ORION NUTRACEUTICALS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MAY 31, 2024 AND 2023

(Expressed in Canadian Dollars)

dmcl.ca

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Orion Nutraceuticals Inc.

Opinion

We have audited the consolidated financial statements of Orion Nutraceuticals Inc. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information. (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, 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 report.

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Other Information

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

Our opinion on the 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 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 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, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 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 Heather McGhie.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

September 26, 2024

Orion Nutraceuticals Inc.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

AS AT,	Note		May 31, 2024		May 31, 2023
ASSETS					
Current assets					
Cash		$	**193,462**	$	3,992
TOTAL ASSETS		$	**193,462**	$	3,992
LIABILITIES AND SHAREHOLDERS' DEFICIT					
Current liabilities					
Accounts payable		$	**509,857**	$	375,759
Accrued liabilities	5		**578,162**		452,873
Loans payable	5, 6		**82,238**		90,333
TOTAL LIABILITIES			**1,170,257**		918,965
SHAREHOLDERS' DEFICIT					
Share capital	7		**8,513,978**		8,513,978
Share-based payment reserve	7		**1,336,860**		1,336,860
Deficit			**(10,826,711)**		(10,764,889)
Attributable to shareholders			**(975,873)**		(914,051)
Non-controlling interest	2		**(922)**		(922)
TOTAL SHAREHOLDERS' DEFICIT			**(976,795)**		(914,973)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		$	**193,462**	$	3,992

Nature of Operations and Going Concern (Note 1)
Promissory Notes (Note 3)
Marketable Securities (Note 4)
Subsequent Event (Note 11)

Approved and authorized by the Board on September 26, 2024

"Amanda Boudreau" Director **"Guy Bourgeois"** Director

See accompanying notes to the consolidated financial statements

Orion Nutraceuticals Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Note	For the year ended, May 31, 2024	May 31, 2023
EXPENSES			
Consulting fees		$ **-**	$ 39,900
Management fees	5	**76,500**	90,000
Office administration		**3,034**	4,163
Professional fees		**213,549**	131,299
Regulatory and transfer agent fees		**23,281**	13,440
Share-based compensation	5,7	**-**	889
		(316,364)	(279,691)
OTHER ITEMS			
Loss on marketable securities	4	**(620,500)**	-
Interest income		**42**	-
Recovery of promissory notes	3	**875,000**	-
Loss and comprehensive loss for the year		$ **(61,822)**	$ (279,691)
Basic and diluted loss per share		**$ (0.00)**	**$** (0.01)
Weighted average number of common shares outstanding		**29,307,965**	29,307,965

See accompanying notes to the consolidated financial statements

Orion Nutraceuticals Inc.

Consolidated Statements of Changes in Shareholders' Deficit
(Expressed in Canadian dollars)

		Share capital					
	Note	Number of shares	Amount	Share-based payment reserve	Deficit	Non-controlling interest	Total
Balance at May 31, 2022		**29,307,965**	**$ 8,513,978**	**$ 1,335,971**	**$ (10,485,198)**	**$ (922)**	**$ (636,171)**
Share based compensation	7	-	-	889	-	-	889
Net and comprehensive loss		-	-	-	(279,691)	-	(279,691)
Balance at May 31, 2023		**29,307,965**	**$ 8,513,978**	**$ 1,336,860**	**$ (10,764,889)**	**$ (922)**	**$ (914,973)**
Balance at May 31, 2023		**29,307,965**	**$ 8,513,978**	**$ 1,336,860**	**$ (10,764,889)**	**$ (922)**	**$ (914,973)**
Net and comprehensive loss		-	-	-	(61,822)	-	(61,822)
Balance at May 31, 2024		**29,307,965**	**$ 8,513,978**	**$ 1,336,860**	**$ (10,826,711)**	**$ (922)**	**$ (976,795)**

See accompanying notes to the consolidated financial statements

Orion Nutraceuticals Inc.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the year ended:		**May 31, 2024**		May 31, 2023
OPERATING ACTIVITIES				
Loss for the year	$	(61,822)	$	(279,691)
Adjustments for non-cash items:				
Recovery of promissory notes		(875,000)		-
Loss on marketable securities		620,500		-
Share-based compensation		-		889
Net change in non-cash working capital accounts:				
Accounts payable and accrued liabilities		259,387		227,031
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(56,935)**		**(51,771)**
INVESTING ACTIVITIES				
Proceeds from sale of marketable securities		254,500		-
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		**254,500**		**-**
FINANCING ACTIVITIES				
Loans received, net of repayments		(8,095)		46,333
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		**(8,095)**		**46,333**
Change in cash for the year		189,470		(5,438)
Cash, beginning		3,992		9,430
CASH, ENDING	**$**	**193,462**	**$**	**3,992**

