Biosenta Inc.

Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

Biosenta Inc.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

Independent Auditor's Report	1- 3
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Operations and Comprehensive Loss	5
Consolidated Statements of Changes in Shareholders' Deficit	6
Consolidated Statements of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 32

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Chartered Professional Accountants
PUBLIC ACCOUNTANTS and ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Biosenta Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Biosenta Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2024, and the related consolidated statements of loss and comprehensive loss, statements of shareholders' equity, and cash flows for the years ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company incurred a net loss of $2,227,678 and negative cash flow from continuing operating activities of $779,348 during the year ended September 30, 2024 and, as of that date, the Company had a deficit of $23,448,280. As stated in Note 1, these events or conditions, along with other matters 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.

Other Matters - Comparative Information

The consolidated financial statements of the Company for the year ended September 30, 2023 were audited by another auditor who expressed an unqualified opinion on those statements on January 29, 2024.

Key Audit Matters

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

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

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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, and for such internal control as management determines is necessary to enable the preparation of 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.

Auditors' 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

CAN Partners LLP

Markham, Ontario
January 28, 2025

Chartered Professional Accountants
Licensed Public Accountants

Biosenta Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars, unless otherwise stated)

	Note	**September 30, 2024 $**	September 30, 2023 $
ASSETS			
Current			
Cash		**8,529**	5,883
Inventory	5	**38,225**	39,623
Prepaid expenses		**7,656**	26,040
Other receivables		**46,493**	20,486
		100,903	92,032
Non-current			
Intangible assets	6	**1**	1
Property and equipment	7	**12,638**	15,559
Total assets		**113,542**	107,592
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	**2,183,175**	2,090,386
Payable from restructuring proposal	9	**254,092**	254,092
Loans and promissory notes payable	10	**96,713**	323,437
		2,533,980	2,667,915
Non-current			
CEBA loan	14	**59,994**	60,000
Liability from termination of Joint Venture	11	**5,395,104**	5,235,448
Total liabilities		**7,989,078**	7,963,363
SHAREHOLDERS' DEFICIT			
Share capital	15	**15,001,126**	13,401,252
Warrant reserves	16	**608,039**	—
Equity reserves	17	**1,811,697**	1,811,697
Loss on settlement of liabilities		**(1,848,118)**	(1,848,118)
Deficit		**(23,448,280)**	(21,220,602)
Total shareholders' deficit		**(7,875,536)**	(7,855,771)
Total liabilities and shareholders' deficit		**113,542**	107,592

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 18)
Subsequent events (Note 22)

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

Approved by the Board of Directors

Signed "Am Gill" CEO and President   *Signed "Ed Korhonen"* Director

Biosenta Inc.
Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars, unless otherwise stated)

	Note	**Year ended September 30, 2024 $**	Year ended September 30, 2023 $
Sales		**1,379**	1,042
Cost of sales		**544**	615
Gross profit		**835**	427
Administrative expenses			
Professional fees		**548,308**	486,757
Salaries, management and consulting fees, net of SR&ED		**391,482**	671,302
Share based compensation	15	**63,200**	168,624
Office and general		**33,963**	50,071
Insurance		**7,471**	8,891
Product development costs		**41,319**	66,685
Share transfer fees		**81,185**	30,917
Sales and marketing		**14,429**	22,532
Depreciation	7	**2,921**	—
Travel		**1,316**	4,610
Total expenses		**1,185,594**	1,510,389
Net loss from operations		**(1,184,759)**	(1,509,962)
Other (income) expenses			
Loss on termination of joint venture	11	—	4,786,837
Write-down of inventory		—	3,463
Interest expense	11, 14	**615,270**	64,365
Exchange (gain) loss		**(175)**	(1,385)
Accretion expense	11	**519,656**	—
SRE&D	13	**(71,832)**	—
National Research Council Canada grant	13	—	(63,488)
Other income	18	**(20,000)**	—
Total other expenses		**1,042,919**	4,789,792
Income tax expense (recovery)		—	—
Net loss and comprehensive loss		**(2,227,678)**	**(6,299,754)**
Loss per common share - basic and diluted		**(0.08)**	(0.24)
Weighted average number of common shares - basic and diluted		**29,558,396**	26,147,113

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

Biosenta Inc.

Consolidated Statements of Changes in Shareholders' Deficit

(Expressed in Canadian dollars, unless otherwise stated)

		Share Capital		Warrants	Equity	Loss on	Accumulated	
		Shares	Amount		reserve	settlement of liabilities	deficit	Total
	Notes	#	$	$	$	$	$	$
As at September 30, 2022		23,006,591	12,058,002	833,030	953,293	(1,848,118)	(14,920,848)	(2,924,641)
Shares issued to settle liabilities		3,000,000	1,200,000					1,200,000
Share based compensation		400,000	143,250	—	25,374	—	—	168,624
Expired warrants				(833,030)	833,030			—
Net loss for the year		—	—	—	—	—	(6,299,754)	(6,299,754)
As at September 30, 2023		**26,406,591**	**13,401,252**	**—**	**1,811,697**	**(1,848,118)**	**(21,220,602)**	**(7,855,771)**
As at September 30, 2023		**26,406,591**	**13,401,252**	**—**	**1,811,697**	**(1,848,118)**	**(21,220,602)**	**(7,855,771)**
Units issued on private placement	15, 16	**2,750,000**	**740,105**	**359,895**	**—**	—	**—**	**1,100,000**
Units issuance cost on private placement - cash		**—**	**(9,385)**	**(4,634)**	**—**	—	**—**	**(14,019)**
Units issued for settlement of debt	15, 16	**1,962,297**	**532,141**	**252,778**	**—**	—	**—**	**784,919**
Shares issued for settlement of debt	15	**625,000**	**273,813**	**—**	**—**	—	**—**	**273,813**
Share based compensation	15	**145,000**	**63,200**	**—**	**—**	—	**—**	**63,200**
Net loss for the year		**—**	—	**—**	**—**	—	**(2,227,678)**	**(2,227,678)**
As at September 30, 2024		**31,888,888**	**15,001,126**	**608,039**	**1,811,697**	**(1,848,118)**	**(23,448,280)**	**(7,875,536)**

