Sharp Therapeutics Corp.
(formerly EVP Capital Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND DECEMBER 31, 2023

(Expressed in US Dollars)

Independent Auditor's Report

To the Shareholders of Sharp Therapeutics Corp. (formerly EVP Capital Inc.):

Opinion

We have audited the consolidated financial statements of Sharp Therapeutics Corp. (formerly EVP Capital Inc.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity (deficiency) and cash flows for the years ended December 31, 2024 and December 31, 2023, and notes to the consolidated financial statements, including material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial positions of the Company as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2024 and December 31, 2023 in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss during the year ended December 31, 2024 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matters to be communicated in our report.

MNP LLP

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Accounting for the Reverse Acquisition Transaction

Key Audit Matter Description

We draw your attention to notes 1 and 6 to the consolidated financial statements. On December 11, 2024, EVP Capital Inc. completed an arrangement of merger with Sharp Edge Labs, Inc. ("Sharp Edge"). This transaction resulted in a reverse acquisition of EVP Capital Inc. by Sharp Edge where Sharp Edge was the continuing entity for accounting purposes with the comparatives figures presented being those of Sharp Edge. The excess consideration paid over the fair value of the net liabilities of the accounting acquiree was accounted for as listing expense in the consolidated financial statements in accordance with relevant standards.

The Company applied judgement in determining whether the Company's operations constituted a business and the relevant accounting considerations. It also applied estimates in determining the fair value of the purchase consideration. Furthermore, the Company issued options and warrants to replace Sharp Edge's options and warrants as part of the arrangement. Determining the classification of the replacement options and warrants issued requires judgement, because the Company's functional currency is different from the currency of the exercise prices of these options and warrants.

We have identified the accounting for the reverse acquisition transaction as a key audit matter. The matter includes the principal considerations on (i) judgments applied in determining the nature of operations that the Company conducted, (ii) estimates used in determining the fair value of the purchase consideration, and (iii) judgements applied according to IFRS 2 or IAS 32 in assessing the classification of replacement options and warrants issued.

Audit Response

We responded to this matter by performing procedures in relation to the reverse acquisition transaction. Our audit work in relation to this included, but was not restricted to, the following:

- Examining the transaction documents to understand and evaluate the closing date, parties involved as well as the key terms and conditions of the underlying arrangement for the reverse acquisition transaction.
- Evaluating the appropriateness of management's assessment on the nature of the Company's operations and whether these operating activities constituted a business.
- Evaluating the methodology used and estimates and assumptions applied, such as share price and volatility, to determine the fair value of the purchase considerations that included common shares, options and warrants.
- Evaluating the fair value of the asset and liability of the accounting acquiree on the date of the reverse acquisition, and recalculating the listing expense.
- Inspecting management's assessment on the functional currency of the issuing entity and the implication for accounting for the replacement options and warrants upon the closing of reverse acquisition, and evaluating whether these instruments were appropriately classified and measured in accordance with IFRS 2 and IAS 32.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brea H. Sami.

Vancouver, British Columbia

April 23, 2025

MNP LLP

Chartered Professional Accountants

Sharp Therapeutics Corp. (formerly EVP Capital Inc.)
Consolidated Statements of Financial Position
As at December 31, 2024 and December 31, 2023
(Expressed in US dollars)

	Note		December 31, 2024		December 31, 2023
ASSETS					
Cash		$	3,484,672	$	376,868
Prepaid expenses			34,311		48,769
Total Current Assets		$	3,518,983	$	425,637
Deposit	7		16,680		16,680
Property and equipment	8		18,665		19,993
Right-of-use assets, net	9		999,664		1,084,143
Total Assets		$	4,553,992	$	1,546,453
LIABILITIES					
Accounts payable and accrued liabilities	10	$	522,985	$	411,677
Current portion of lease liabilities	11		36,167		29,049
Warrants liabilities	14		130,664		-
Current portion of convertible notes payable	12		-		5,886,566
Current portion of redeemable preferred shares	13		-		1,392,886
Total Current Liabilities		$	689,816	$	7,720,178
Lease liabilities	11		1,279,466		1,315,632
Convertible notes payable	12		-		1,187,851
Redeemable preferred shares	13		-		2,785,773
Warrants liabilities	14		-		19,444
Total Liabilities		$	1,969,282	$	13,028,878
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital	14	$	21,790,587	$	4,549,887
Contributed surplus	15		673,165		592,146
Deficit			(19,885,098)		(16,624,458)
Accumulated other comprehensive income			6,056		-
Total Shareholders' Equity (Deficiency)		$	2,584,710	$	(11,482,425)
Total Liabilities and Shareholders' Equity (Deficiency)		$	4,553,992	$	1,546,453

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 18)
Subsequent events (Note 24)

Approved by the Board of Directors:

"Scott Sneddon"
Director (Signed)

"John L. Brooks III"
Director (Signed)

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

Sharp Therapeutics Corp. (formerly EVP Capital Inc.)
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2024 and December 31, 2023
(Expressed in US dollars except for per share amounts)

	Note		Year ended December 31, 2024		Year ended December 31, 2023
OPERATING EXPENSES					
General and administrative	16	$	436,854	$	511,935
Research and development	16		2,093,872		1,725,619
Share-based compensation	15		10,009		29,988
TOTAL OPERATING EXPENSES		$	2,540,735	$	2,267,542
LOSS FROM OPERATIONS		$	(2,540,735)	$	(2,267,542)
OTHER ITEMS					
Listing expense	6	$	(2,010,878)	$	-
Accretion on lease liabilities	11		(170,951)		(174,475)
Other (expense) income			(16,907)		2,586
Change in fair value of convertible notes	12		(278,159)		(539,883)
Realized loss on convertible notes	12		-		(6,397)
Change in fair value of redeemable preferred shares	13		(506,345)		(580,688)
Realized gain on redeemable preferred shares	13		1,747,507		-
Change in fair value of warrants liabilities	15		515,828		1,652
NET LOSS		$	(3,260,640)	$	(3,564,747)
Other comprehensive income from currency translation			6,056		-
COMPREHENSIVE LOSS		$	(3,254,584)	$	(3,564,747)
Loss per share -					
Basic and Diluted		$	(0.36)	$	(0.82)
Weighted average number of common shares outstanding –					
Basic and Diluted			8,998,230		4,344,460

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

Sharp Therapeutics Corp. (formerly EVP Capital Inc.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the Years Ended December 31, 2024 and December 31, 2023
(Expressed in US dollars except for per share amounts)

	Note	Number of common shares*	Number of preferred shares - Series 1.A	Number of preferred shares - Series 1.A-1	Number of preferred shares - Series 1.B	Number of preferred shares - Series 1.C	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' deficiency
Balance January 1, 2023		**4,335,188**	**936,582**	**1,131,141**	**2,659,487**	**5,218,760**	**$ 4,547,887**	**$ 562,158**	**$ -**	**$ (13,059,711)**	**$ (7,949,666)**
Issuance of common shares - stock option exercises	15	12,488	-	-	-	-	2,000	-	-	-	2,000
Share-based payments	15	-	-	-	-	-	-	29,988	-	-	29,988
Net loss for the year		-	-	-	-	-	-	-	-	(3,564,747)	(3,564,747)
Balance December 31, 2023		**4,347,676**	**936,582**	**1,131,141**	**2,659,487**	**5,218,760**	**$ 4,549,887**	**$ 592,146**	**$ -**	**$ (16,624,458)**	**$ (11,482,425)**

	Note	Number of common shares*	Number of preferred shares - Series 1.A	Number of preferred shares - Series 1.A-1	Number of preferred shares - Series 1.B	Number of preferred shares - Series 1.C	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
Balance December 31, 2023		**4,347,676**	**936,582**	**1,131,141**	**2,659,487**	**5,218,760**	**$ 4,549,887**	**$ 592,146**	**$ -**	**$ (16,624,458)**	**$ (11,482,425)**
Share-based payments	15	-	-	-	-	-	-	10,009	-	-	10,009
Pre-closing financing, net of share issuance costs	14	3,430,700	-	-	-	-	4,335,991	-	-	-	4,335,991
Exercise of convertible notes	12	7,333,718	-	-	-	-	9,332,935	-	-	-	9,332,935
Conversion of redeemable preferred shares	13	2,308,269	-	-	-	-	2,937,497	-	-	-	2,937,497
Conversion of preferred shares	14	9,945,970	(936,582)	(1,131,141)	(2,659,487)	(5,218,760)	-	-	-	-	-
Effect of reverse takeover	6	854,514	-	-	-	-	634,277	-	-	-	634,277
Issuance of the Company's Replacement Options	6	-	-	-	-	-	-	71,010	-	-	71,010
Net loss for the year		-	-	-	-	-	-	-	-	(3,260,640)	(3, 260,640)
Foreign currency translation adjustment		-	-	-	-	-	-	-	6,056	-	6,056
Balance December 31, 2024		**28,220,847**	**-**	**-**	**-**	**-**	**$ 21,790,587**	**$ 673,165**	**$ 6,056**	**$ (19,885,098)**	**$ 2,584,710**

*****In relation to the reverse acquisition transaction, as described in Notes 1 and 6, on December 11, 2024, the common shares of Sharp Edge Labs, Inc. were exchanged on a 1:31.21940 basis (the "Share Exchange"). In addition, the Company executed a share consolidation on a 10-to-1 basis (the "Share Consolidation"), which became effective on January 27, 2025 (Note 24). The Share Exchange and the Share Consolidation are reflected retrospectively in these consolidated financial statements.

