ARCH BIOPARTNERS INC.

Consolidated Financial Statements

Years Ended September 30, 2024 and September 30, 2023

ARCH BIOPARTNERS INC.

Index to Consolidated Financial Statements

Year Ended September 30, 2024 and September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Arch Biopartners Inc.

Opinion

We have audited the consolidated financial statements of Arch Biopartners Inc. and its subsidiaries, (the Company), which comprise the consolidated statements of financial position as at September 30, 2024 and September 30, 2023 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then 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 September 30, 2023, and its consolidated financial performance and its consolidated 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 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 2 – Going Concern of Operations in the financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on the Company's ability to continue as a going concern.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended September 30, 2024. 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.

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

Timing and recognition of grant revenues and related expenses

As discussed in note 3 of the consolidated financial statements, the Company recognizes grant revenues as expenses are incurred, and when receivables are reasonably deemed to be collectible. As of September 30, 2024, the industry grant revenue was recorded at $2,121,850.

We identified timing and recognition of grant revenues and related expenses as a key audit matter as it is an area with an increased risk of material misstatement, may have complexity in determining whether grant criteria are satisfied and represents transactions that have a significant effect on the financial statements as a whole.

To address this key audit matter, we evaluated the grant agreement terms, assessed management's compliance with the terms of the agreement and tested the occurrence and accuracy of the underlying data reported on the grant claims. Where applicable, we have also obtained third-party confirmations and management representation on the matter.

Conversion of debt

As discussed in note 7 of the consolidated financial statements, the Company converted several non-brokered, unsecured convertible notes into units consisting of one pre-paid warrant and one share purchase warrant per unit. As of September 30, 2024, the value of the debt was extinguished and recorded into warrants.

We identified valuation of the conversion of debt as a key audit matter as it is an area with an increased risk of material misstatement, may have complexity and significant judgement involved in determining applicable accounting standards, and represents a transaction that has a significant effect on the financial statements as a whole.

To address this key audit matter, we examined documentation of the transaction and the related contracts, obtained and assessed management's judgements and evaluation of the appropriate accounting under the requirements of International Financial Reporting Standards, considered recent published technical discussions related to similar transactions, and documented our applied professional judgments and conclusions. Where applicable, we have also obtained management's representation on the matter.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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. 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 consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the 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.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Dion C. Bird.

Baker Tilly HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
January 28, 2025

ARCH BIOPARTNERS INC.
Consolidated Statements of Financial Position
September 30, 2024 and September 30, 2023

	2024	2023
ASSETS		
CURRENT		
Cash and cash equivalents	**$ 2,970**	$ 831,273
Amounts receivable *(Note 14)*	**724,673**	-
Goods and services tax recoverable	**174,643**	32,782
Prepaid expenses	**33,329**	43,029
Australian research and development credit *(Note 4)*	**-**	264,088
	$ 935,615	$ 1,171,172
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 2,352,463**	$ 393,434
Deferred revenue *(Notes 3, 14, 17)*	**117,865**	1,098,869
Promissory notes *(Note 15)*	**2,270,059**	1,712,267
Interest payable on deferred convertible debt *(Note 7)*	**42,925**	172,500
Deferred convertible debt *(Note 7)*	**500,000**	2,600,000
	5,283,312	5,977,070
DEFERRED CONVERTIBLE DEBT *(Note 7)*	**-**	500,000
DUE TO SHAREHOLDER *(Note 8)*	**-**	203,921
	5,283,312	6,680,991
SHAREHOLDERS' DEFICIENCY		
Share capital *(Note 9)*	**17,417,508**	15,882,508
Contributed surplus	**7,511,411**	6,658,620
Warrants *(Note 9)*	**2,694,619**	-
Deficit	**(31,971,235)**	(28,050,947)
	(4,347,697)	(5,509,819)
	$ 935,615	$ 1,171,172

ON BEHALF OF THE BOARD

"Richard Muruve" *Director*

"Andrew Bishop" *Director*

See notes to financial statements

ARCH BIOPARTNERS INC.