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

Biosenta Inc.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars, unless otherwise stated)

	Notes	**Year ended September 30, 2024 $**	Year ended September 30, 2023 $
Operating activities			
Net loss and comprehensive loss for the year		**(2,227,678)**	(6,299,754)
Adjustments for items not affecting cash:			
Loss on termination of joint venture		—	4,786,837
Share based compensation		**63,200**	168,624
Write-down of inventory		—	3,463
Other non-cash adjustment		—	(421)
Accretion expenses		**519,656**	—
Accrued interest		**3,022**	—
Depreciation expense		**2,921**	—
Accrued interest on promissory note		**582,623**	—
Changes in working capital items:			
Inventory		**1,398**	2,091
Prepaid expenses		**18,384**	18,384
Other receivables		**(26,007)**	(14,567)
Accounts payable and accrued liabilities		**283,133**	784,555
Cash used in operating activities		**(779,348)**	(550,788)
Investing activities			
Purchase of property and equipment		—	(15,559)
Cash used in investing activities		—	**(15,559)**
Financing activities			
Proceeds from (repayment of) loans and promissory notes		**(303,981)**	278,449
Advances from joint venture		—	266,518
Proceeds from issuance of shares		**1,100,000**	—
Share issuance costs		**(14,019)**	—
Cash provided by financing activities		**781,994**	544,967
Net increase in cash		**2,646**	(21,380)
Cash beginning of the year		**5,883**	27,263
Cash end of the year		**8,529**	5,883
Supplementary information			
Non - Cash activities			
Issuance of units and shares for outstanding debt and promissory note interest		1,058,732	1,343,250
Settlement of Joint venture advances		—	1,805,572
Issuance of promissory note		—	6,500,000

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

1. Nature of Operations and Going Concern

Biosenta Inc. (the "Company" or "Biosenta") is a public company, incorporated and domiciled in Canada, whose shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "ZRO". The Company's registered address is 18 Wynford Drive, Suite 794, Toronto, Ontario, M3C 3S2. In 2011, the Company acquired the intellectual property rights to certain technology and processes relating to anti-microbial products with potential commercial and consumer applications. The Company is engaged in developing sales for *True* product lines and the development for commercial applications of its technology to produce an anti-microbial Tri-Filler product.

Going concern

During the year ended September 30, 2024, the Company reported net loss and comprehensive loss of $2,227,678 (September 30, 2023: $6,299,754) and a working capital deficit of $2,433,077 (September 30, 2023: $2,575,883).

The ability of the Company to continue as a going concern is dependent upon the continuing financial support of shareholders or other investors, obtaining new financing on commercial terms acceptable to the Company to enable it to monetize its intellectual property assets, and upon attaining profitable operations once such assets can be monetized, all of which outcomes are uncertain and which represents material uncertainties, cast significant doubt over the ability of the Company to continue as a going concern. These consolidated financial statements do not include any adjustments to the carrying value of the Company's assets, liabilities, and expenses and the related classifications that would be necessary if the going concern assumption were inappropriate. Such adjustments have not been quantified by management but could be material.

The Company funded its operations for the year ended September 30, 2024, from existing cash, issuance of units on private placements and loans (See Note 11 and 15). The Company may not have sufficient cash reserves to fund its product development programs, administrative costs and other obligations for the coming fiscal year. Management is actively involved in developing and bringing their products to the market, as well as seeking new debt and equity financing to enable it to service the Company's liabilities and its ongoing administrative costs. Management believes the Company will continue as a going concern due to the Company's ability to obtain funding through the issuance of debt and equity instruments.

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The Board of Directors of the Company authorized these consolidated financial statements for issuance on January 28, 2025.

2. Basis of Presentation (continued)

Basis of preparation and presentation

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Basis of consolidation

These consolidated financial statements include the accounts of the Company, which is incorporated in Canada, and its wholly owned subsidiary, Biosenta U.S.A. Inc. which is incorporated in the United States. All inter-company balances and transactions are eliminated on consolidation. These consolidated financial statements include all assets, liabilities, expenses, and cash flows of the Company and its subsidiary after eliminating inter-company balances and transactions. During the year ended September 30, 2024, Biosenta USA Inc has no activity.

3. Material Accounting Policies

Material accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions about future events that affect the amounts reported in the audited consolidated financial statements and related notes.

Although these estimates are based on management's best knowledge of the amount, event, or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make material judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets' carrying values and impairment charges
  In the determination of carrying values and impairment charges, management considers at the higher of recoverable amount or fair value less costs to sell in the case of assets, and at objective evidence of significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Income taxes and recoverability of potential deferred tax assets
  In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income is based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction.

3. Material Accounting Policies (continued)

Material accounting judgments, estimates and assumptions (continued)

The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized.
Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-based payments
  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Commitments and contingencies
  Refer to Note 18.

- Going Concern
  Refer to Note 1.

(a) Inventory

Inventory is valued at the lower of cost and net realizable value, based on the "first in, first out" principle. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any required provision for obsolescence.

(b) Property and Equipment

Items of equipment are measured at cost less accumulated depreciation and any recognized impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When components of equipment have different useful lives, they are accounted for as separate items of property and equipment.

The Company commences recognition of depreciation when the item of equipment is ready for its intended use. Depreciation is recognized on the following bases:

- Furniture and equipment 20%
- Computer equipment 45%
- Leasehold improvements - lesser of lease term or useful life, straight line

Depreciation methods and useful lives are reviewed at each reporting date.