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

Sharp Therapeutics Corp. (formerly EVP Capital Inc.)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2024 and December 31, 2023
(Expressed in US dollars)

	Note	**Year ended December 31, 2024**	**Year ended December 31, 2023**
OPERATING ACTIVITIES			
Net loss for the year		$ (3,260,640)	$ (3,564,747)
Items not affecting cash:			
Depreciation and amortization expense	8,9	100,295	114,420
Accretion on lease liabilities	11	170,952	174,475
Change in fair value of convertible notes	12	278,159	539,883
Realized loss on convertible notes	12	-	6,397
Interest expense on convertible promissory note	12	17,146	-
Change in fair value of redeemable preferred shares	13	506,345	580,688
Realized gain on redeemable preferred shares	13	(1,747,507)	-
Change in fair value of warrants liability	15	(515,828)	(1,652)
Listing expense (non-cash)	6	765,654	-
Share-based compensation	15	10,009	29,988
		$ (3,675,415)	$ (2,120,548)
Changes in non-cash working capital	22	60,116	159,368
Cash used in operating activities		$ (3,615,299)	$ (1,961,180)
INVESTING ACTIVITIES			
Purchase of property and equipment	8	$ (14,488)	$ (10,329)
Cash acquired from reverse acquisition	6	5,100	-
Cash used in investing activities		$ (9,388)	$ (10,329)
FINANCING ACTIVITIES			
Proceeds from convertible notes issued	12	$ 2,200,000	$ -
Repayment of promissory note	12	(236,787)	-
Payments of lease liabilities	11	(200,000)	(200,000)
Proceeds from options exercised	15	-	2,000
Proceeds from private placement, net of transaction costs	14	4,963,222	2,382,128
Cash provided by financing activities		$ 6,726,435	$ 2,184,128
Increase in cash		$ 3,101,748	$ 212,619
Effect of foreign currency translation		6,056	-
Cash, beginning of year		376,868	164,249
Cash, end of year		$ 3,484,672	$ 376,868

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

1. Nature of Operations and Going Concern

Sharp Therapeutics Corp. (formerly EVP Capital Inc., “STC” or the "Company") was incorporated under the Business Corporations Act (Ontario) on October 4, 2021 and is listed on the TSX Venture Exchange (“Exchange”). Sharp Edge Labs, Inc. (“SEL” or “Sharp Edge”), a Delaware (USA) corporation, is a wholly-owned subsidiary of the Company. Sharp Edge is a preclinical-stage drug discovery company developing therapeutics for genetic diseases. The registered address , and location of the records of the Company is One First Canadian Place, Suite 3400, Toronto, Ontario M5X 1A4. The head office is located at 2403 Sidney St., Suite 264, Pittsburgh PA 15203.

Arrangement Agreement and Plan of Merger

EVP Capital Inc. (“EVP Capital”), Sharp Edge, and EVP Capital’s wholly-owned subsidiary, SEL AcquisitionCo Inc. (“Merger Sub”), a Delaware (USA) corporation, entered into a definitive arrangement agreement and plan of merger dated June 28, 2024, as amended on October 31, 2024 (the “Arrangement Agreement”). The Arrangement Agreement contemplated that EVP Capital would acquire all of the issued and outstanding shares of SEL, and Merger Sub would merge with and into SEL, with SEL continuing as the surviving corporation under the Delaware General Corporation Law. Pursuant to the terms of the Arrangement Agreement, each issued and outstanding share of common stock in the capital of Sharp Edge (each a "Sharp Edge Share") was exchanged for common shares of EVP Capital (the "Resulting Issuer Shares") on the basis of approximately 31.21940 Resulting Issuer Shares for one (1) Sharp Edge Share (the "Exchange Ratio") such that all holders of Sharp Edge Shares would become shareholders of EVP Capital and Sharp Edge would become a wholly-owned subsidiary of EVP Capital (the "Arrangement"). The transaction closed and the Arrangement became effective on December 11, 2024 (“Closing Date”). Refer to Note 6 for further information.

EVP Capital was a "capital pool company" under the policies of the TSXV and the Arrangement constituted its "Qualifying Transaction" in accordance with TSXV Policy 2.4 - Capital Pool Companies ("Policy 2.4"). In connection with the closing of the Arrangement, EVP Capital was renamed to Sharp Therapeutics Corp. and is listed as a Tier 2 Life Sciences Issuer on the TSXV.

Prior to and as a condition of closing the Arrangement, on October 18, 2024, Sharp Edge completed a non-brokered private placement of units of Sharp Edge ("Units") for gross proceeds of $5,000,000 (the "Pre-Closing Financing") pursuant to a stock purchase agreement dated August 15, 2023, as amended and restated, supplemented or otherwise modified from time to time among Sharp Edge and investors. The Units were issued at an issue price of $4.55 per Unit (prior to any adjustment resultant from the Exchange Ratio), with each Unit entitling the holder thereof to receive one Sharp Edge Share and a warrant to purchase one-half of a Sharp Edge Share ("Sharp Edge Warrant"). Each Sharp Edge Warrant entitled the holder thereof to purchase one Sharp Edge Share set forth therein upon payment of $4.55 per such Sharp Edge Shares within 12 months of the date of issuance. The net proceeds from the Pre-Closing Financing would be used for working capital purposes. The subscription proceeds of $5,000,000 were received in October 2024. No finder’s fee or commission was payable in connection with the Pre-Closing Financing. During the year ended December 31, 2024, $29,548 financing cost (December 31, 2023 – $nil) in relation to the Pre-Closing Financing is recognized as a reduction of share capital in the statement of financial position.

All Sharp Edge redeemable preferred shares (Note 13), convertible preferred shares (Note 14) and convertible notes (Note 12) were converted into Sharp Edge Shares concurrently with the closing of the Pre-Closing Financing. All Sharp Edge Warrants and options to purchase Sharp Edge Shares (Note 15) outstanding on the Closing Date were exchanged for similar securities of the Resulting Issuer on the basis of the Exchange Ratio pursuant to and in accordance with the Arrangement.

1. Nature of Operations and Going Concern (continued)

Going concern

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. As at December 31, 2024, the Company had an accumulated deficit of $19,885,098 (December 31, 2023 - $16,624,458). For the year ended December 31, 2024, the Company had also incurred negative operating cash flows of $3,549,649 (December 31, 2023 - $1,961,180) and a comprehensive loss of $3,254,584 (December 31, 2023 - $3,564,747). Management is aware, in making its going concern assessment, of recurring losses and on-going negative cash flows from operations that may cast significant doubt on the Company's ability to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2. Basis of Presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") issued and outstanding as of December 31, 2024.

These consolidated financial statements were approved by the Company's Board of Directors on April 23, 2025.

Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for the financial instruments classified at fair value through profit and loss, which are stated at their fair value.

Functional and presentation currency

The functional currency of the Company is Canadian dollars, while the functional currency of Sharp Edge is US dollars. The presentation currency of the Company is US dollars.

Function and nature of expenses

Expenses in the consolidated statements of loss and comprehensive loss are presented as a combination of function and nature in conformity with industry practice. Share-based payment is presented in separate line by its nature, while other operation expenses are presented on a functional basis.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

3. Material Accounting Policies

The material accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Cash

Cash includes cash on hand and deposits held with financial institutions.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment. Likewise, when a major inspection is performed, its cost is recognized in the carrying value of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of loss and comprehensive loss as incurred.

Depreciation is recognized on a straight-line basis over the expected useful life of the asset as follows, to write down the cost to the estimated residual value of property and equipment, or to nil if there is no residual value.

Furniture and fixture	3 years
Computer equipment	5 years
Lab equipment	3 to 7 years
Leaseholds improvement	Over term of the lease
Right-of-use assets	Over term of the lease

The assets' useful lives and residual value estimates are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property and equipment is derecognized upon disposal or when no future economic benefit is expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the statement of loss and comprehensive loss in the period the asset is derecognized.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories:
- i) those to be measured subsequently at fair value through profit or loss ("FVTPL");
- ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and
- iii) those to be measured at amortized cost.

3. Material Accounting Policies (continued)

Financial Instruments (continued)

Classification (continued)

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. The Company reclassifies financial assets if and when its business model for managing those assets changes. Financial liabilities are not reclassified.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus in the case of a financial asset, or less if financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities measured at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to the credit risk of that liability are recorded in other comprehensive income, while all other fair value changes are recognized in profit or loss.

