00
400,000	March 22, 2026	March 22, 2027	$2.00	$1.00
775,000	October 30, 2026	October 30, 2027	$1.00	$0.75
25,000	November 29, 2026	November 29, 2027	$1.00	$0.75

The fair value of each finder's warrant issued was calculated using the following weighted average assumptions:

	Nine Months Ended March 31, 2026	Year Ended June 30, 2025
Expected life (years)	2.00	2.00
Risk-free interest rate	2.63%	2.71%
Annualized volatility	90%	86%
Dividend yield	0%	0%
Stock price at grant date	$0.62	$ 0.59
Exercise price	$0.65	$ 0.78
Weighted average grant date fair value	0.139	$ 0.53

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has estimated the volatility of the share price based on comparable start-up companies' volatilities.

During the nine months ended March 31, 2026, the Company transferred $224,945 (2025 - $ 548,285) from the share-based payments reserve to deficit, as 1,575,140 (2025 – 339,775) warrants expired unexercised.

(Unaudited – Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

d) Stock options

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of Common Shares that may be subject to option at any one time may not exceed 10% of the issued Common Shares of the Company as of that date, including options granted prior to the adoption of the plan. Options granted may not exceed a term of 10 years. All options vest when granted unless they are otherwise specified by the Board of Directors.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Nine Months Ended March 31, 2026		**Year Ended June 30, 2025**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	2,525,000	$1.55	2,500,000	$2.48
Issued	200,000	$0.75	1,425,000	$0.83
Expired			-1,400,000	$2.47
Outstanding, end of period	2,725,000	$1.52	2,525,000	$1.55

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

Expiry Date	**Weighted Average Remaining Contractual Life in Years**	**Exercise Price**	**Outstanding**	**Exercisable**
08-Jul-26	0.27	1.00	25,000	25,000
10-Oct-26	0.53	0.60	200,000	200,000
27-Sep-27	1.49	0.60	200,000	200,000
13-Nov-27	1.62	0.60	100,000	100,000
15-Nov-27	1.63	0.60	100,000	100,000
19-Dec-27	1.72	0.60	100,000	100,000
31-Jan-28	1.84	1.02	100,000	100,000
16-Sep-28	2.47	0.75	100,000	100,000
02-Oct-28	2.51	0.80	100,000	100,000
06-Oct-33	7.52	2.50	1,100,000	1,100,000
31-Jan-35	8.84	1.02	250,000	250,000
	3.62	1.50	2,725,000	2,537,500

(Unaudited – Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

e) Stock options

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly, share-based payments of $794,727 (2024 - $5,836,658) were recognized during the year ended June 30, 2025.

The fair value of each stock option granted was calculated using the following weighted average assumptions:

	Nine Months Ended March 31, 2026	**Year Ended June 30, 2025**
Expected life (years)	3	5.79
Risk-free interest rate	2.48%	3.07%
Annualized volatility	98%	124%
Dividend yield	0%	0%
Stock price at grant date	$0.73	$ 0.81
Exercise price	$0.78	$ 0.83
Weighted average grant date fair value	$0.44	$ 0.65

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has estimated the volatility of the share price based on comparable start-up companies' volatilities.

During the year ended June 30, 2025, the Company transferred $Nil (2024 - $96,412) from the share-based payments reserve to share capital, as Nil (2024 - 339,000) stock options were exercised. The weighted-average share price for stock options exercised during the year ended June 30, 2025 was $Nil (2024 - $2.42).

During the year ended June 30, 2025, the Company transferred $3,309,090 (2024 - $292,134) from the share-based payments reserve to deficit, as 1,400,000 (2024 - 1,161,000) stock options expired unexercised.

11. RESEARCH AND LAB FEES

An investment tax credit refund under the government of Québec Scientific Research & Experimental Development program of $Nil for the six months ended December 31, 2025 (2024 - $nil) has been recorded as a reduction of research and lab fees.

12. SEGMENTED DISCLOSURE

The Company has one operating segment, being research and development. All of the Company's assets are located in Canada.

(Unaudited – Expressed in Canadian Dollars)

13. COMMITMENTS

The consulting agreements signed with certain consultants have indefinite terms and monthly fees totalling $30,000. In the event the agreements are terminated by the Company or the consultants as a result of a change in control, the Company would be required to pay a total of $180,000 to the consultants. The consulting agreement with the chief executive officer contains bonus payments upon reaching certain milestones related to clinical trials and license agreements. During the year ended June 30, 2025, bonuses of $65,000 (2024 - $75,000) were paid or accrued to the chief executive officer.

14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

		March 2026		June 2025
Interest paid	$	-	$	3,381
Non-cash investing and financing activities				
Conversion of convertible debenture to shares	$	1,476,000	$	251,200
Fair value transferred on exercise of stock options	$	-	$	96,412
Fair value transferred on exercise of warrants	$	9,032	$	-
Fair value transferred on expiry of warrants	$	(224,945)	$	714,965
Fair value transferred on expiry of stock options	$	-	$	3,309,090
Fair value of finders' warrants issued	$	-	$	105,578
Fair value of finders' shares issued	$	-	$	63,960

Reconciliation of liabilities arising from financing activities for the nine months ended March 31, 2026 and year ended June 30, 2025:

			Non-cash Items					
	June 30, 2025	Cash Flow	Accretion	Bifurcation t o Equity	Bifurcation t o Warrant Reserve	Gain on extinguishment of debentures	Conversion	March 31, 2026
	$	$	$	$	$	$	$	$
Convertible debentures	1,489,194	1,839,900	268,062	-177,218	-261,650	-	(1,594,080)	1,564,207

			Non-cash Items					
	June 30, 2024	Cash Flow	Accretion	Bifurcation t o Equity	Bifurcation t o Warrant Reserve	Gain on extinguishment of debentures	Conversion	June 30, 2025
	$	$	$	$	$	$	$	$
Convertible debentures	1,660,270	(94,000)	316,926	-	-	(142,802)	(251,200)	1,489,194

15. SUBSEQUENT EVENTS

The Company granted 200,000 incentive restricted stock units ("RSUs") to the CEO and Director of the Company, vesting immediately. Each RSU entitles the holder thereof to receive one common share of the Company expiring on April 24, 2027, subject to the terms of the Omnibus Incentive Plan of the Company and applicable securities law hold periods.