3. Material Accounting Policies (continued)

Material accounting judgments, estimates and assumptions (continued)

(c) Intangible Assets

Intangible assets with indefinite lives are not amortized but are tested for impairment annually. Intangible assets which have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. The Company's perpetual, worldwide, exclusive license is classified as an indefinite life intangible asset.

(d) Impairment

None of the Company's non-financial assets generate independent cash inflows and therefore all non-financial assets are allocated to cash generating units ("CGU") for the purpose of assessing impairment. CGUs are defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment losses are recognized when the carrying amount of a CGU exceeds the recoverable amount, which is the greater of the CGU's fair values less cost of disposal and its value in use. Value in use is the present value of the estimated future cash flows from the CGU discounted using a pre-tax rate that reflects current market rates and the risks inherent in the business of each CGU. If the recoverable amount of the CGU is less than its carrying amount, the CGU is considered impaired and is written down to its recoverable amount.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit, allocated pro-rata on the basis of the carrying amount of each asset.

Impairment losses of continuing operations are recognized in the consolidated statements of operations. A previously recognized impairment loss for non-financial assets, excluding goodwill, is reversed if there has been a change in the assumptions used to determine recoverable amount since the previous impairment loss was recognized. The carrying amount after the reversal cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

(e) Foreign currency translation

The functional currency of the Company is the Canadian dollar. Monetary assets and liabilities of the Company are translated into Canadian dollars at exchange rates in effect at the reporting dates and non-monetary items are translated at rates of exchange in effect when the assets were acquired, or obligations incurred. Transactions in foreign currencies are translated into the currency of measurement at the exchange rates in effect on the transaction date. Foreign exchange gains and losses arising are included in net loss for the year.

3. Material Accounting Policies (continued)

Material accounting judgments, estimates and assumptions (continued)

(f) <u>Income taxes</u>

Current tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(g) <u>Share capital</u>

Shares issued by the Company are recorded in the amount of the proceeds received, net of the after-tax cost of issuance.

The Company, from time to time, may repurchase its shares. When shares are repurchased, the amount of the consideration paid which includes directly attributable costs and is net of any tax effects, is recognized as a deduction from share capital. Any repurchased shares will be cancelled.

3. Material Accounting Policies (continued)

Material accounting judgments, estimates and assumptions (continued)

(h) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period adjusted for its own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. The diluted EPS calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

(i) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities, including derivatives, are recognized when the Company becomes a party to the contractual provisions of a financial instrument or non-financial derivative contract. All financial instruments are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as FVTPL, are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the consolidated statements of operations and comprehensive loss.

Classification and subsequent measurement

The Company classifies financial assets, at the time of initial recognition, according to the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified in the following measurement categories:

a) amortized cost ("AC");
b) fair value through profit or loss ("FVTPL"); and
c) fair value through other comprehensive income ("FVTOCI").

Financial assets are subsequently measured at amortized cost if both the following conditions are met and they are not designated as FVTPL: a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in the consolidated statements of operations and comprehensive loss in the period that the asset is derecognized or impaired. All financial assets not classified as amortized cost as described above are measured at FVTPL or FVTOCI depending on the business model and cash flow characteristics. The Company has no financial assets measured at FVTOCI.

3. Material Accounting Policies (continued)

Material accounting judgments, estimates and assumptions (continued)

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method with gains and losses recognized in the consolidated statements of operations and comprehensive loss in the period that the liability is derecognized, except for financial liabilities classified as FVTPL.

Financial instruments are classified into one of the following categories: FVTPL; financial assets at amortized cost, financial liabilities at amortized cost, and financial assets at FVTOCI.

Impairment of financial instruments – Expected credit losses ("ECL")

For all financial assets recorded at amortized cost, the Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all accounts receivables based on the Company's historical default rates over the expected life of the accounts receivable and is adjusted for forward-looking estimates. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

All individually significant loan receivables are assessed for impairment. All individually significant loans receivable found not to be specifically impaired are then collectively assessed for impairment. Loans receivables not individually significant are collectively assessed for impairment by grouping together loans receivable with similar risk characteristics.

ECL are calculated as the product of the probability of default, exposure at default and loss given default over the remaining expected life of the receivables. No ECL has been recorded by the Company as there are no accounts receivable.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the consolidated statements of operations and comprehensive loss.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of operations and comprehensive loss.

Impairment of non-financial assets

At each financial reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the assets belong.

3. Material Accounting Policies (continued)

(j) Share-based compensation

Share-based awards and payments

The Company grants stock options to directors, officers and employees. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. The grant date fair value of options is recognized as share-based payment expense, with a corresponding increase in equity, over the period that the individual becomes unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the number of share options 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 share options that do meet the related service and non-market performance conditions at the vesting date. Charges for options that are forfeited before vesting are reversed from share-based payment reserve. Upon the expiry of unexercised options or warrants, the amount expensed to the expiry date is transferred to retained earnings (deficit).

(k) Revenue recognition policy

IFRS 15 – Revenue from contracts with customers ("IFRS 15") specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. The Company's accounting policy for revenue recognition under IFRS 15 is to follow a five-step model to determine the amount and timing of revenue to be recognized:

- Identifying the contract with a customer
- Identifying the performance obligations within the contract
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognizing revenue when/as performance obligation(s) are satisfied.

In some cases, judgement is required in determining whether the customer is a business or the end consumer. This evaluation was made on the basis of whether the business obtains control of the product before transferring to the end consumer. Control of the product transfers at a point in time either upon shipment to or receipt by the customer, depending on the contractual terms.

In determining the appropriate time of sale, the Company takes into consideration a) the Company's right to payment for the goods or services; b) customers legal title; c) transfer of physical possession of the goods; and d) timing of acceptance of goods.

The Company recognizes revenue in an amount that reflects the consideration that the Company expects to receive taking into account any variation that may result from rights of return.