Consolidated Statements of Comprehensive Loss

Years Ended September 30, 2024 and September 30, 2023

	2024	2023
REVENUE		
Industry grants *(Notes 14, 17)*	**$ 2,121,850**	$ 1,983,643
EXPENSES		
Communication	**17,076**	10,313
Interest and bank charges	**2,639**	14,049
Interest on long-term debt *(Notes 7, 8)*	**178,957**	184,889
Interest on promissory notes *(Note 15)*	**207,792**	160,000
Insurance	**15,844**	13,529
Marketing	**8,422**	7,187
Office	**35,781**	27,711
Patent *(Note 6)*	**132,631**	172,119
Professional fees	**341,845**	343,969
Regulatory and exchange fees	**80,229**	75,858
Research *(Notes 4, 6)*	**3,645,393**	1,940,515
Stock based compensation	**852,791**	1,958,043
Transfer agent fee	**21,893**	24,354
Travel	**15,131**	10,485
Wages and employee benefits	**512,539**	395,781
	6,068,963	5,338,802
LOSS FROM OPERATIONS	**(3,947,113)**	(3,355,159)
OTHER INCOME (EXPENSES)		
Foreign exchange gain (loss)	**15,944**	11,901
Interest Income	**4,072**	16,530
Other income	**6,809**	-
	26,825	28,431
NET AND COMPREHENSIVE LOSS	**$ (3,920,288)**	$ (3,326,728)
BASIC AND FULLY DILUTED LOSS PER SHARE	**$ (0.062)**	$ (0.053)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	**63,380,517**	62,465,800

See notes to financial statements

ARCH BIOPARTNERS INC.

Consolidated Statements of Changes in Equity

Years Ended September 30, 2024 and September 30, 2023

	Share Capital	Contributed Surplus	Warrants	Deficit	Total
BALANCE OCTOBER 1, 2022	$ 15,553,049	$ 4,700,578	$ -	$ (24,724,219)	$ (4,470,592)
Loss for the year	-	-	-	(3,326,728)	(3,326,728)
Share based compensation	-	1,958,042	-	-	1,958,042
Common shares issued *(Note 9)*	329,459	-	-	-	329,459
BALANCE SEPTEMBER 30, 2023	$ 15,882,508	$ 6,658,620	$ -	$ (28,050,947)	$ (5,509,819)
BALANCE OCTOBER 1, 2023	$ 15,882,508	$ 6,658,620	$ -	$ (28,050,947)	$ (5,509,819)
Loss for the year	-	-	-	(3,920,288)	(3,920,288)
Share based compensation	-	852,791	-	-	852,791
Warrants *(Note 9)*	-	-	2,694,619	-	2,694,619
Common shares issued *(Note 9)*	1,535,000	-	-	-	1,535,000
BALANCE SEPTEMBER 30, 2024	$ 17,417,508	$ 7,511,411	$ 2,694,619	$ (31,971,235)	$ (4,347,697)

ARCH BIOPARTNERS INC.
Consolidated Statements of Cash Flows
Years Ended September 30, 2024 and September 30, 2023

	2024	2023
OPERATING ACTIVITIES		
Cash receipts from industry grants and other sources	**$ 691,142**	$ 3,099,042
Cash paid to suppliers, employees and government	**(3,019,673)**	(3,330,527)
Interest paid	**(2,639)**	(2,590)
Cash flow used by operating activities	**(2,331,170)**	(234,075)
FINANCING ACTIVITIES		
Repayments of advances from shareholders	**(209,633)**	(69,000)
Proceeds from promissory notes	**350,000**	1,500,000
Repayments of promissory notes	**-**	(1,000,000)
Issuance of share capital	**1,362,500**	128,000
Cash flow from financing activities	**1,502,867**	559,000
INCREASE (DECREASE) IN CASH	**(828,303)**	324,925
CASH - BEGINNING OF YEAR	**831,273**	506,348
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 2,970**	$ 831,273
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash	**$ 2,970**	$ 14,743
Term deposits	**-**	816,530
	$ 2,970	$ 831,273