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Orion Nutraceuticals Inc. (the "Company" or "Orion") was incorporated under the Business Corporations Act of British Columbia on November 7, 2017. On October 17, 2018, the shares of the Company commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol ORI. The Company's head office and principal place of business is located at Suite 1890 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9. The Company was in the business of pursuing acquisitions of, or investments in, subsidiaries in global markets to grow cannabis and extract cannabis oil that will be used as an ingredient in proprietary health and beauty products and distributed in bulk to other manufacturers. During the year ended May 31, 2021, the Company changed its business model to focus on re-purposing a United States Food and Drug Administration approved drug to target asthma and chronic obstructive pulmonary disease (COPD) (Note 3).

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning they will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. During the year ended May 31, 2024, the Company generated a net loss of $61,822 (May 31, 2023 –$279,691) and at May 31, 2024, the Company had excess current liabilities over current assets of $976,795 (May 31, 2023 - $914,973). The Company's ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements, continued cooperation of creditors and related parties, and ultimately upon generating profits from operations. These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern.

The Company depends almost exclusively on equity financing. Such equity financings include the issuance of additional equity shares. There can be no assurance that equity financings will be available to meet the continuing operating costs or, if the equity is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected, thus giving rise to doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION

Statement of compliance with International Financial Reporting Standards

The consolidated financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on the accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars, which unless otherwise noted, is the Company and its subsidiary's functional currency.

These consolidated financial statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on September 26, 2024.

(Expressed in Canadian dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

Basis of Consolidation

The Company's consolidated financial statements include the accounts of the Company and its subsidiary MedicOasis Inc. ("MedicOasis") in which the Company has a 99% ownership. A subsidiary is an entity controlled by the Company, where control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the Company's subsidiary is included in these consolidated financial statements. All intercompany balances and transactions, income and expenses have been eliminated upon consolidation.

During the year ended May 31, 2020, MedicOasis incurred losses. MedicOasis has been inactive since June 1, 2020. The non-controlling interest of 1% in MedicOasis was held by other minority shareholders.

	$
Non-controlling interest, May 31, 2021	(922)
Non-controlling interest in loss of MedicOasis during May 31, 2022 and 2023 and 2024	-
Total non-controlling interest, May 31, 2022 and 2023 and 2024	(922)

Significant Judgements and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgement in the process of applying the accounting policies.

On an on-going basis, management evaluates its estimates and assumptions in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include stock-based awards and payments, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgment in applying the Company's financial statements relates to the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Impairment of assets

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

Impairment of assets (continued)

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Marketable securities	FVTPL
Accounts payable	Amortized cost
Loans payable	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

Financial instruments (continued)

(iii) Derecognition

Financial assets
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.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Loss per share

Basic loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. If the calculation results in an anti-dilutive effect then only basic income or loss per share is presented.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it arises in a business combination, or from items recognized directly in equity or other comprehensive loss/income.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the asset and liability method of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, only if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is credited to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted, shall be based on the number of equity instruments that eventually vest.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds. Proceeds received on the issuance of units, consisting of common shares and warrants are allocated to share capital.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to reserves.

Marketable securities

The Company classifies its marketable securities at fair value through profit and loss ("FVTPL") under IFRS 9. The assets are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

New or revised accounting standards

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

(Expressed in Canadian dollars)

3. PROMISSORY NOTES

On August 25, 2020, the Company signed a non-binding letter of intent, as amended, to acquire all of the issued and outstanding securities of 2740162 Ontario Inc. (d/b/a "August Therapeutics"), a private corporation, in consideration for the issuance of 60 million common shares in the capital of the Company to the shareholders of August Therapeutics pro rata to their ownership interest (the "Transaction") which expired on December 31, 2021. In connection with the proposed Transaction the Company extended to August Therapeutics a series of secured notes, bearing interest at 1% per annum compounded monthly. The notes were recorded at fair value using a discount rate of 20% at initial recognition and subsequently.