(l) Related party transactions

A party is related to an entity if the party directly or indirectly controls, is controlled by or is under common control with the entity; or if it has an interest in the entity that gives it significant influence over the entity; or if it has joint control over the entity or is an associate or a joint venture of the entity. In addition, members and dependents of the key management personnel of the entity (Board of Directors and Executive Management Board) are also considered related parties.

3. Material Accounting Policies (continued)

(m) Joint Venture

Joint ventures advances comprise money received from one or more unaffiliated entities. The company invests these advances under terms requiring unanimous consent of all the parties (See Note 11).

The Company's interests in joint ventures are classified as obligation relating to investments in joint ventures and is accounted for using the equity method, with the Company's share of net losses and net liabilities separately disclosed in the statement of net loss and consolidated statement of financial position, in accordance with IFRS 11 'Joint Arrangements'.

Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

(n) Warrants

The fair value of warrants, as calculated as of the date of issue using an options pricing model, is included in the Company's warrants reserve. The fair value of warrants, which expire unexercised, is transferred from warrants reserve to equity reserve.

(o) Government grants

Government grants and refunds from incentive programs are recognized when there is reasonable assurance that the entity will comply with the conditions attached to the grant and or incentive programs and that the grant and or refund will be received.

(p) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as an interest expense.

4. Recent Accounting Pronouncements

Standards, Amendments and Interpretations Issued but not yet adopted

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended September 30, 2024 and, accordingly, have not been applied in preparing these consolidated financial statements.

In August 2023, the IASB issued amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates in relation to Lack of Exchangeability.

(Expressed in Canadian dollars, unless otherwise stated)

4. Recent Accounting Pronouncements (continued)

The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements.

5. Inventory

Inventory is comprised of the following:

	As at September 30, 2023	As at September 30, 2022
	$	**$**
Raw materials and containers	**2,407**	2,407
Finished Goods	**37,216**	42,770
Closing balance	**39,623**	45,177

The cost of inventory expensed and included in cost of sales was $544 during the year ended September 30, 2024 (September 30, 2023: $615).

6. Intangible Assets

On June 7, 2011, the Company entered into an exclusive world-wide license agreement with Marcus Martin, a Director of the Company, with respect to certain intellectual property rights held by Mr. Martin relating to a process for the manufacture of anti-microbial filler product (the "MM License Agreement"). Effective October 3, 2011, the License Agreement was amended and restated to add Edward Pardiak, a former Director of the Company, as a co-licensor and was again amended and restated on April 10, 2012, to add 2320696 Ontario Inc. and 2262554 Ontario Inc., as co-licensors. Marcus Martin and Edward Pardiak, control 2320696 Ontario Inc. and 2262554 Ontario Inc., respectively through holding companies controlled by them.

The Company exercised its right to convert the interim license granted on June 7, 2011, as amended and restated, into an assignable, transferable, perpetual, world-wide exclusive license (the "License"). In connection with the exercise of the right to acquire the License, and in accordance with the terms of the MM License Agreement as amended, the Company issued fully paid and non-assessable Class A shares of the Company to the Licensors, valued at $1,606,500. The effective date for the issuance of the Class A shares and the acquisition of the License was April 10, 2012. The License was subject to royalties payable equal to 7% to 25%, based on gross margin, actually received by the Company on the sale of the licensed goods.

The shares were released in fiscal 2015. Under the terms of the license agreement, all patents, know-how and patent applications were assigned to the Company. All provisions of the License to which the Company is obligated to make payments to any of the licensors, including royalty payments, are void and the parties acknowledge that no further payments will be made in respect of the License. If the Company had failed to obtain adequate funding to build the Parry Sound production facility by December 31, 2015, the patents could revert to the licensors, however as at September 30, 2015, management believes this requirement has been met as the plant was finished such that material was produced from the plant for testing by prospective customers.

(Expressed in Canadian dollars, unless otherwise stated)

6. Intangible Assets (continued)

As at September 30, 2017, the Company had written-off the value of the corresponding equipment and leasehold improvements associated with this agreement.

As at September 30, 2018, management, based on its assessment of the recoverability of the carrying value of the intangible assets associated with this agreement, decided to write-down the asset value to $1 from $1,606,500. The impairment loss arising as a result, was reported on the Statement of Operations and Comprehensive Income (loss) during the year ended September 30, 2018.

7. Property and Equipment

	Furniture and equipment $
Cost	
As at September 30, 2023 and September 30, 2022	**15,559**
As at September 30, 2024	**15,559**
Depreciation	
As at September 30, 2023 and September 30, 2022	**—**
Depreciation	**2,921**
As at September 30, 2024	**2,921**
Net book value	
As at September 30, 2023	**15,559**
As at September 30, 2024	**12,638**

8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	As at September 30, 2024	As at September 30, 2023
	$	**$**
Trade payables	**1,321,287**	1,225,056
Payroll taxes payable	**109,473**	195,296
Interest on promissory note (Note 11)	**358,810**	—
Accrued liabilties and other	**393,605**	670,034
	2,183,175	2,090,386

(Expressed in Canadian dollars, unless otherwise stated)

9. Payable from Restructuring Proposal

On June 13, 2016, the Company announced it had completed the Restructuring Proposal as approved by the Ontario Court. The financial impact of the Restructuring Proposal transaction is reflected in the accompanying consolidated financial statements, and is summarized as follows:

i. The settlement of $3.8 million of debt was completed through the issuance of 6,607,762 common shares (pre-consolidation 99,116,431) of the Company. The fair market value of the common shares which was based on the quoted market price of the Company's shares at the December 7, 2015 meeting, including costs for issuing the shares, was $991,164.

ii. The difference between the book value of the debt and the fair market value of the common shares issued was included in the Gain on Debt Settlement from Restructuring Proposal in fiscal 2016;

iii. The settlement of approximately $725,000 of debt was completed through the cash settlement option of the Restructuring Proposal. The cash option only paid a portion of the debt outstanding at the time of the settling of the debt, and in return the vendor had to forgive 50% of the balance, which was included in the Gain on Debt Settlement from Restructuring Proposal for fiscal 2016. The outstanding payables for these vendors was reflected on the consolidated statements of financial position – Payable from Restructuring Proposal. The balance of this payable as of September 30, 2024 is $254,092 (September 20, 2023 - $254,092). There have been no payments made on this balance since inception; and

iv. Other debt that was not supported by an eligible claim or claims without merit were approved by the Court to be written down to nil. Since the settlement amount is nil, the full amount of such debt was included in Gain on Debt Settlement from Restructuring Proposal for fiscal 2016.