See notes to financial statements

1. DESCRIPTION OF OPERATIONS

Arch Biopartners Inc. ("Arch" or the “Company”) is a late-stage clinical trial company focused on preventing acute kidney injury and organ damage caused by inflammation. The Company is developing a platform of novel drugs targeting the dipeptidase-1 (DPEP1) inflammation pathway prevalent in the kidneys, lungs and liver. Organ inflammation often results in organ damage or failure, in such cases as ischemia reperfusion, toxic insult, viral infections and sepsis.

The Company's lead drug candidates, LSALT peptide and cilastatin, are being developed to target kidney injury caused by inflammation or toxins respectively, which are both significant unmet medical needs. Clinical development of these two drug candidates is currently ongoing.

LSALT Peptide is currently being dosed in a Phase II trial targeting inflammation related acute kidney injury often experienced by patients undergoing on-pump (bypass) cardiac surgery.

A Phase II trial entitled "Prevention Of Nephrotoxin-Induced Acute Kidney injury using cilastatin" (PONTIAK trial) is currently in the final stages of preparation. This investigator led trial is being funded by third-party research grants. The Company is providing the cilastatin drug supply required to support the trial.

The Company owns or has exclusive licensing rights on the intellectual property (“IP”) emanating from its drug development programs.

The Company is incorporated under the Business Corporation Act (Ontario) with continuance under the Canadian Business Corporations Act. The Company has four subsidiaries, 100% owned, that continue to operate as separate entities and are consolidated for financial purposes. The status of each subsidiary is as follows:

Arch Clinical Pty Ltd. (Australia) has been used as a vehicle to conduct a Phase I human trial in Australia. A dose escalation trial was conducted in early 2023.

Arch Bio Ohio Inc. (Delaware) is an entity available to the Company for any United States operations. Currently a dormant entity with no active operations.

Arch Bio Ireland Ltd. is a dormant subsidiary and was formed as a holding company to act as the holder of an orphan drug designation from the European Medicines Authority. This subsidiary has no active operations.

Arch Cancer Therapeutics Ltd. (Alberta) is a holding company for IP assignments. Currently no active operations.

2. BASIS OF PREPARATION

Statement of Compliance

The financial statements of the Company for the year ending September 30, 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on January 28, 2025.

Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are stated at fair value.

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Going Concern of Operations

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for at least twelve months from September 30, 2024. As at September 30, 2024, the Company had a working capital deficit (current assets less current liabilities) of $4,347,697 (2023 - $4,805,899).

During the year ended September 30, 2024, the Company incurred a net and comprehensive loss of $3,920,288 (2023 - $3,326,728) and has an accumulated deficit of $31,971,235 as at September 30, 2024 (2023 - $28,050,947).

The Company is in the process of performing further research and development, and has not yet determined whether costs incurred are economically recoverable. The Company's continuing operations are dependent upon any one of:

1. the existence of economically recoverable medical or industrial solutions;

2. the ability of the Company to obtain the necessary financing to complete the research; or

3. future profitable production from, or proceeds from the disposition of intellectual property.

There are no assurances that management's plan will be realized; management believes the Company will be able to secure the necessary financing to continue operations into the future. Possible future sources of funding include issuances of equity and new research grants. The Company has a history or receiving funding through these means and management is of the opinion these sources of funding will continue in the future. The financial statements do not include any adjustments to the recoverability and classification of recorded assets, or the amounts of, and classification of liabilities that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

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2. BASIS OF PREPARATION *(continued)*

The above events and conditions indicate there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Basis of Consolidation

These consolidated financial statements include the assets and liabilities and results of operations of the Company and its wholly-owned subsidiaries, Arch Cancer Therapeutics Inc., Arch Bio Ohio Inc., Arch Clinical Pty. Ltd., and Arch Bio Ireland Ltd.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the material accounting policies summarized below:

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having maturity of three months or less at acquisition, which are held for the purpose of meeting short-term cash commitments.