During the years ended May 31, 2021 and 2022, the Company extended to Ketiko Bio Corp. ("Ketiko") notes bearing interest of 1% per annum calculated monthly. The notes matured and were due and payable on October 28, 2021. The notes were recorded at fair value using a discount rate of 20% at initial recognition and subsequently.

At May 31, 2022, $2,278,745 (US$1,801,664) of the notes had reached maturity and had not been repaid. During the year-ended May 31, 2022, the Company deemed the notes to be uncollectable, and recorded impairment expense of $2,502,912, resulting in balance of $nil in promissory notes receivable as at May 31, 2022 and 2023.

On December 19, 2022, the Company entered into a debt settlement agreement (the "Debt Settlement Agreement") with August Therapeutics and Ketiko (the "Debtors") relating to the promissory notes the Company extended to the Debtors in prior years. During the year ended May 31, 2024, the Debtors entered into an Asset Purchase Agreement with Therma Bright Inc. ("Therma") where the Debtors sold certain assets in exchange for 55,000,000 shares of Therma (the "Consideration Shares"). On October 23, 2023, pursuant to the Debt Settlement Agreement, the Debtors transferred 25,000,000 shares of Therma with a fair value of $875,000 to fully satisfy the outstanding debt with the Company and recorded a recovery of promissory notes of $875,000 (Note 4).

The following table summarizes the promissory note activity:

	August Therapeutics	Ketiko	Total
Balance, May 31, 2021	$ 1,481,807	$ 565,653	$ 2,047,460
Promissory notes advanced	-	187,832	187,832
Change in fair value	115,006	45,301	160,307
Foreign exchange	76,190	31,123	107,313
Impairment	(1,673,003)	(829,909)	(2,502,912)
Balance, May 31, 2022, 2023, and 2024	-	-	-

4. MARKETABLE SECURITIES

At May 31, 2024 and 2023, the Company did not hold any marketable securities.

The continuity of the Company's marketable securities is as follows:

	May 31, 2023	Additions	Disposals	Fair value change	May 31, 2024
Investment in public entities:	$	$	$	$	$
Therma - Shares	-	875,000	(254,500)	(620,500)	-
Total	**-**	**875,000**	**(254,500)**	**(620,500)**	**-**

During the year ended May 31, 2024, the Company received 25,000,000 common shares of Therma with a fair value of $875,000 pursuant to the Debt Settlement Agreement (Note 3). During the year ended May 31, 2024, the Company sold all its common shares of Therma for proceeds of $254,500 and realized a loss of $620,500.

(Expressed in Canadian dollars)

5. RELATED PARTY TRANSACTIONS AND BALANCES

The Company defines key management as directors and officers of the Company.

The following are the transactions with related parties during the years ended May 31, 2024, and 2023, respectively:

	2024	2023
Management fees paid or accrued to the former CEO and related companies	$ 71,250	$ 90,000
Management fees paid or accrued to the CEO	5,250	-
Share based compensation to a former Director of the Company	-	889
Total	$ 76,500	$ 90,889

At May 31, 2024, the Company owes $391,250 (May 31, 2023 - $325,000) directly or to companies controlled by key management personnel, which is included in accrued liabilities. At May 31, 2024, the Company owes $44,905 (May 31, 2023 - $53,000) directly to key management personnel, which is included in loans payable (Note 6). These amounts are unsecured, non-interest bearing and due on demand.

6. LOANS PAYABLE

	Loans $	Related Party Loans $	Total $
Balance, May 31, 2022	**24,000**	**20,000**	**44,000**
Additions	13,333	33,000	46,333
Balance, May 31, 2023	**37,333**	**53,000**	**90,333**
Additions, net of repayments	**-**	(8,095)	(8,095)
Balance, May 31, 2024	**37,333**	**44,905**	**82,238**

During the year ended May 31, 2023, the Company received loans of $46,333, including $33,000 from a former related party (Note 5). During the year ended May 31, 2024, the Company received loans of $19,662 from and repaid $27,757 to a former related party (Note 5).

The Company has loan balances of $82,238 owing as of May 31, 2024 (May 31, 2023 - $90,333), of which $44,905 (May 31, 2023 - $53,000) is payable to key management personnel (Note 5). The loans are unsecured, non-interest bearing and due on demand.