Summary of the Company’s classification and measurements of financial assets and liabilities:

	IFRS 9	
	Classification	**Measurement**
Cash	FVTPL	Fair value
Deposit	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Lease liabilities	Amortized cost	Amortized cost
Convertible notes payable	FVTPL	Fair value
Redeemable preferred shares	FVTPL	Fair value
Warrant liabilities	FVTPL	Fair value

3. Material Accounting Policies (continued)

Government assistance

Government assistance consists of research and development tax credits awarded from the Commonwealth of Pennsylvania, USA. Government grants are not recognized until there is reasonable assurance that the Company or Sharp Edge will comply with the conditions attached to them and that the grant will be received. Government grants are recognized in the consolidated statements of loss and comprehensive loss on a systematic basis over the periods in which the Company or Sharp Edge recognizes the related costs as expenses for which the grant is intended to compensate.

Sharp Edge carries out research and development in the Commonwealth of Pennsylvania that is eligible for certain tax credits provided by the state of Pennsylvania. Sharp Edge has recognized the tax credits that are confirmed by award notifications because realization of these benefits is not considered uncertain at this time. Such tax credits are recognized in the consolidated statements of loss and comprehensive loss and presented against the research and development expenses for the period.

Income taxes

The income tax provision is comprised of current and deferred income tax. Current income tax and deferred income tax are recognized in the statement of loss and comprehensive loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current income taxes are the expected tax payable or receivable on the Company's taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination, that affects neither accounting nor taxable earnings or loss and that at the time of the transaction, does not give rise to equal taxable and deductible temporary differences; and taxable temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current income tax liabilities and assets on a net basis, or their income tax assets and liabilities will be realized simultaneously.

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is probable that the related income tax benefit will be realized.

3. Material Accounting Policies (continued)

Research and development costs

The Company records costs related to research as expense as incurred.

Development costs are also expensed in the year incurred unless the related process is clearly defined and the costs attributable thereto can be reliably measured; the technical feasibility of the process has been established so that it will be available for use or sale; management has indicated its intention to produce and market, or use, the process; an ability to use or sell the process exists; the process will generate probable future economic benefits; and adequate resources exist, or are expected to be available, to complete the development and to use or sell the process.

Loss per share

Basic loss per share is determined by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the respective period presented. Diluted loss per share is calculated by dividing net loss attributable to common shareholders by the weighted average number of common shares that are outstanding during the respective periods using treasury stock method. For the year ended December 31, 2024 and 2023, the convertible securities are not included in the computation of diluted loss per share as the effect of including them would be anti-dilutive. As a result, basic and diluted loss per share is the same.

Leases

The Company assesses at inception of a contract, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the customer has the following through the period of use:

- the right to obtain substantially all of the economic benefits from use of the identified asset; and
- the right to direct the use of the identified asset.

Where the Company is a lessee in a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability. The right- of-use asset is initially measured at cost. The cost of the right-of-use asset is comprised of the initial amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, initial direct costs incurred by the Company, and an estimate of the costs to be incurred by the Company in dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Lease deposits that are refundable in cash at the end of lease term is recognized as long-term deposits. Lease deposits that are prepaid rent in nature are accounted for within the right of use assets and lease liabilities.

After the commencement date, the Company measures all right-of-use assets by applying the cost model, whereby the right-of-use asset is measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight- line method from the commencement date to the end of the lease term or the end of the useful life of the right- of-use asset, whichever is shorter. The estimated useful life of the right-of-use assets are determined on the same basis as those of property and equipment.

3. Material Accounting Policies (continued)

Leases (continued)

The lease liability is initially measured at the present value of the lease payments not paid at the lease commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The lease payments included in the measurement of the lease liability are comprised of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, amounts expected to be payable by the Company under a residual value guarantee, the exercise price of a purchase option that the Company is reasonably certain to exercise, and payment of penalties for terminating the lease if the lease term reflects the Company exercising an option to terminate the lease. After the commencement date, the Company measures the lease liability at amortized cost using the effective interest method.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Convertible notes payable

Sharp Edge reviews the terms of its convertible notes to determine whether there are embedded derivatives that are required to be separated and accounted for as individual derivative financial instrument or equity component. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. For the convertible note payable for which the entire instrument is designated at fair value through profit or loss, the determination of the fair value is also an area of significant estimate given that it is subject to various inputs, assumptions and estimates including discount rates, duration before maturity or conversion events and probability of conversion for the potential conversion.

Sharp Edge has issued secured convertible notes which, on conversion, will automatically or may, at the option of the holders thereof, be satisfied in shares of Series A Convertible Preferred Stock of Sharp Edge ("Series A Preferred Shares"), or shares of any new series of preferred stock of Sharp Edge having rights, preferences, or privileges that are senior to the rights of the Series A Preferred Shares, depending on the occurrence of specific events. All outstanding secured convertible notes of Sharp Edge were converted into Sharp Edge Shares upon the closing of the Pre-Closing Financing.

Redeemable preferred shares

The Series A Preferred Shares comprise the redeemable preferred shares of Sharp Edge. The Series A Preferred Shares are redeemable for cash at the option of the holders of a majority of such shares after August 8, 2024, payable in three annual installments after such election, unless otherwise prohibited by law. Such Series A Preferred Shares may, at the option of the holders, be converted into Sharp Edge Shares at a conversion price initially at original issuance price and subject to broad-based weighted-average antidilution adjustment, and shall convert to Sharp Edge Shares upon certain customary trigger events. The Series A Preferred Shares are classified as hybrid financial instruments with embedded derivatives that include a conversion option with anti-dilution provisions as well as redemption rights. Sharp Edge reviews the terms and components of these redeemable preferred shares based on their contractual arrangement and has applied significant judgment in designating these redeemable preferred share instruments to be measured at FVTPL. Transaction costs directly attributable to the issuance of Series A Preferred Shares are recognized in profit and loss. Changes in the fair value of these redeemable preferred shares are recorded in statements of loss and comprehensive loss.

3. Material Accounting Policies (continued)

Redeemable preferred shares (continued)

The determination of the fair value is also an area of significant estimate given that it is subject to various inputs, assumptions and estimates including discount rates, volatility, duration before conversion events, probability of mandatory conversion and probability of cash redemption. All outstanding redeemable preferred shares of Sharp Edge were converted into Sharp Edge Shares upon the closing of the Pre-Closing Financing.

Warrant liabilities

During 2015 to 2016, Sharp Edge completed Series 1.B Preferred Share financing (Note 13) and issued detachable preferred share warrants. The terms of the preferred share warrants result in liability classification relating to the conversion of preferred share warrants to preferred shares, which arises due to the conversion taking place at a variable redemption rate.

On October 18, 2024, the Company completed the Pre-Closing Financing (Note 1) through an issuance of Units. Each Unit includes one Sharp Edge Share and a Sharp Edge Warrant to purchase one-half of a Sharp Edge Share. On December 11, 2024, Replacement Warrants were issued as described in Note 15 and as part of the reverse acquisition process (Note 6). These warrants are classified as financial liabilities on the consolidated statements of financial position since they do not meet the criteria for equity within *IAS 32, Financial instruments: Presentation*. The terms of these warrants result in financial liability classification due to the conversion taking place at a variable redemption rate.

The Company records the warrant liabilities at its fair value at each reporting period with any gains or losses recorded in the consolidated statement of loss and comprehensive loss.

Share capital

Common shares

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction in equity.

Series 1 preferred shares

Shares of all classes of Series 1 Preferred Stock of Sharp Edge (“Series 1 Preferred Shares”) are classified as equity. Transaction costs directly attributable to the issuance of shares of Series 1 Preferred Shares are recognized as a reduction in equity. All Series 1 Preferred Shares were replaced by the Company’s shares upon the reverse acquisition.

Units

Proceeds received on the issuance of units, comprised of common shares and warrants, are allocated to common shares and warrants based on their relative fair value.

3. Material Accounting Policies (continued)

Share-based payments

The grant date fair value of share-based payments awards granted to employees, consultants and directors is recognized as an expense, with a corresponding increase in equity, over the vesting period. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payments awards with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no true-up for difference between expected and actual outcomes.

The fair value of the options is measured at the grant date using the Black-Scholes option pricing model. The fair value is recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are satisfied with a corresponding increase in equity. For awards with graded vesting, the fair value of each tranche is recognized over this respective vesting period. Non-market vesting conditions are considered in making assumptions about the number of awards that are expected to vest. When the options are exercised, any proceeds received are credited to share capital along with the amount reflected in contributed surplus.

4. Critical Accounting Judgments and Estimates

The preparation of the consolidated financial statements requires management to make various judgments, estimates and assumptions in applying the Company's accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes. These judgments and estimates are based on management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. There have been no changes made to the Company's accounting policies during the year ended December 31, 2024.