10. Loans and Promissory Notes Payable

Loans payable

Loans consist of the following:

	As at September 30, 2024	As at September 30, 2023
	$	**$**
Loans	**292,223**	6,458
Addition during the year	**179,638**	283,449
Interest accrued during the year	**6,129**	7,316
Settled during the year	**(415,513)**	(5,000)
Closing balance	**62,477**	292,223

(Expressed in Canadian dollars, unless otherwise stated)

10.Loans and Promissory Notes Payable (continued)

Loans of $62,477 to the Company from related parties are unsecured, with interest ranging from 0 - 10% with no fixed terms of repayment.

During the year ended September 30, 2024, loans and interest amounting to $137,819 were settled in cash and $277,694 was settled through issuance of units. Refer note 14.

Promissory Notes Payable

The promissory notes are unsecured, carry interest at the rate of Prime plus 5% and are fully due and repayable upon demand. The interest accrued on promissory notes for the year ended September 30, 2024 is $3,022 (September 30, 2023: $2,906).

The following table summarizes the promissory notes outstanding as at September 30, 2024:

	As at September 30, 2024	As at September 30, 2023
	$	**$**
Opening balance	**31,214**	28,308
Interest accrued during the year	**3,022**	2,906
Closing balance	**34,236**	31,214

11. Liability from Termination of Joint Venture

On February 23, 2018, the Company announced that it had signed a five-year agreement with certain secured creditors to promote, advertise, market, and grow the sales of its dry product Tri-Filler. The Joint Venture is based in Parry Sound, Ontario and is owned 51% by the creditors and 49% by the Company. The creditors will contribute funds to operate the entity and provide expertise to launch Tri-Filler, and, in return, the Company will license the intellectual property that pertains to Tri-Filler.

Initially, the investors are to receive 60% of operating profits until the amounts already invested by the investors have been repaid. Thereafter, the operating profits will be split 51% to the investors and 49% to the Company.

The investors make monthly advances to the Company of $20,000, until the entity is able to distribute profits. These advances shall be repaid to the investors, once the Company's share of profits exceeds $20,000 per month. As at the year ended September 2024, the advances received from investors was $nil (September 30, 2023: $1,805,572)

In December, 2021, the Company agreed to pay interest at the rate of 8% per annum compounded from the date of advancement of funds by the investors, to finance the day-to-day operations of the Company. As none of the advancement was received due to the termination of Joint venture no interest is charged during the year ended September 30, 2024 whereas interest of $32,741 was charged during the year ended September 30, 2023.

(Expressed in Canadian dollars, unless otherwise stated)

11. Liability from Termination of Joint Venture (continued)

Joint Venture Termination

On July 17, 2023, the Company completed the transaction to terminate the joint venture agreement with 19443391 Ontario Inc. ("194") pursuant to a termination of joint venture agreement dated June 23, 2023 and all indebtedness owing to 194 and related persons from the Company was extinguished. The Company issued 3,000,000 common shares at a deemed issue price of $0.40 per share and a non-transferable promissory note ("Note") in the principal amount of $6,500,000 as consideration. Interest on the Note will accrue at a rate of prime plus 3% per annum and will be payable quarterly subject to a 120-day interest holiday. The promissory note, at the time of issue, was fair valued at $5,131,408 using present value technique, by discounting the contractual cash flows using market interest rate of companies with similar credit risk.

The difference between the principal amount of the promissory note and its fair value of $1,368,592, is recorded as day 1 gain / interest income. The effective interest applied to determine the discounted cash flows of the promissory note was 19.07%. At the year-end September 30, 2024, interest accrued of $582,623 and amount paid through issuance of share of $223,813 and the remaining amount is included in accounts payable.

The effective interest will be accreted to the promissory note as well as charged to the consolidated statement of operations and comprehensive loss over the period from date of issuance of the promissory note to its the maturity on December 31, 2025. The reconciliation of the Promissory note is as follows:

	As at September 30, 2024	**As at September 30, 2023**
	$	**$**
Opening balance	**5,235,448**	5,131,408
Interest accretion	**519,656**	104,040
Settled during the year	**(360,000)**	—
Closing balance	**5,395,104**	5,235,448

Unless otherwise agreed to as between the Company and 194, the amounts owing under the Note will be payable within 30 days of any public issuance by the Company of Common Shares for cash proceeds as follows: (a) until the Company has raised aggregate net proceeds of $5,000,000 from one or more of such Common Share issuances, 60% of the net proceeds of such issuance will be used to repay the Note; and (b) at and after the Company has raised aggregate net proceeds of $5,000,000 from one or more common share issuances, 50% of the net proceeds of any such issuance will be used to repay the Note. The Note will mature on December 31, 2025.

Pursuant to the Termination Agreement 194 has agreed, among other things, to release its security over Biosenta's patents (i) should the Company determine that release or discharge of such security is required in order to enter into any license or similar agreement with a third party in connection with commercialization of any product; or (ii) at any time $3,000,000 of the Note is repaid.