Foreign currency transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

Consolidating Foreign Subsidiaries

Transactions in foreign currencies are translated to the respective functional currency of each entity within the consolidated group using the exchange rates in effect at the date of the transactions. The foreign subsidiaries had no active operations in the current year. The functional currency of all the subsidiaries is the same as that of the parent company which is Canadian Dollars. These subsidiaries act as an extension of the parent company with all management decisions based in Canada, and all operational activities to be undertaken for the benefit of the parent company.

Monetary assets and liabilities are translated at year end using the year end exchange rate. Non-monetary assets are translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses are translated at the average rates of exchange during the year, except for amortization, which is translated at the same rate as the related asset.

(continues)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Loss per share

The Company uses the treasury stock method to calculate earnings (loss) per share. Basic earnings (loss) per common share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding for the period. To calculate diluted earnings per share, all options and warrants whose average exercise price is less than or equal to the average share price for the year are assumed to be exercised, unless anti-dilutive. Also under this method, certain shares considered contingently issuable, such as escrowed shares subject to release based on performance criteria, are excluded from the calculation of weighted average common shares.

For the year ended September 30, 2024, potentially dilutive common shares (relating to outstanding options and warrants) totaling 7,802,500 (September 30, 2023 - 5,035,000) were not included in the computation of loss per share because their effect was anti-dilutive. Therefore, diluted loss per share is the same as basic loss per share.

Revenue recognition

Revenue and cost recoveries on the sales, assignment and transfer of rights of patents are recorded in the period in which the agreement relates.

Interest income is recognized as earned.

Amounts relating to industry grants are recognized as income on a systematic basis as expenses are incurred, and are recorded only when management estimates that receivables reasonably determined to be collectible.

Deferred revenue consists of amounts received that have not been recognized as revenue as of year end. These amounts will be recognized when related expenses are incurred.

Patent fees

The Company has expensed all costs incurred with the review of patentability of intellectual property. Patent fees paid for approved patent applications are expensed, since recoverability is uncertain. Future patent costs may be capitalized if future recoverability is readily estimable.

Research and development

The company incurs costs on activities that relate to the research and development of new products. Some of the research and development costs incurred are eligible for refundable tax credits and these tax credits are accounted for on a net basis, with the credits reducing the reported research expenses.

Financial instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

(continues)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Fair value through profit or loss assets

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Fair value through profit or loss assets are measured at fair value with changes in those fair values recognized in the statement of comprehensive loss. Transaction costs are expensed when incurred.

Impairment on Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise accounts payable, accrued liabilities, deferred convertible debt, promissory note and amounts due to shareholder. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable and accrued liabilities are unsecured and represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid.

Leases

Leases are accounted for by recognizing a right-of-use assets and corresponding lease liability when the asset is ready for use, except for when the lease is of low value or has a duration of twelve months or less. In these instances, amounts are expensed in the financial statements when incurred.

(continues)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted.

Where the terms and conditions of options are modified before they vest, any increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares, in which case they are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Warrants

Warrants have been recorded at a value equal to the carrying value of the financial instrument given up less transaction costs.

(continues)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Standards, Amendments and Interpretations Not Yet Effective

The following new standards, amendments and interpretations, that have not been early adopted in these financial statements, are not expected to have an effect on the company's short-term results and financial position. Given the nature of operations for the company, management is continuing to review the following standards and will apply them if there will be any impact.

IAS 1 Presentation of Financial Statements

IAS 1 presentation of Financial Statements was revised to incorporate amendments issued by IASB requiring entities to disclose in specific circumstances, information in the note that enable financial statement users to understand the risk that non current liabilities with covenants could become repayable within 12 months after the reporting date.