Management has applied significant judgment and estimates in the following key areas:

Going concern

Assessing the Company's ability to continue as a going concern required management to apply significant judgment based on historical experience and other factors such as expectation on future cash flows and other future events, the outcome of which is uncertain.

Functional currencies

The functional currencies of the Company and Sharp Edge are the currencies of the primary economic environment in which the entities operate in. Determination of the functional currency may involve certain judgments to determine the primary economic environment, and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. The Canadian dollar was determined to be the functional currency for the Company on a prospective basis. The US dollar was determined to be the functional currency for Sharp Edge on a prospective basis.

4. Critical Accounting Judgments and Estimates (continued)

Acquisitions

The acquisition in Note 6 required management to make a judgment as to whether the entity constituted a business under the definitions of IFRS 3. More specifically, management concluded that they did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs; and met the concentration test in accordance with IFRS 3 Business Combinations ("IFRS 3"); therefore, the acquisition represented the purchase of assets. As a result, there was no goodwill generated on the transaction. The fair values of the net assets acquired were calculated using significant estimates and judgments. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position.

Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment and right-of-use assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions.

Fair value measurement of financial instruments

When the fair values of financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques or models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as Company's common share price, the volatility of the Company's stock price and the risk-free interest rate. Changes in assumptions relating to these factors could affect the reported fair value of these financial instruments. Such financial instruments include convertible note payables, redeemable preferred shares and warrant liability.

Income and other taxes

The calculation of current and deferred Income taxes requires management to make certain judgments regarding the tax rules in jurisdictions where the Company performs activities. Application of judgments is required regarding classification of transactions and in assessing probable outcomes of claimed deductions including expectations of future operating results, the timing and reversal of temporary differences, the likelihood of utilizing deferred tax assets and possible audits of income tax and other tax filings by the tax authorities.

Provisions and contingencies

Management reviews provisions at each statement of financial position date utilizing judgments to determine the probability that an outflow of economic benefit will result from the legal or constructive obligation and an estimate of the associated obligation. Due to the judgmental nature of these items, future settlements may differ from amounts recognized.

4. Critical Accounting Judgments and Estimates (continued)

Common share price

On October 18, 2024, Sharp Edge completed the Pre-Closing Financing (Note 1) through an issuance of Units. Each Unit entitles the holder to receive one Sharp Edge Share and a Sharp Edge Warrant to purchase one-half of a Sharp Edge Share. The price of the Sharp Edge Share within the Unit is determined by bifurcating the Unit into its components by simultaneously determining the value of the Sharp Edge Warrant using the Black-Scholes valuation model and the implied common share price of the Sharp Edge Share which, together with the Sharp Edge Warrant, equal the Unit price. The implied common share price of the Sharp Edge Share involves considerable judgment and could be affected by significant factors that are out of the Company's control.

Share-based Payments

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, the Company's common share price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and could be affected by significant factors that are out of the Company's control.

The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based compensation expense.

5. Future accounting pronouncements

The new and amended standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below:

Lack of Exchangeability (Amendments to IAS 21)

In August 2023, the IASB issued narrow-scope amendments to *IAS 21 The Effects of Changes in Foreign Exchange Rates*, which were incorporated into Part I of the CPA Canada Handbook – Accounting in November 2023.

The amendments specify how to determine whether a currency is exchangeable into another currency and how to determine the spot exchange rate when a currency lacks exchangeability. A currency is exchangeable into another currency when an entity is able to obtain the other currency within a timeframe that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity assesses whether a currency is exchangeable into another currency at the measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate as the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the amendments require an entity to disclose information that enables the users of the financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows, including the risks to which the entity is exposed because of the

5. Future accounting pronouncements (continued)

currency not being exchangeable into the other currency. The amendments are effective for annual reporting periods beginning on or after January 1, 2025.

IFRS 18 *Presentation and Disclosure in Financial Statements* (New)

In April 2024, the International Accounting Standards Board (IASB) issued IFRS 18 *Presentation and Disclosure in Financial Statements,* which was incorporated into Part I of the CPA Canada Handbook – Accounting in September 2024.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements,* and for all entities will:

- Introduce a new defined structure for the statement of profit and loss and require the classification of income and expenses in that statement into one of five categories: operating; investing; financing; income taxes; and discontinued operations.
- Require disclosure of 'management-defined performance measures' (MPMs) in a single note to the financial statements.;
- Enhance guidance about how to group information within the financial statements; and
- For the statement of cash flows, require that 'operating profit or loss' be used as the starting point for determining cash flows from operating activities under the indirect method, and remove the optionality around classification of cash flows from interest and dividends.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, including for interim financial statements.

The Company is assessing the impact on the consolidated financial statements from these new and amended standards and interpretations that are issued, but not yet effective. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

6. Reverse acquisition

Pursuant to the Arrangement discussed in Note 1, each issued and outstanding Sharp Edge Share was exchanged for common shares of EVP Capital, on the basis of approximately 31.21940 Resulting Issuer Shares for one (1) Sharp Edge Share such that all holders of Sharp Edge Shares will become shareholders of EVP Capital and SEL would become a wholly owned subsidiary of EVP Capital upon completion of the Arrangement. The transaction closed and the Arrangement became effective on December 11, 2024, and EVP Capital was renamed to Sharp Therapeutics Corp.

Management determined that the acquisition of EVP Capital did not meet the definition of a business combination in accordance with IFRS 3 *Business Combinations*. The substance of the transaction was a reverse acquisition of a non-operating company, EVP Capital, by Sharp Edge. The transaction has been accounted for as an asset acquisition, and the allocation of the purchase price to the assets acquired and the liabilities assumed is based on the estimated fair values at the time of the acquisition. The excess of the consideration transferred over the fair value of the assets and liabilities has been allocated to transaction costs as presented as listing expense on the consolidated statements of loss and comprehensive loss.

(Expressed in US dollars unless otherwise stated)

6. Reverse acquisition (continued)

The reverse acquisition is measured at the fair value of the equity consideration deemed issued to EVP Capital's shareholders in accordance with IFRS 2 *Share-based Payment* ("IFRS 2"). Consequently, the transaction is accounted for as a continuation of the financial statements of SEL (accounting acquirer and legal acquiree), together with a deemed issuance of shares equivalent to the shares held by the former shareholders of EVP Capital (accounting acquiree and legal acquirer), and a recapitalization of the equity of Sharp Edge. These consolidated financial statements include the completion of the reverse acquisition recorded on December 11, 2024.

SEL, the continuing entity for accounting purposes, is considered to have acquired the assets and liabilities of EVP Capital. The consolidated statements of loss and comprehensive loss include the results of SEL for the year ended December 31, 2024, and for EVP Capital from the date of reverse acquisition, December 11, 2024, to December 31, 2024. As the acquirer for accounting purposes, SEL's net assets are included in the consolidated statements of financial position at their carrying amounts.

As at December 11, 2024		
Consideration paid by SEL:		
Common shares retained by acquiree's shareholders ($0.07 per common share)	$	633,917
Fair value of acquiree's options		50,713
Fair value of acquiree's warrants		20,474
Transaction costs		1,245,224
	$	**1,950,328**
Net liabilities assumed from EVP Capital:		
Cash	$	5,100
Accounts payable and accrued liabilities		(65,650)
Total net liabilities assumed from EVP Capital		(60,550)
Listing expense		2,010,878
	$	**1,950,328**

The fair value of acquiree's options and warrants are determined using the Black-Scholes option pricing model. Key inputs and assumptions used in the Black-Scholes valuation at each reporting date are as follows:

	December 11, 2024
Common share price of the Company	$0.07
Options and warrants exercise price	$0.07
Annual volatility	83%
Annual risk-free rate	2.89%
Term	3.65 - 8.39 years

(Expressed in US dollars unless otherwise stated)

7. Deposit

The refundable security deposit attributes to the amount remitted to the landlord pursuant to the lease agreement that the Company entered into for its office premise and lab facility (Note 9).

8. Property and Equipment

	Furniture, Fixture and lab equipment	Leaseholds Improvement	Total
Cost:			
Balance January 1, 2023	$ 177,140	$ 8,060	$ 185,200
Additions	10,329	-	10,329
Balance December 31, 2023	$ 187,469	$ 8,060	$ 195,529
Additions	14,488	-	14,488
Balance December 31, 2024	$ 201,957	$ 8,060	$ 210,017
Accumulated Depreciation:			
Balance January 1, 2023	$ 142,225	$ 3,768	$ 145,993
Depreciation	29,231	312	29,543
Balance December 31, 2023	$ 171,456	$ 4,080	$ 175,536
Depreciation	14,890	926	15,816
Balance December 31, 2024	$ 186,346	$ 5,006	$ 191,352
Net book value, December 31, 2023	$ 16,013	$ 3,980	$ 19,993
Net book value, December 31, 2024	$ 15,611	$ 3,054	$ 18,665

9. Right-of-use Assets

In 2020, the Company entered into a lease agreement for its office premises and lab facility for a lease term of 11 years and with one option to extend the lease term for one additional period of 5 years.