(Expressed in Canadian dollars, unless otherwise stated)

11. Liability from Termination of Joint Venture (continued)

The Company has recorded a loss on settlement of its debt and termination of the joint venture agreement in the amount of $4,786,837 in the consolidated statements of operations and comprehensive loss for the year ended September 30, 2023, as detailed below:

	$
Loss on termination of joint venture (Note 15)	6,051,389
Day 1 Gain on promissory note - Interest income	(1,368,592)
Accretion expense on promissory note	104,040
Total loss on termination of joint venture	4,786,837

12. Related Party Transactions and Balances

The Company had the following related party transactions for the years ended September 30, 2024 and 2023. These transactions were in the normal course of operations and are measured at the exchange amount, which are the amounts agreed to by the related parties.

Compensation of key management personnel of the Company

The remuneration of directors and other key management personnel for the year is as follows:

	For the year ended Sepember 30, 2024	For the year ended September 30, 2023
	$	**$**
Short-term compensation	**196,731**	275,000
Share-based compensation	—	25,374
Total	**196,731**	300,374

Short-term compensation includes salaries, bonuses, and allowances, employment benefits, and directors' fees. As at September 30, 2024 the company owes $nil (September 30, 2023: 155,316) to a related party.

13. National Research Council Canada Grant and SR&ED

During the year ended September 30, 2024, the Company have received government grant of $nil (September 30, 2023: $63,488). The Company has received $33,654 in respect of SR&ED from a total of $71,832 during the year ended September 30, 2024 (September 30, 2023: $nil).

14. CEBA Loan

In 2020, the Company availed the RBC Canada Business Account revolving credit line, to a maximum of $60,000 under the Canada Emergency Business Account (CEBA) program funded by the Government of Canada. The loan is unsecured and any unpaid balance is converted to a two-year term loan carrying interest at the rate of 5% payable monthly. The full amount of the loan (including principal and interest) is due and payable on December 31, 2026.

During the year ended September 30, 2024, the Company incurred interest of $932 (2023: $nil) on CEBA loan.

(Expressed in Canadian dollars, unless otherwise stated)

15. Share Capital

Authorized:

The Company is authorized to issue an unlimited number of:

Class A shares, voting and participating.

Class B shares, voting, redeemable at any time at the option of the Company for an amount equal to the fair value of the consideration received at issuance.

Class C preferred shares issuable in series with the following to be fixed with each series: number of shares, designation, rights, privileges, restrictions and conditions including dividend rate and calculation method and payment dates, the redemption, purchase and/or conversion prices, terms of redemption, purchase and/or conversion, any sinking fund or other provisions, may be convertible into Class A shares and voting unless otherwise determined.

Issued and outstanding: Class A Shares

	Number of shares	Amount
Balance, September 30, 2023	26,406,591	$ 13,401,252
Shares issued during the year on private palcement	2,750,000	740,105
Units issued during the year	1,962,297	532,141
Shares issued during the year to settle debt	625,000	273,813
Share based compensation	145,000	63,200
Share issuance cost	—	(9,385)
Balance, September 30, 2024	31,888,888	$ 15,001,126

In December 2023, the Company issued 1,250,000 units through a non-brokered private placement for gross proceeds of $500,000. Each unit consists of one common share in the capital of the Company and one half of common share purchase warrant. Each warrant will entitle the holder to acquire one common share in the capital of the Company at an exercise price of $0.80 per share for a period of eighteen months from the date of issuance. The Company issued 1,250,000 common shares and 625,000 common share warrants, accordingly. The proceeds from issuance were allocated between shares and warrants based on fair values.

The fair value of the shares was determined to be $334,732 based on the market price of shares on the date of issuance.

The fair value of warrants was estimated to be $165,268 using Black Scholes valuation model using the following assumptions: stock price of $0.15; expected maturity of eighteen months; $nil dividends; annualized volatility of 450.62%; risk free interest rate of 3.91% and exercise price of $0.80.

The Company incurred share issuance costs of $14,019 which is allocated to common shares and warrants based on fair values. Accordingly share issuance cost of $9,385 was allocated to common shares and $4,634 was allocated to warrants and adjusted against share capital and warrants in the consolidated statements of changes in shareholders' deficit.

15.Share Capital (continued)

In February 2024, the Company issued 1,962,297 units at a price of $0.40 per unit to settle debt of $784,919. Each unit consists of one common share in the capital of the Company and one half of common share purchase warrant. Each warrant will entitle the holder to acquire one common share in the capital of the Company at an exercise price of $0.80 per share for a period of eighteen months from the date of issuance. Accordingly, the Company issued 1,962,297 common shares and 981,147 common share warrants. The proceeds from issuance were allocated between shares and warrants based on their relative fair values. The fair value of the shares was determined to be $532,141 based on the market price of shares on the date of issuance.

The fair value of warrants was estimated to be $252,778 using Black Scholes valuation model using the following assumptions: stock price of $0.32; expected maturity of eighteen months; $nil dividends; annualized volatility of 348%; risk free interest rate of 4.18% and exercise price of $0.80.

In March 2024, the Company issued 213,432 common shares valued at the market price at the time of issue, to settle $85,373 of interest on promissory note issued on termination of Joint Venture. The Company also issued 15,000 common shares valued at market price at the time of issuance as stock-based compensation for services rendered to the Company.

In April 2024, the Company issued 286,568 and 125,000 common shares valued at the market price at the time of issue, to settle $138,440 of interest on promissory note issued on termination of Joint Venture and $50,000 for Advisir Ventures Ltd. The Company also issued 130,000 common shares valued at market price at the time of issuance as stock-based compensation for services rendered to the Company.

In April 2024, the Company issued 1,500,000 units through a non-brokered private placement for gross proceeds of $600,000. Each unit consists of one common share in the capital of the Company and one half of the common share purchase warrant. Each warrant will entitle the holder to acquire one common share in the capital of the Company at an exercise price of $0.80 per share for a period of eighteen months from the date of issuance. The Company issued 1,500,000 common shares and 750,000 common share warrants, accordingly. The proceeds from issuance were allocated between shares and warrants based on fair values.