The amendments specify that covenants to be complied after the reporting date do not affect the classification of debts as current or non current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements. The standard is effective for reporting period beginning on or after January 1, 2024. The Company does not expect that the implementation of IAS 1 will have a material effect on the Company’s financial statements.

IAS 7 Statement of cash flows

These amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and to provide users of financial statements with information to enable them to:

- Assess how supplier finance arrangement affect the entity's liability and cash flows; and
- Understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

Required disclosures in relation to supplier finance arrangements include terms and conditions, carrying amounts and related financial statement line items, ranges of payment due dates, information on non cash changes and liquidity risk. The standard is effective for reporting period beginning on or after January 1, 2024. The Company does not expect that the implementation of IAS 7 will have a material effect on the Company’s financial statements.

IFRS 18 Presentation and disclosure in the financial statements

In April 2024, the IASB issued the new standard on presentation and disclosure in financial statements to introduce new concepts related to the structure of the statement of profit and loss; required disclosures in the financial statements for management-defined performance measures; and enhanced principles on aggregation and disaggregation of information in the financial statements and accompanying notes. The standard is effective for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. Earlier application is permitted as long as this fact is disclosed. The Company is currently assessing the impact of the new standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

Research and development tax credits

The Company incurs research and development costs which are eligible for refundable tax credits and accounted for on a net basis, as described in Note 3. As at September 30, 2024, the Company has not recognized any tax credits as receivable.

During the year ended September 30, 2024, the Company has received the receivable tax credit of $335,828. This resulted in a $51,489 reduction of research expenses for the year.

5. FINANCIAL INSTRUMENTS

The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of interest rate risk and currency risk.

Interest Rate Risk:
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. There is currently no interest rate risk as all outstanding debts have fixed interest rates.

Currency Risk:
Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of those rates. The Company is exposed to foreign currency exchange risk on cash and accounts payable and accrued liabilities. Had the currency rate been +/- 5% higher/lower at September 30, 2024, the resulting change to the net loss would have been $65,784.

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5. FINANCIAL INSTRUMENTS *(continued)*

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company's credit risk is also attributable to its receivables. The amounts disclosed in the balance sheet are net of allowances for bad debts, estimated by the Company's management based on prior experience and their assessment of the current economic environment. The Company believes the credit risk of its receivables is limited due to the fact that the amounts owing, for which no allowance for bad debts was recorded, consists of goods and services taxes receivable from the Government of Canada and grants receivable from government agencies.

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 manages liquidity risk by maintaining adequate cash and restricted cash balances. The Company continuously monitors both actual and forecasted cash flows and matches the maturity profile of financial assets and liabilities.

As at September 30, 2024, the Company has a current assets of $935,615 (2023 - $1,171,172) to settle current liabilities due in twelve months or less of $5,283,312 (2023 - $5,977,070).

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated balance sheet carrying amounts for cash, accounts receivable and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values, these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

	September 30, 2024		September 30, 2023	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	**$ 2,970**	**$ 2,970**	$ 831,273	$ 831,273
Accounts receivable	**724,673**	**724,673**	264,088	264,088
Goods and services tax recoverable	**174,643**	**174,643**	32,782	32,782
Accounts payable and accrued liabilities	**(2,352,463)**	**(2,352,463)**	(393,434)	(393,434)
Promissory note	**(2,270,059)**	**(2,270,059)**	(1,712,267)	(1,712,267)
Interest payable on convertible debt	**(42,925)**	**(42,925)**	(172,500)	(172,500)
Deferred convertible debt	**(500,000)**	**(500,000)**	(3,100,000)	(3,100,000)
Due to shareholder	**-**	**-**	(203,921)	(203,921)
	$ (4,263,161)	**$ (4,263,161)**	$ (4,453,979)	$ (4,453,979)

6. PATENT AND RESEARCH EXPENSES

As at September 30, 2024 it was difficult to determine the value and the future recoverability of patents by the Company and research expenses incurred. The Company has chosen to take a conservative approach, and expense all costs relating to patents and research. Future patent and research costs may be capitalized if future recoverability is readily estimable.