Lease liabilities are measured at the present value of the base rent payments, discounted using an interest rate of thirteen percent (13%), which is the Company's incremental borrowing rate at the date of initial recognition. Right-of-use assets are measured at an amount equal to the lease liabilities at inception and adjusted by the amount of any prepaid or accrued lease payments.

(Expressed in US dollars unless otherwise stated)

9. Right-of-use Assets (continued)

The following schedule shows the movement in the Company's right-of-use assets during the year.

Right-of use assets		**Premises**
Cost		
Balance, January 1, 2023, December 31, 2023 and December 31, 2024	$	1,351,659
Accumulated Depreciation		
Balance January 1, 2023	$	183,038
Depreciation		84,478
Balance December 31, 2023	$	267,516
Depreciation		84,479
Balance December 31, 2024	$	351,995
Net book value, December 31, 2023	$	1,084,143
Net book value, December 31, 2024	$	999,664

The right-of-use assets are depreciated on a straight-line basis over the lease term which is for a period of 16 years.

10. Accounts Payable and Accrued Liabilities

		December 31, 2024		**December 31, 2023**
Trade payables	$	271,704	$	184,560
Accrued professional fees		229,861		209,770
Other payables and accrued liabilities		21,420		17,347
	$	522,985	$	411,677

11. Lease Liabilities

The following schedule shows the movements in the Company's lease liabilities related to premise leases during the years ended December 31, 2024 and December 31, 2023:

Lease Liabilities		
Balance January 1, 2023	$	1,370,206
Interest expense		174,475
Lease payments		(200,000)
Balance December 31, 2023	$	1,344,681
Interest expense		170,952
Lease payments		(200,000)
Balance December 31, 2024	$	1,315,633

		December 31, 2024		**December 31, 2023**
Current	$	36,167	$	29,049
Non-current		1,279,466		1,315,632
Lease liabilities	$	1,315,633	$	1,344,681

(Expressed in US dollars unless otherwise stated)

11. Lease Liabilities (continued)

During the year ended December 31, 2024, there were no variable lease payments not included in the measurement of lease liabilities (2023 - $nil).

The following table sets forth the undiscounted future lease payments to be made:

Future Lease Payments		Premise
Within one year	$	203,059
1 to 2 years		218,352
2 to 3 years		218,352
3 to 4 years		218,352
4 to 5 years		218,352
After 5 years		1,492,072
Total	$	2,568,539

12. Convertible Notes Payable

The following schedule shows the movements of the convertible notes payable by Sharp Edge during the years:

		Secured Convertible Notes		Convertible Promissory Notes		Total
Balance, January 1, 2023	$	3,932,765	$	213,244	$	4,146,009
Convertible note issued, net of transaction costs		2,382,128		-		2,382,128
Loss from change in fair value		539,883		-		539,883
Realized loss from renewal		-		6,397		6,397
Balance, December 31, 2023	$	6,854,776	$	219,641	$	7,074,417
Convertible note issued, net of transaction costs		2,200,000		-		2,200,000
Loss from change in fair value		278,159		-		278,159
Repayment of principal and interest		-		(236,787)		(236,787)
Conversion to common shares		(9,332,935)		-		(9,332,935)
Interest expense		-		17,146		17,146
Balance, December 31, 2024	$	-	$	-	$	-

		December 31, 2023
Current	$	5,886,566
Non-current		1,187,851
Convertible notes payable	$	7,074,417

Secured Convertible Notes

During the years ended December 31, 2024 and 2023, the Company raised capital for bridge financing through the issuance of secured convertible notes (the "Bridge Notes"). The Company raised gross proceeds of $2,200,000 in cash in 2024 and $2,382,128 in cash in 2023. All the Bridge Notes bear interest at a rate of 6% per annum.

Sharp Edge designated the Bridge Notes as financial liabilities recorded at fair value through profit and loss. Financial liabilities at FVTPL are initially recorded at fair value. The initial fair value of the Bridge Notes approximates the transaction price on the issue dates. Gains and losses arising from changes in the fair value of the financial liability held at FVTPL are included in the consolidated statement of loss and comprehensive loss in the year in which they arise.

(Expressed in US dollars unless otherwise stated)

12. Convertible Notes Payable (continued)

On October 18, 2024, all Bridge Notes, including the secured convertible notes previously issued in 2021 and 2022 and including accrued interest, were automatically converted to 7,333,718 Sharp Edge Shares upon the closing of the Pre-Closing Financing (Notes 1 and 14), at a share price determined based on the Unit price per Pre-closing Financing. As the Bridge Notes were classified as financial liabilities held at FVTPL, their fair value was re-measured immediately prior to conversion and a loss from change on their fair value of $278,159 was recorded in the consolidated statement of loss and comprehensive loss.

To determine the fair value of the Bridge Notes during the year ended December 31 2023, key inputs and assumptions used in the valuation model are:

i) appropriate discount rates – market yield for the payoff, and risk-free rate for the conversion events
ii) duration before maturity or conversion events
iii) probability of conversion for the potential conversion

The weighted average assumptions used in calculating the fair value of the Bridge Notes during the year ended December 31, 2023 are as follows:

	December 31, 2023
Market yield	25.98% - 31.44%
Duration (years)	1.33 – 1.51
Implied probability of conversion	16.14% - 21.83%
Risk free rate	4.59% - 4.88%

As of December 31, 2024, Sharp Edge presented the fair value balances of $nil (December 31, 2023 – $5,886,566) as current liabilities and $nil (December 31, 2023 – $1,187,851) as non-current liabilities based on the maturity dates of each convertible note.

Convertible Promissory Notes

Sharp Edge historically owed Carnegie Mellon University (“CMU”) an aggregate of $396,401 under previous repayment agreements for the patent costs related to the Licensed Technology (Note 18). To settle this amount, Sharp Edge paid $198,200 in cash and issued an unsecured convertible promissory note (the “Settlement Note”) for a principal of $201,174 effective December 31, 2021, bearing interest at 6% per annum and maturing in a year. Sharp Edge and CMU subsequently renewed the Settlement note on December 31, 2022 and June 30, 2023.

For the year ended December 31, 2023, the Company designated the final renewed and non-convertible Settlement Note as financial liabilities measured at fair value through profit and loss and initially recorded it at the transaction price on the issue dates. Due to the short-term nature of the Settlement Note and the arms-length nature of the relationship, the fair value approximates the transaction amount at each renewal date and the principal amount as at each year-end. Gain and loss arising from changes in the fair value of Settlement Note, as well as realized gain or loss resulting from renewal of the Settlement Note are included in the consolidated statement of loss and comprehensive loss in the year in which they arise.

On July 10, 2024, the Company entered into a Promissory Note with CMU to amend the Settlement Note and the previously issued convertible promissory notes, making such note a promissory note with no conversion feature. The Promissory Note had a principal balance of $231,722 and bear 6% interest rate per annum. This Promissory Note was fully repaid in cash on November 30, 2024, for $236,787.

(Expressed in US dollars unless otherwise stated)

13. Redeemable Preferred Shares

The Series A Preferred Shares comprise the redeemable preferred shares of Sharp Edge. The following schedule shows the movements of the financial instrument of redeemable preferred shares during the years:

		Redeemable Preferred Shares
Balance January 1, 2023	$	3,597,971
Loss from change in fair value		580,688
Balance December 31, 2023	$	4,178,659
Loss from change in fair value		506,345
Realized gain on settlement		(1,747,507)
Conversion of preferred shares		(2,937,497)
Balance December 31, 2024	$	-

		December 31, 2023
Current		1,392,886
Non-current		2,785,773
Redeemable preferred shares	$	4,178,659

In 2019, Sharp Edge issued 739,365 shares of Series A Preferred Shares to various purchasers at $6.664 per share for gross proceeds of approximately $4,800,000, including approximately $578,000 converted from convertible notes at a conversion price of $5.331 per share, net of issuance cost of approximately $72,000. Holders of Series A Preferred Shares are entitled to receive only, when, as, and if declared by the board of directors non-cumulative dividends at 5% of the original issuance price, in preference to the Series 1 Preferred Shares (Note 14) and the Sharp Edge Shares.

Due to their redemption feature, the Series A Preferred Shares are classified as hybrid financial instruments with a financial liability host of redemption right as well as embedded derivatives that include conversion option with anti-dilution provisions. At initial recognition, the Company has elected to designate the entire instrument of Series A Preferred Shares to be measured at fair value through profit and loss with gain/loss of revaluation recognized in statements of loss and comprehensive loss.

On October 18, 2024, all of the Series A Preferred Shares were converted into 2,308,269 Sharp Edge Shares in connection with closing of the Pre-Closing Financing. The fair value of the shares issued were determined using a share price based on the Pre-closing Financing (Note 1, Note 14). The fair value was then compared to the fair value of the Series A Preferred Shares immediately prior to the conversion, resulting in a realized gain of $1,747,507.