Subsequent to the year ended May 31, 2024, the Company repaid loans of $37,333 (Note 11).

7. SHARE CAPITAL AND RESERVES

Authorized: Unlimited common shares without par value.

Issued and Outstanding:

For the year ended May 31, 2024:

No capital activity during the year ended May 31, 2024.

For the year ended May 31, 2023:

No capital activity during the year ended May 31, 2023.

(Expressed in Canadian dollars)

7. SHARE CAPITAL AND RESERVES (CONTINUED)

Share Purchase Warrants

The following table summarizes warrant activity:

	Number of warrants	Weighted average price $
Balance at May 31, 2022	21,084,002	0.40
Expired	(21,084,002)	0.40
Balance at May 31, 2023 and 2024	-	-

Options

The Company grants stock options to employees, Directors, officers, and consultants of the Company as compensation for services pursuant to its Stock Option Plan (the "Plan"). Options have a maximum expiry period of up to five years from the grant date and are subject to minimum vesting requirements, as determined by the Board of Directors. The number of options that may be issued under the Plan may not exceed 20% of the number of issued and outstanding common shares of the Company at the time of granting of options.

The following table summarizes options activity:

	Number of options	Weighted average price $
Balance at May 31, 2022	**58,000**	**5.73**
Expired	(32,000)	5.31
Balance at May 31, 2023	**26,000**	**6.25**
Expired/cancelled	(26,000)	6.25
Balance at May 31, 2024	**-**	**-**

The Company has no stock options outstanding as at May 31, 2024.

On September 13, 2019, the Company granted 12,000 stock options with an exercise price of $3.75 per share expiring on September 13, 2023. A third of the options vest on the first, second and third anniversary dates, respectively. The total fair value of the stock options was estimated to be $27,851 using the Black-Scholes Option Pricing Model with the following assumptions: term of 4 years; expected volatility of 210%; risk-free rate of 1.55%; and expected dividends of zero. During the year ended May 31, 2023, the Company recognized share-based compensation of $889 and all 12,000 of the stock options were cancelled without being exercised.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to carry out its business plan and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company consists of common shares. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

8. CAPITAL MANAGEMENT (CONTINUED)

There were no changes in the Company's approach to capital management during the period. There are no externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair values

The fair values of cash, loans payable and accounts payable approximate their carrying values due to the short-term to maturities of these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's cash is measured using level 1 inputs. The Company's investment portfolio is measured using the most reliable measure of fair value and range from level 1 to level 3 inputs. During the years ended May 31, 2024 and year ended May 31, 2023, there were no transfers between levels.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash on hand to meet its financial obligations. Liquidity risk is assessed as high.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The risk on cash is managed through the use of a global services provider specializing in payment solutions and foreign exchange management. Although the financial services provider is not a financial institution, the Company has assessed its credit risk exposure to the financial services provider as moderate, based on the provider's historical performance and market standing.

(e) Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company does not hedge its exposure to fluctuations in foreign exchange rates. At May 31, 2024, the Company has minimal impact from foreign exchange risk as it does not hold any assets in foreign currencies.

(Expressed in Canadian dollars)

10. INCOME TAXES

The actual income tax provision differs from the expected amounts calculated by applying the Canadian combined federal and provincial statutory corporate income tax rate to the Company's loss before income tax recovery. The components of these differences are as follows:

	2024	2023
Loss before income tax recovery	$ (61,822)	$ (279,691)
Corporate tax rate	27%	27%
Income tax recovery at statutory tax rates	(17,000)	(76,000)
Increase resulting from:		
Non-deductible expenses and other	(34,000)	57,000
Change in unrecognized deductible temporary differences	51,000	19,000
Income tax recovery	$ -	$ -

The significant components of the Company's deferred tax liabilities and offsetting tax assets are as follows:

	2024	2023
Deferred Tax Asset		
Non-capital losses carry forwards	$ 1,091,000	$ 999,000
Capital losses	315,000	349,000
Share issuance costs	6,000	13,000
Valuation allowance	(1,412,000)	(1,361,000)
	$ -	$ -

At May 31, 2024, the Company has non-capital losses of $4,038,773 that expire between 2038-2044.

11. SUBSEQUENT EVENT

On July 16, 2024, the Company repaid loans of $37,333 (Note 6).