7. DEFERRED CONVERTIBLE DEBT

The Company had previously closed a non-brokered, unsecured convertible note financing for which they received gross proceeds of $500,000 ("Note A"), $600,000 ("Note B"), $500,000 ("Note C"), $1,000,000 ("Note D"), and $500,000 ("Note E") respectively.

Note A ($500,000) was scheduled to mature on March 31, 2023, but the term of the note was extended to September 30, 2024. The Note was convertible, at the option of the holder, into Common Shares of the Company at a price per share of $0.50, in the thirty-day period prior to maturity of the Note. The Note bore interest of 5% per annum, which is payable in kind by the Company with Common Shares to be issued at the then market price for the Common Shares and subject to TSX Venture Exchange approval in each instance.

Note B ($600,000) was scheduled to mature on February 28, 2023, but the term of the note was extended to September 30, 2024. The Note was convertible, at the option of the holder, into Common Shares of the Company at a price per share of $0.60, in the thirty-day period prior to maturity of the Note. The Note bore interest of 5% per annum, which is payable in-kind by the Company with Common Shares to be issued at the then market price for the Common Shares and subject to TSX Venture Exchange approval in each instance.

Note C ($500,000) was scheduled to mature on January 24, 2024, but the term of the note was extended to September 30, 2024. The Note was convertible, at the option of the holder, into Common Shares in the capital of the Company at a price per common share of $1.27, in the thirty-day period prior to the maturity of the Note. The Note bore interest at 5% per annum, which is payable in-kind by the Company with Common Shares to be issued at then market prices for the Common Shares and subject to TSX Venture Exchange approval in each instance.

Note D ($1,000,000) was scheduled to mature on March 31, 2023, but the term of the note was extended to September 30, 2024. The Note was convertible at the option of the holder, into common shares in the Company at a price per share of $1.21, in the thirty-day period prior to maturity of the Note. The Note bore simple interest at a rate of 5% per annum, which is payable in kind by the Company with Common Shares to be issued at then market price for the Common Shares, subject to TSX Venture Exchange approval.

On September 30, 2024 Notes A, B, C, & D were converted into 1,934,524 units priced at $1.344 per unit. Each unit consists of one pre-paid warrant exercisable into one common share of the company at a date 5 years from the closing date of the settlement of the Note and one share purchase warrant exercisable into one common share of the company at $1.68 per common share at a date 5 years from the closing date of the settlement of the Note. The accrued interest of $130,000 on these notes was settled with an additional issuance of 96,726 units. The warrants were recorded at a value equal to the carrying value of the Notes and accrued interest less $35,381 in transaction costs.

Note E ($500,000) matures on February 1, 2025, and will be convertible, at the option of the holder, into Common Shares in the capital of the Company at a price per common share of $0.89, in the thirty-day period prior to the maturity of the Note. The Note bears interest at 8.5% per annum, which is payable in-kind by the Company with common shares to be issued at then market prices for the Common Shares and subject to TSX Venture Exchange approval in each instance.

Accrued interest at September 30, 2024 relating to these notes is $42,925 (2023 - $172,500).

8. DUE TO SHAREHOLDER

The amount reflected as due to shareholder consists of a demand promissory note payable to the chief executive of the company.

During the year ended September 30, 2024, interest expense of $6,032 (2023 - $12,388) has been recorded as a result of this loan. During the year ending September 30, 2024, $203,601 (2023 - $69,000) of the loan was repaid to the shareholder.

9. SHARE CAPITAL

Authorized:
Unlimited Common voting shares

	# of shares		Amount
Issued and fully paid, common shares			
Balance, October 1, 2022	62,330,292	$	15,553,049
Shares issued	268,523		329,459
Balance, September 30, 2023	**62,598,815**	**$**	**15,882,508**
Shares issued	**2,051,818**	**$**	**1,535,000**
Balance, September 30, 2024	**64,650,633**	**$**	**17,417,508**

During the year ended September 30, 2024, the Company issued 1,495,000 common shares. 20,000 common shares for the price of $1.25 per share and 1,475,000 common shares for a price of $0.50 per share.