To determine the fair value of the Series A Preferred Shares immediately prior to conversion on October 18, 2024, and at each reporting period end, key inputs and assumptions used in the valuation model are:

i) appropriate discount rates – credit adjusted rate for the payoff, and risk-free rate for the conversion events;
ii) volatility;
iii) duration before conversion events;
iv) probability of mandatory conversion; and
v) probability of cash redemption.

(Expressed in US dollars unless otherwise stated)

13. Redeemable Preferred Shares (continued)

The weighted average assumptions used in calculating the fair value of the Series A Preferred Shares immediately prior to the settlement and at the reporting year end are as follows:

	Prior to Conversion	December 31, 2023
Volatility	83%	83%
Duration (years)	0.13	0.67
Conversion transaction probability	22.5%	22.5%
Cash redemption probability	77.5%	77.5%
Risk free rate	4.87%	5.10%
Credit adjusted rate	30.44%	28.79%

14. Share Capital

Authorized and outstanding share capital

As at December 31, 2024 and December 31, 2023, the Company and Sharp Edge, respectively, have authorized, issued, and outstanding preferred and common shares as follows:

	December 31, 2024*	December 31, 2023*
Convertible Preferred Shares:		
Series A, $0.00001 par value		
Shares authorized	-	8,766,841
Shares issued and outstanding	-	2,308,269
Liquidation preference	$ -	$ 4,927,128
Series 1.C, $0.00001 par value		
Shares authorized	-	6,882,123
Shares issued and outstanding	-	5,218,760
Liquidation preference	$ -	$ 3,192,827
Series 1.B, $0.00001 par value		
Shares authorized	-	2,713,116
Shares issued and outstanding	-	2,659,487
Liquidation preference	$ -	$ 1,209,658
Series 1.A-1, $0.00001 par value		
Shares authorized	-	1,131,141
Shares issued and outstanding	-	1,131,141
Liquidation preference	$ -	$ 452,901
Series 1.A, $0.00001 par value		
Shares authorized	-	936,582
Shares issued and outstanding	-	936,582
Liquidation preference	$ -	$ 300,000
Common Shares:		
Shares authorized	Unlimited	29,970,624
Shares issued and outstanding	28,220,847	4,347,676

14. Share Capital (continued)

***** In relation to the reverse acquisition transaction as described in Notes 1 and 6, on December 11, 2024, the common shares of Sharp Edge Labs, Inc. were exchanged on a 1:31.21940 basis (the "Share Exchange"). In addition, the Company executed a share consolidation on a 10-to-1 basis (the "Share Consolidation"), which became effective on January 27, 2025 (Note 24). The Share Exchange and the Share Consolidation are reflected retrospectively in these consolidated financial statements.

Private placements

<u>*Series 1.A*</u>

In 2010, Sharp Edge issued certain Series A Convertible Preferred Stock (later reclassified as Series 1.A Convertible Preferred Stock, a class of the Series 1 Preferred Shares ("Series 1.A Preferred Shares") for gross proceeds of $300,000, net of issuance cost of approximately $38,000. Holders of Series 1.A Preferred Shares are entitled to receive only, when, as and if declared non-cumulative dividends at 8% of the original issuance price, in preference to holders of Sharp Edge Shares. The Series 1.A Preferred Shares are not redeemable and are classified as compound financial instruments with equity host and financial liability components that include conversion option with anti-dilution provisions as well as mandatory conversion. At initial recognition, Sharp Edge has elected to record the full transaction price to the equity host and presented in equity.

On October 18, 2024, all of the Series 1.A Preferred Shares were converted into same amount of Sharp Edge Shares as triggered by the Pre-Closing Financing and were subsequently exchanged for 936,582 Resulting Issuer Shares based on the Exchange Ratio in connections with closing of the Arrangement discussed in Note 6 and the Share Consolidation that took place as a subsequent event discussed in Note 24.

<u>*Series 1.A-1*</u>

From 2011 to 2013, SEL issued certain Series A-1 Convertible Preferred Stock (later reclassified as Series 1.A-1 Convertible Preferred Stock, a class of the Series 1 Preferred Shares ("Series 1.A-1 Preferred Shares")) for gross proceeds of approximately $453,000, net of issuance cost of approximately $18,000. Holders of Series 1.A-1 Preferred Shares are entitled to receive only, when, as and if declared non-cumulative dividends at 8% of the original issuance price, pari passu with the holders of Series 1.A Preferred Shares and in preference to holders of Sharp Edge Shares. The Series 1.A Preferred Shares are not redeemable and are classified as compound financial instruments with equity host and financial liability components that include conversion option with anti-dilution provisions as well as mandatory conversion. At initial recognition, SEL has elected to record the full transaction price to the equity host and presented in equity.

On October 18, 2024, all the Series 1.A-1 Preferred Shares were converted into same amount of Sharp Edge Shares in connection with closing of the Pre-Closing Financing and were subsequently exchanged for 1,131,141 Resulting Issuer Shares based on the Exchange Ratio pursuant to the Arrangement discussed in Note 6 and the Share Consolidation that took place as a subsequent event discussed in Note 24.

<u>*Series 1.B*</u>

In 2014, SEL issued certain Series B Participating Preferred Stock (later reclassified as Series 1.B Participating Convertible Preferred Stock, a class of the Series 1 Preferred Shares ("Series 1.B Preferred Shares")) to various purchasers for gross proceeds of approximately $917,000, including approximately $392,000 converted from convertible notes (with the conversion prices discounted as set forth therein), net of issuance cost of approximately $29,000.

14. Share Capital (continued)

Private placements (continued)

Series 1.B (continued)
In 2015, SEL issued certain Series 1.B Preferred Shares for gross proceeds of $188,800. In connection with this offering, SEL issued a warrant to purchase shares of a future series of preferred stock, with the number of such shares and the exercise price calculated as set forth therein, for a period of 10 years. The warrants are classified as warrant liability. The terms of the Preferred Share Warrants result in liability classification relating to the conversion of Preferred Share Warrants to Preferred Shares, which arises due to the uncertainty on conversion price and conversion ratio at the time of issuance. Proceeds from the private placement were first allocated to warrant liability based on its fair value with residual allocated to share capital.

Holders of Series 1.B Preferred Shares are entitled to receive only, when, as and if declared non-cumulative dividends at 8% of the original issuance price, pari passu with the holders of Series 1.A Preferred Shares and holders of Series 1.A-1 Preferred Shares, and in preference to holders of Sharp Edge Shares. The Series 1.B Preferred Shares are not redeemable and are classified as compound financial instruments with equity host and financial liability components that include conversion option with anti-dilution provisions as well as mandatory conversion. At initial recognition, SEL has elected to record the full transaction price to the equity host and presented in equity.

On October 18, 2024, all the Series 1.B preferred shares were converted into same amount of SEL common shares as triggered by the Pre-Closing Financing and were subsequently exchanged for 2,659,487 Resulting Issuer Shares based on the Exchange Ratio in connections with closing of the Arrangement discussed in Note 6 and the Share Consolidation that took place as a subsequent event discussed in Note 24.

Series 1.C
In 2017, Sharp Edge issued certain Series C Convertible Preferred Stock (later reclassified as Series 1.C Convertible Preferred Stock, a class of the Series 1 Preferred Shares (“Series 1.C Preferred Shares”) for gross proceeds of approximately $2,400,000, including approximately $859,000 converted from convertible notes, net of issuance cost of approximately $61,000. In connection with this offering, SEL also issued warrants (“Preferred Share Warrants”) to purchase Series 1.C Preferred Shares. Holders of Series 1.C Preferred Shares are entitled to receive only, when, as and if declared non-cumulative dividends at 6% of the original issuance price, in preference to holders of Series 1.B Preferred Shares, Series 1.A-1 Preferred Shares, Series 1.A Preferred Shares, and holders of Sharp Edge Shares. Both the Series 1.C Preferred Shares and Preferred Share Warrants are classified as equity. Proceeds from the private placement were allocated to share capital and the warrants based on the relative fair value of the proceeds. In 2022, the Preferred Share Warrants were exercised for Series 1.C Preferred Shares or allowed to expire pursuant to their terms.

On October 18, 2024, all Series 1.C preferred shares were converted into same amount of SEL common shares as triggered by the Pre-Closing Financing and were subsequently exchanged for 5,218,760 Resulting Issuer Shares based on the Exchange Ratio in connections with closing of the Arrangement discussed in Note 6 and the Share Consolidation that took place as a subsequent event discussed in Note 24.

14. Share Capital (continued)

Common shares

The Company has an unlimited number of common shares authorized for issuance.