The fair value of the shares was determined to be $405,373 based on the market price of shares on the date of issuance.

The fair value of warrants was estimated to be $194,627 using Black Scholes valuation model using the following assumptions: stock price of $0.34; expected maturity of eighteen months; $nil dividends; annualized volatility of 362%; risk free interest rate of 3.99% and exercise price of $0.80.

(Expressed in Canadian dollars, unless otherwise stated)

15. Share Capital (Continued)

2023

Issued and outstanding: Class A Shares

	Number of shares	Amount
Balance, September 30, 2022	23,006,591	$ 12,058,002
Shares issued during the year	3,400,000	1,343,250
Balance, September 30, 2023	26,406,591	$ 13,401,252

	Number of shares	Amount
Balance, September 30, 2021	19,381,276	$ 10,027,826
Shares issued to settle liabilities	3,625,315	2,030,176
Balance, September 30, 2022	23,006,591	$ 12,058,002

During the year ended September 30, 2023, the Company issued:

a) 400,000 common shares fair valued at market price prevalent at the time of issuance, in settlement of past services and recorded as share based compensation in the consolidated statements of operations and comprehensive loss for the year ended September 30, 2023.

b) 3,000,000 common shares at a deemed issue price of $0.40 per share as consideration for settlement of the debts of the Company owed to 19443391 Ontario Inc. in addition to a promissory note in the amount of $6,500,000 (Refer Note 11).

The Company has recorded a loss on settlement of its debt and termination of the joint venture agreement in the amount of $6,051,389 in the consolidated statements of operations and comprehensive loss for the year ended September 30, 2023.

During the year ended September 30, 2022 the Company in aggregate issued 3,625,315 common shares with a total fair value based on the share price as of the issuance date of $2,030,177 and 1,812,658 warrants expiring September 22, 2023 with an estimated fair value of $833,030 using the Black Scholes valuation model using the following assumptions: stock price of $0.56; expected maturity in 1.5 years; $nil dividends; 217.79% volatility; risk-free interest rate of 2.03%; and the exercise price of $0.56. The shares and warrants were issued to settle $1,015,088 of loans and accrued liabilities due to related parties and the Company recorded loss on settlement of liabilities of $1,848,118 under equity in its consolidated statements of changes in shareholders' deficit.

(Expressed in Canadian dollars, unless otherwise stated)

16. Warrant Reserves

The following table shows the schedule of warrants for the year ended September 30, 2024:

	No. of warrants	Amount
	#	$
Balance at September 30, 2023	—	—
Warrants issued during the period	2,356,147	612,673
Balance at September 30, 2024	2,356,147	612,673

The following table summarizes the warrants outstanding as at September 30, 2024:

Expiration Date	Warrants outstanding	Weighted average exercise price	Remaining contractual life
June 27, 2025	625,000	$0.80	0.74
August 21, 2025	981,147	$0.80	0.89
October 26, 2025	750,000	$0.80	1.07
Total	**2,356,147**		

17. Equity Reserves

The Company has a stock option plan (the "Plan"), under which the Company may grant options to directors, officers, employees, and third-party service providers. Under the terms of the Plan that was approved by the shareholders on May 24, 2012, the Company is authorized to issue a maximum of 10% of the issued and outstanding shares.

The purpose of the Plan is to attract, retain and motivate directors, officers, and certain third-party service providers by providing them with the opportunity to acquire a proprietary interest in the Company and benefit from its growth. The options granted under the Plan are non-assignable, have a term of 5 years and vest over periods of up to three years from the date of issue.

During the year ended September 30, 2024, and 2023 no stock options were granted under the Plan.

The following is a continuity schedule of options:

	September 30, 2024		September 30, 2023	
	No. of options	**Weighted average exercise price**	No. of options	Weighted average exercise price
	#	$	#	$
Opening balance	1,367,000	0.68	1,367,000	0.68
Closing balance	**1,367,000**	**0.68**	1,367,000	0.68

(Expressed in Canadian dollars, unless otherwise stated)

17. Equity Reserves (continued)

The following table summarizes the stock options outstanding and vested as at September 30, 2024:

Expiration Date	Stock options outstanding	Weighted average exercise price	Stock options exercisable	Remaining contractual life
February 2026	350,000	$1.06	350,000	1.41
May 2026	1,017,000	$0.55	1,017,000	1.59
Total	**1,367,000**	$0.68	**1,367,000**	1.54

18. Commitments and Contingencies

Commitments

The Company has a rent agreement in Canada with Barracuda Wellsite Management on a monthly rental of $1,500 per month. This rental agreement is based on a month-to-month basis.

The Company has also entered into a Revenue sharing agreement with the University of Calgary through its innovation transfer and business incubation center UTI Limited Partnership (ULP). Pursuant to the Research agreement, the Company will own Research Results arising from the Project and in consideration for the University assigning its rights in the Research Results to the Company, the Company will pay ULP:

- Revenue sharing payments equal to one and one-half percent (1.5%) of Net Sales; plus
- Revenue sharing payments equal to ten percent (10%) of Licensing Revenue.

On January 8, 2024 the Company entered into an agreement with Oak Hill Financial Inc. to provide business and capital markets advisory services to the Company including investor relations activities. The agreement is for a period of three months and will be renewed for an additional one month and compensation totals $10,000 plus applicable taxes on the effective date and every month the agreement is in effect.

Other Contingencies

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. On September 30, 2024, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates are an adverse party or have a material interest adverse to the Company's interest.

On April 23, 2024, the Company entered into a License Agreement with a third party company in connection with the use of Company’s license Tri-Filler® technology. The license was exclusive for certain specialty concrete products and non-exclusive for other concrete products. According to the terms of the License Agreement, the entity agreed to pay the Company a one-time license access fee of $200,000 and royalties based on sales of the licensed products.