During the year ended September 30, 2024, the Company settled interest on the convertible notes described in Note 7. Interest accrued on those notes to September 30, 2023 in the amount of $172,500 was settled with the issuance of 156,818 common shares for a price of $1.10 per share.

During the year ended September 30, 2024, the Company closed a private placement of 400,000 common shares priced at $1.50 per common share for proceeds of $600,000.

The Company has a discretionary stock option plan under which the Company may grant options to its directors, officers, employees and consultants. The option plan is a rolling plan whereby the maximum number of common shares that may be reserved for issuance under the plan is a rolling amount fixed at 10% of the issued and outstanding common shares of the Company from time to time where no one Optionee has shares reserved for issuance in excess of 5% of the outstanding number of shares in any twelve month period. The options granted under the plan are valid for a period not to exceed ten years from the date of their grant and may be subject to certain vesting conditions as determined by the Board of Directors. The options are exercisable at the price determined by the Company which must not be less than the last closing price of the listed shares of the Company before the date of their grant, less any applicable discount.

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9. SHARE CAPITAL *(continued)*

	Number of Options at Oct. 1, 2022	Options exercised	Options expired	Options issued	Options remaining at Sep. 30, 2023
	4,600,000	200,000	100,000	735,000	5,035,000
Weighted average exercise price	$.85	$0.64	$1.48	$3.00	$1.16

Expiry Date	Exercise Price	Vesting Period	Number of options at Oct. 1, 2023	Options exercised	Options expired	Options issued	Options remaining at Sep. 30, 2024
Apr-2024	$0.50	Fully vested	1,850,000	1,475,000	375,000	-	-
Jun-2024	$1.36	Fully vested	100,000	-	100,000	-	-
Mar-2025	$0.60	Fully vested	250,000	-	-	-	250,000
Jun-2025	$1.48	Fully vested	200,000	-	-	-	200,000
May-2028	$0.78	Fully vested	1,000,000	-	-	-	1,000,000
May-2029	$1.25	Fully vested	20,000	20,000	-	-	-
Jun-2030	$1.48	Fully vested	880,000	-	-	-	880,000
Dec-2026	$3.00	Fully vested	100,000	-	-	-	100,000
Dec-2032	$3.00	Fully vested	635,000	-	-	-	635,000
Dec-2033	$1.50	Fully vested	-	-	-	400,000	400,000
Feb-2029	$1.50	Fully vested	-	-	-	150,000	150,000
Feb-2029	$1.50	Fully vested	-	-	-	25,000	25,000
Aug-2034	$1.55	Fully vested	-	-	-	100,000	100,000
			5,035,000	1,495,000	475,000	675,000	3,740,000
Weighted average exercise price			$1.16	$0.51	$0.68	$1.50	$1.54

All issued options have fully vested and are exercisable as of September 30, 2024.

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9. SHARE CAPITAL *(continued)*

Stock-based compensation

During the year ended September 30, 2024 the Company granted 675,000 incentive stock options. 500,000 of these stock option are exercisable into a common share of the company for a period of ten years, and 175,000 of these stock options are exercisable into common shares of the company for a period of five years. The total compensation expense, as calculated using the Black-Scholes option pricing model, for the stock options granted was $852,791. The expense relating to the issuance of these options is recorded in the Statement of Loss with an offsetting increase to contributed surplus.