On October 18, 2024, Sharp Edge completed the Pre-Closing Financing discussed in Note 1 and issued Units for gross proceeds of $5,000,000. The Units were issued at a price of $1.457430 per unit (adjusted from $4.55 per unit for the Share Consolidation and Exchange Ratio). Each Unit entitles the holder to receive one Sharp Edge Share and a Sharp Edge Warrant to purchase one-half of a Sharp Edge Share. The price of the Sharp Edge Share within the Unit is determined by bifurcating the Unit into its components by simultaneously determining the value of the Sharp Edge Warrant using the Black-Scholes valuation model and the implied common share price of the Sharp Edge Share which, together with the Sharp Edge Warrant, equal the Unit price of $1.457430 per unit (adjusted from $4.55 per unit for the Share Consolidation and Exchange Ratio). Details on the Sharp Edge Warrants, including fair value methodology and key inputs into the Black-Scholes model, are discussed in Note 15.

On December 31, 2024, the Company has 28,220,847 common shares issued and outstanding based on the Exchange Ratio pursuant to the Arrangement discussed in Note 6 and the Share Consolidation that took place as a subsequent event discussed in Note 24.

On December 31, 2023, SEL has 4,347,676 SEL common shares were issued and outstanding.

15. Share-based Payments

Options

For the year ended December 31, 2024, the Company has an equity incentive plan (the “Plan”) whereby the board of directors may grant stock options (“Replacement Options”) to employees, directors, consultants, and other independent contractors who provide bona fide services to the Company to purchase and acquire up to 10% of the issued and outstanding shares of the Company. The exercise price for a Replacement Option will not be less than 100% of the fair market value per share of the Company as of the date of the Replacement Option grant. Replacement Options that may be granted under the Plan must be exercisable over a period not exceeding 10 years. The Company records an expense and credits contributed surplus for all Replacement Options granted. The Replacement Options granted to employees, directors, and officers typically vest as one-fourth on the first anniversary of the grant date and then evenly over the next 36 months after the first anniversary of the grant date.

On December 11, 2024, all 85,452 EVP Capital options outstanding were deemed to be exchanged for 85,452 Replacement Options to purchase Resulting Issuer Shares from the Company.

(Expressed in US dollars unless otherwise stated)

15. Share-based Payments (continued)

Options (continued)

The following table summarizes the continuity of the Company's options at December 31, 2024 and December 31, 2023, respectively, and the changes for the years ended:

	Number of Options*	Weighted Average Exercise Price	
Outstanding, January 1, 2023	1,606,937	$	0.51
Exercised	(12,488)		0.16
Forfeited or Expired	(15,666)		0.19
Outstanding, December 31, 2023	**1,578,783**	**$**	**0.51**
Deemed grant of EVP Capital options	85,452		0.71
Cancelled	(170,301)		0.16
Outstanding, December 31, 2024	**1,493,934**	**$**	**0.57**

***Adjusted for the Exchange Ratio defined in Note 1 and the Share Consolidation discussed in Note 24

Grant date		Exercise Price	Number Outstanding*	Number Exercisable*	Expiry Date
July 25, 2015	$	0.182580	6,322	6,322	July 25, 2025
September 29, 2015		0.182580	31,335	31,335	September 29, 2025
October 19, 2015		0.192190	62,670	62,670	October 19, 2025
May 23, 2017		0.259450	160,842	160,842	May 23, 2027
June 23, 2017		0.259450	62,439	62,439	June 23, 2027
April 29, 2019		0.653440	920,972	920,972	April 29, 2029
October 10, 2019		0.653440	37,463	37,463	October 10, 2029
January 19, 2022		0.653440	126,439	63,219	January 19, 2032
August 4, 2023		0.71	85,452	85,452	August 4, 2033
			1,493,934	**1,430,714**	

***Adjusted for the Exchange Ratio defined in Note 1 and the Share Consolidation discussed in Note 24

As at December 31, 2024, the weighted average remaining life of the Company's options was 4.27 years (SEL's options at December 31, 2023 – 4.14 years). The weighted average price of the Company's options vesting in the year ended December 31, 2024 was $0.57 (SEL's options at December 31, 2023 – $2.04). Stock options may expire at an earlier date upon termination of services.

Share-based payments are determined using the Black-Scholes option pricing model. During the year ended December 31, 2024, the Company recognized share-based payments of $10,009 (2023 – $29,988) in contributed surplus. Of the total share-based payments, $nil (2023 - $10,452) pertains to directors and officers of the Company. Share-based payments for non-vested options is reversed for terminated employees. The assumptions used in calculating the fair value of share-based payments for the options granted from 2015 to 2023 to directors, officers and employees are as follows: risk-free interest rate between 1.67% to 2.82%, dividend yield of 0%, expected volatility of 83% to 100%, and expected life of 10 years from the grant date.

(Expressed in US dollars unless otherwise stated)

15. Share-based Payments (continued)

Warrants

Grant Date	Expiry Date	Exercise Price	Outstanding Warrants, January 1, 2024*	Granted	Cancelled	Outstanding Warrants, December 31, 2024*
01-Jun-15	01-Jun-25	$0.611800	61,459	-	-	61,459
04-Aug-23	04-Aug-28	$0.71	-	46,000	-	46,000
18-Oct-24	18-Oct-25	$1.457430	-	1,715,349	-	1,715,349
			61,459	**1,761,349**	**-**	**1,822,808**

*****Adjusted for the Exchange Ratio defined in Note 1 and the 10-to-1 shares consolidation discussed in Note 24

Grant Date	Expiry Date	Exercise Price	Outstanding Warrants, January 1, 2023*	Granted	Outstanding Warrants, December 31, 2023*
01-Jun-15	01-Jun-25	$0.611800	61,459	-	61,459

*****Adjusted for the Exchange Ratio defined in Note 1 and the 10-to-1 shares consolidation discussed in Note 24

The 61,549 Preferred Share Warrant issued in connection with the Series 1.B offering on June 1, 2015, was classified as warrant liability. The terms of the Preferred Share Warrant result in liability classification relating to the conversion of Preferred Share Warrant to preferred shares, which arises due to the uncertainty on conversion price and conversion ratio at the time of issuance. SEL records the preferred share warrant liability at its fair value at issuance date and subsequently remeasured using the Black-Scholes model with any gains or losses recorded in the statement of loss and comprehensive loss.

Concurrent with the closing of the Initial Public Offering of EVP Capital on August 4, 2023, warrants were issued to Canaccord Genuity Corp (the "Agent") to purchase 46,000 EVP Capital common shares at a price of $0.71 per common share and exercisable until August 4, 2028 (the "Agent's Warrants"). The Agent's Warrants vested immediately upon the grant date and expire five years from the grant date. The Agent's Warrants are outstanding as of December 31, 2024.

On October 18, 2024, the Company completed the Pre-Closing Financing discussed in Note 1 and issued 109,890 Units for gross proceeds of $5,000,000. The Units for were issued at a price of $1.457430 per unit (adjusted from $4.55 per unit for the Share Consolidation and Exchange Ratio). Each Unit entitled the holder to receive one Sharp Edge Share and a Sharp Edge Warrant to purchase one-half of a Sharp Edge Share. Each Sharp Edge Warrant entitled the holder thereof to purchase up to the number of Sharp Edge Shares set forth therein upon payment of $1.457430 per share (adjusted from $4.55 per share for the Share Consolidation and Exchange Ratio) on or before October 18, 2025. On October 18, 2024, Sharp Edge Warrants were issued as part of the Pre-Closing Financing, and on December 11, 2024, 1,715,349 Replacement Warrants were exchanged from the Sharp Edge Warrants and outstanding based on the Arrangement discussed in Note 6 and adjusted by the share consolidation discussed in Note 24. The Sharp Edge Warrants prior to the reverse acquisition and the Replacement Warrants upon the reverse acquisition were treated as financial liabilities as discussed in Note 3.

(Expressed in US dollars unless otherwise stated)

15. Share-based Payments (continued)

Warrants (continued)

On December 11, 2024 (Closing Date defined in Note 6), all Preferred Share Warrants were deemed to be exchanged for 61,459 Replacement Warrants to purchase Resulting Issuer Shares from the Company, and on December 31, 2024, 61,459 Replacement Warrants were deemed issued and outstanding adjusted by the Share Consolidation discussed in Note 24. The Preferred Share Warrants prior to the reverse acquisition and the Replacement Warrants upon the reverse acquisition were treated as financial liabilities as discussed in Note 3.

Key inputs and assumptions used in the Black-Scholes valuation at each reporting date are as follows:

	December 31, 2024	December 31, 2023
Range of share prices applied	\$0.07 - \$3.97	\$0.07 - \$2.20
Warrant exercise price	\$0.06 - \$0.15	\$0.07 - \$1.91
Annual volatility	83% - 100%	83% - 100%
Annual risk-free rate	4.21%	3.87% - 4.51%
Term	0.42 - 0.80 years	1.42 - 9.60 years

The weighted average exercise price of warrants outstanding as at December 31, 2024 is \$1.41 (December 31, 2023 - \$0.61).