During 2024, the Company received only $20,000 of the license access fee, leaving $180,000 outstanding. The Company has terminated the original agreement but due to a mutual release agreement signed by both parties, the outstanding amount of $180,000 will not be collected. Both parties will explore opportunities for continued business collaboration.

19. Financial Risk Factors

The Company's financial instruments mainly comprise of cash and other receivables, accounts payable and accrued liabilities, payable from restructuring proposal, loans and promissory notes payable and joint venture advances.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which there is sufficient data with unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

• Level 2 inputs are observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable directly or indirectly.

• Level 3 inputs are unobservable inputs for the asset or liability that reflect the reporting entity's own assumptions and are not based on observable market data.

(Expressed in Canadian dollars, unless otherwise stated)

19. Financial Risk Factors (continued)

Fair Value (continued)

The classification of financial instruments at their carrying and fair values is as follows:

	Carrying values			Fair values
Financial assets	**FVTPL**	**FVTOCI**	**Total**	**Total**
September 30, 2024	**$**	**$**	**$**	**$**
Cash	**8,529**	—	**8,529**	**8,529**
Other receivables	**46,493**	—	**46,493**	**46,493**
	55,022	—	**55,022**	**55,022**
September 30, 2023	$	$	$	$
Cash	5,883	—	5,883	5,883
Other receivables	20,486	—	20,486	20,486
	26,369	—	26,369	26,369

	Carrying values			Fair values
Financial liabilities	**FVTPL**	**Amortised cost**	**Total**	**Total**
September 30, 2024	**$**	**$**	**$**	**$**
Accounts payable and accrued liabilities	—	**2,183,175**	**2,183,175**	**2,183,175**
Payable from restructuring proposal	—	**254,092**	**254,092**	**254,092**
Promissory notes payable	—	**5,395,104**	**5,395,104**	**5,395,104**
Loans and promissory notes payable	—	**96,713**	**96,713**	**96,713**
CEBA loan	—	**59,994**	**59,994**	**59,994**
	—	**7,989,078**	**7,989,078**	**7,989,078**
September 30, 2023	**$**	**$**	**$**	**$**
Accounts payable and accrued liabilities	—	2,090,386	2,090,386	2,090,386
Payable from restructuring proposal	—	254,092	254,092	254,092
Loans	—	323,437	323,437	323,437
Promissory notes payable	—	5,235,448	5,235,448	5,235,448
CEBA loan	—	60,000	60,000	60,000
	—	7,963,363	7,963,363	7,963,363

There were no transfers between levels in the hierarchy. For financial assets and liabilities not measured at fair value, their carrying value approximates fair value due to their short-term nature and market terms.

The Company is exposed to credit risk, liquidity risk and interest rate risk. The Company's management oversees the management of these risks. The Company's management is supported by the members that advise on financial risks and the appropriate financial risk governance framework for the Company. The Company's financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite.

19. Financial Risk Factors (continued)

Fair Value (continued)

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. There have been no changes to the Company's exposure to risks in respect of its financial instruments, and there have been no changes in respect of management's objectives, policies and processes in the management of its financial instruments from that of prior reporting period.

Credit risk

Credit risk is the risk of unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and other receivables. To address its credit risk arising from cash, the Company ensures to keep these balances with financial institutions of high repute. The Company has not recorded an ECL as all amounts are considered to be recoverable and are immaterial. The Company is not significantly exposed to its other receivables. As at September 30, 2024 and September 30, 2023 the maximum amount exposed to credit risks was $nil.

Liquidity risk

Liquidity risk is the risk that the Company is unable to generate or obtain sufficient cash in a cost-effective manner to fund its obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages liquidity risk through obtaining financing from its members, third parties and joint venture. As at September 30, 2024, all accounts payable and accrued liabilities are due within a year.

Market risk - Interest rate risk

The Company's current policy is to invest excess cash in investment-grade, short-term deposit certificates issued by its banking institutions. Interest rate risk is the risk that the value of financial instruments will fluctuate due to change in market interest rates.

20. Capital Management

Capital is defined as share capital and equity reserve. The Company's objectives when managing capital are to maintain an appropriate balance between holding a sufficient amount of capital to support its operations as a going concern, and providing shareholders with a prudent amount of leverage, as and when required, to enhance returns. There have been no changes since the prior year.

The intellectual property in which the Company has acquired through a license agreement is currently in the development stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner.

(Expressed in Canadian dollars, unless otherwise stated)

20. Capital Management (Continued)

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major Canadian financial institutions.

The Company is not subject to any regulatory or contractual capital obligations of material consequence.

21. Income Taxes

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (September 30, 2023 - 26.5%) were as follows:

	September 30, 2024 $	September 30, 2023 $
Loss before recovery of income taxes	(2,227,678)	(6,299,754)
Expected income tax (recovery) expense	(590,335)	(1,669,435)
Increase (decrease) in taxes resulting from:		
Tax benefits not realized	590,335	1,669,435
Deferred income tax (recovery) expense	—	—

b) Deferred Income Taxes Assets

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	September 30, 2024 $	September 30, 2023 $
Non-capital losses	14,976,190	13,326,534
Share issue costs	4,837	6,183

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 Company and its subsidiary will be able to utilize the benefits.

(Expressed in Canadian dollars, unless otherwise stated)

21. Income Taxes (continued)

As at September 30, 2024, the Group has non-capital losses in Canada, which under certain circumstances can be used to reduce taxable income of future years that expire as follows:

	$
2033	1,287,989
2034	2,667,109
2035	2,420,243
2036	866,261
2037	400,785
2039	762,187
2040	964,986
2041	1,329,581
2042	1,457,431
2043	1,169,962
2044	1,649,656
	14,976,190

22. Subsequent Events

The Company has evaluated subsequent events through January 28, 2025 which is the date the consolidated financial statements were issued and there are no events to report.