16. Expenses

General and administrative expenses are made up of the following items:

	2024	2023
Listing fees	10,398	-
Salaries and wages	84,103	83,602
Audit and accounting	135,738	149,239
Legal	17,286	58,708
Depreciation	100,294	114,420
Marketing	13,796	38,654
Office and other occupancy costs	28,048	8,893
Insurance	19,214	9,815
Other	27,977	48,604
	\$ 436,854	\$ 511,935

Research and development expenses are made up of the following items:

	2024	2023
Consulting	1,139,227	916,756
Salaries and wages	776,087	743,034
Materials	109,200	126,442
Other	69,358	69,267
Tax credits	-	(129,880)
	\$ 2,093,872	\$ 1,725,619

(Expressed in US dollars unless otherwise stated)

17. Income Taxes

The reconciliation of the combined US federal and state statutory income tax rate of 21% (2023 - 21%) to the effective tax rate is as follows for the years ended December 31, 2024 and 2023:

		December 31, 2024		December 31, 2023
Loss before income taxes	$	(3,260,640)	$	(3,564,747)
Statutory rate		21%		21%
Expected income tax recovery	$	(684,734)	$	(748,597)
Tax rate changes and other adjustments	$	21,380	$	-
Permanent difference		27,475		6,319
State and local tax		(192,896)		(140,074)
Research and development credits generated		(125,632)		(107,024)
Deferred true-up		1,768		-
Change in net deferred income tax assets not recognized		952,639		989,376
Income tax expense (recovery)	$	-	$	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax value and the carrying amounts of assets and liabilities. Details of deferred tax assets (liabilities) as at December 31, 2024 and 2023 are as follows:

		December 31, 2024		December 31, 2023
Lease liabilities		277,007		270,408
Right-of-use asset		(277,007)		(270,408)
Deferred tax asset (liability)	$	-	$	-

The non-capital loss carry forwards expires as noted in the table below. The deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's unrecognized non-capital losses expire as follows:

2031	$	137,861
2032		357,411
2033		302,687
2034		504,433
2035		629,319
2036		567,559
2037		739,535
2044		118,793
Indefinite		13,174,927
	$	16,532,525

(Expressed in US dollars unless otherwise stated)

18. Commitments and Contingencies

Certain technology ("Licensed Technology") under the research and development by the Company is subject to the registered patents of CMU, pursuant to a License Agreement (the "Agreement") the Company entered into with CMU in August 2011. The term of the Agreement concludes at the end of 20 years from the agreement date or on the expiration of the last-to-expire patent, whichever comes later. The Company's revenue, if derived from selling Licensed Technology, will be subject to 2.155% royalty of the net sales when the product sold incorporates the Licensed Technology. The lead compounds that the Company is developing do not contain any Licensed Technology and are not subject to the royalty payment under the Agreement.

19. Related Party Transactions

The Company's policy is to conduct all transactions with related parties to align with market terms and conditions. Key management personnel are those persons who have the authority and the responsibility for planning, directing, and controlling the activities of the Company and/or its subsidiaries directly or indirectly, including any external director of the Company and/or its subsidiaries. Key management includes the Company's Chief Executive Officer and its external directors.

All transactions with related parties have occurred in the normal course of business operations.

Compensation of key management during the period is as follows:

	2024	2023
Salaries, social charges and other personnel expenses	$ 300,000	$ 320,449
Share-based payments	-	10,452
	$ 300,000	$ 330,901

During 2024 and 2023, in connection with the secured convertible notes financing (Note 12), the Company issued convertible notes of $525,000 and $590,000, respectively, to a related company under the control of a director. On October 18, 2024, 10,989 warrants were issued to a related company under the control of a director as part of the Pre-Closing Financing. As at December 31, 2024, 34,307 warrants to this related company are outstanding and classified as a current financial liability on the statement of financial position. The purpose of the secured convertible notes financing and the warrants issuance to the related company is to finance the Company and ensure the Company has sufficient funding to continue as a going concern.

As at December 31, 2024, additional amounts due to related parties of $1,898 (December 31, 2023 – $19,012) in total are included in accounts payables and accrued liabilities in the statements of financial position. The amounts are unsecured, due on demand and bear no interest. The Company also paid consulting and other fees of $44,064 in 2024 and $41,986 in 2023 to related parties, including directors and a family member of a director.

20. Capital Management

The Company's objective in managing capital is to ensure a sufficient liquidity to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt, comprised of issued common shares, preferred shares, warrants, contributed surplus and accumulated deficit, as well as loans. The Company seeks to ensure that it has sufficient cash resources to maintain its ongoing operations and finance its corporate and administration expenses, working capital and overall capital expenditures.

The Company plans to through private placements of common shares, options and warrants. The Company is not subject to externally imposed capital requirements.

(Expressed in US dollars unless otherwise stated)

21. Financial Instruments and Risk Management

Financial Instruments

Fair value hierarchy

Financial instruments recorded at fair value are estimated by applying a fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The hierarchy is summarized as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data.
Level 3 – inputs for assets and liabilities not based upon observable market data.

There were no transfers between the levels of fair value hierarchy during the year ended December 31, 2024 or December 31, 2023.

The following table represents the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The fair value of accounts payable and accrued liabilities approximates the carrying value due to its short-term nature.

As at December 31, 2024		
	Measurement basis	**Fair value hierarchy**
	Fair value through profit or loss	**Level**
Fair value of assets		
Cash	$ 3,484,672	1
Fair value of liabilities		
Warrant liabilities	130,664	3

As at December 31, 2023		
	Measurement basis	**Fair value hierarchy**
	Fair value through profit or loss	**Level**
Fair value of assets		
Cash	$ 376,868	1
Fair value of liabilities		
Convertible note payable	7,074,417	3
Redeemable preferred shares	4,178,659	3
Warrant liability	19,444	3

(Expressed in US dollars unless otherwise stated)

21. Financial Instruments and Risk Management (continued)

Risk management

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

Credit risk and concentration

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and security deposit. Cash is maintained at US financial institutions and the security deposit is maintained by the landlord of the office premise. The maximum exposure to credit risk is equal to the carrying values of these financial assets. The Company has no significant concentration of credit risk arising from operations, except that the Company has its cash held in one bank account. The credit risk for cash is considered negligible since the counterparty is a reputable bank with high quality external credit ratings.

Liquidity risk

Liquidity risk relates to the risk the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its statements of financial position consist of accounts payable and accrued liabilities, convertible note payable, lease liabilities and warranty liability. Management closely monitors cash flow requirements and future cash flow forecasts to ensure it has access to funds from operations to meet operational and financial obligations. The continuing operations of the Company are dependent on its ability to raise adequate financing and to commence profitable operations in the future.

The following are the remaining non-discounted contractual cash flows at the reporting date:

As at December 31, 2024		**Within 1 year**		**Between 1 – 2 years**		**Between 2 – 5 years**		**Beyond 5 years**		**Total**
Accounts and other payables	$	522,985	$	-	$	-	$	-	$	522,985
Lease liabilities		203,059		218,352		655,056		1,492,072		2,568,539
	$	726,044	$	218,352	$	655,056	$	1,492,072	$	3,091,524
As at December 31, 2023										
Accounts and other payables	$	411,677	$	-	$	-	$	-	$	411,677
Lease liabilities		200,000		203,059		655,056		1,710,424		2,768,539
	$	611,677	$	203,059	$	655,056	$	1,710,424	$	3,180,216

Other risks like interest rate risk, foreign exchange risk, and price risk are not relevant to the Company and the Company has no significant exposure to.

22. Non-cash Working Capital

The change in non-cash working capital is comprised of the following:

		2024		**2023**
Prepaid expenses	$	14,458	$	(17,866)
Accounts payable and accrued liabilities		111,308		177,234
Accounts payable assumed from reverse acquisition (Note 6)		(65,650)		-
	$	60,116	$	159,368

23. Segment Information

The determination of the Company's operating segment is based on its organization structure and how the information is reported to the Chief Operating Decision Maker, which includes the Chief Executive Officer and the Board of Directors, on a regular basis. The Company currently operates in one single reportable operating segment, being the research and development on therapeutic treatment for genetic diseases. The Company's business operations and its assets are primarily located in the United States of America.

24. Subsequent Events

Shares consolidation

On January 27, 2025, STC completed a consolidation of its common shares on the basis of one (1) post-consolidation common share to ten (10) pre-consolidation common shares, with any resulting fractional shares rounded up to the nearest whole number ("Share Consolidation"). The common share consolidation is accounted for retrospectively in accordance with IAS 33, meaning the common shares are presented in the Consolidated Financial Statements are on a post-consolidation basis.

Exercise of warrants

On April 21, 2025, three of the Company's warrant holders exercised their warrants in their entirety by purchasing 1,715,349 common shares of the Company at $1.457430 per common share (as defined in the October 18, 2024 Common Stock Purchase Agreement from the Pre-Closing Financing, adjusted for the Exchange Ratio discussed in Note 1, and the Share Consolidation discussed above) and 1,900 common shares of the Company at CAD$1.00 per common share at a total gross proceeds amount of $2,501,900.