The fair value of the 675,000 options that have vested during the year is estimated on the date of grant using the Black-Scholes Option Pricing Model, with the following weighted average assumptions:

Risk free interest rate	4.50-5.00%
Expected dividend yield	NIL
Expected stock price volatility	49.10% - 263.29%
Expected option life in years	5 - 10 years
Option exercise price	$1.50 - $1.55
Fair value of options granted	$1.45 - 1.51

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Change in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

	Number of Warrants	Book value	Expiry Date
Balance, September 30, 2022	-	$ -	
Granted	-	$ -	
Exercised	-	$ -	
Expired	-	$ -	
Balance, September 30, 2023	-	$ -	
Granted	4,062,500	$ 2,694,619	September 2029
Exercised	-	$ -	
Expired	-	$ -	
Balance, September 30, 2024	4,062,500	$ 2,694,619	September 2029

Number of Warrants	Exercise price	Expiration date
2,031,250	$ -	September 2029
2,031,250	$ 1.68	September 2029
4,062,500		

10. RELATED PARTY TRANSACTIONS

	2024	2023
Key management:		
Compensation	**$ (150,000)**	$ (150,000)
Interest accrued on note payable	**(6,032)**	(12,388)
Options exercised	**625,000**	-
	$ 468,968	$ (162,388)

The CEO, several principal scientists and directors have significant share holdings at this time that align their interests with those of all shareholders. Due to the Corporation's early stage of development and small size of the Corporation's management team and board, the Board's Nominating and Compensation Committee has maintained the Corporation's recent practice of not compensating executives or board members, other than those noted in Notes 9 and 11. As this compensation is not readily measurable, these expenses and the related services revenue have not been recorded. For the year ended September 30, 2024 there have been no such transactions, nor were there for the comparative period in the previous fiscal year.

Included in accounts payable and accrued liabilities is $8,800 (September 30, 2023 - $NIL) owed to key management for the transactions described above.

11. EXECUTIVE COMPENSATION

COMPENSATION OF NAMED EXECUTIVE OFFICERS

Richard Muruve served as Chief Executive Officer of the Company, Andrew Bishop served as Chief Financial Officer of the Company and Daniel Muruve served as Chief Science Officer of the Company throughout the reporting period (the "Named Executive Officers"). The following table provides a summary of the compensation earned by the Named Executive Officers during the reporting period and in the same period of the preceding two financial years, as applicable.

Summary Compensation

		Compensation			Long-Term Compensation
Name and principle position	**October 1 to September 30**	**Salary**	**Bonus**	**Other annual compensation**	**Securities under options granted**
Richard Muruve	2024	$150,000	$NIL	$NIL	100,000
Chief Executive Officer	2023	$150,000	$NIL	$NIL	100,000
	2022	$100,000	$NIL	$NIL	NIL
Andrew Bishop	2024	$NIL	$NIL	$NIL	100,000
Chief Financial Officer	2023	$NIL	$NIL	$NIL	200,000
	2022	$NIL	$NIL	$NIL	NIL
Daniel Muruve	2024	$NIL	$NIL	$NIL	50,000
Chief Science Officer	2023	$NIL	$NIL	$NIL	100,000
	2022	$NIL	$NIL	$NIL	NIL

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11. EXECUTIVE COMPENSATION *(continued)*

Options

During the year ended September 30, 2024, 250,000 (2023 - 400,000) options were granted to the Named Executive Officers and no options were repriced during the reporting period. The Named Executive Officers exercised a total of 1,250,000 options during the reporting period. The following table sets out the value of unexercised incentive stock options, if any, as at September 30, 2024.

Named Executive Officers	Securities acquired on exercise	Aggregate value realized	Unexercised options as at September 30, 2024 Exercisable/Unexercisable	Value of unexercised in-the-money options at September 30, 2024 Exercisable/Unexercisable
Richard Muruve *Chief Executive Officer*	NIL	N/A	725,000/0	$371,750/$NIL
Andrew Bishop *Chief Financial Officer*	NIL	N/A	775,000/0	$322,250/$NIL
Daniel Muruve *Chief Science Officer*	NIL	N/A	500,000/0	$255,000/$NIL

COMPENSATION OF DIRECTORS

Due to the Company's early stage of development and small size of the board, the Board's Nominating and Compensation Committee has maintained the Corporation's recent practice of not compensating board members, other than the share based payments noted in Note 9.

Options

During the year ended September 30, 2024, 100,000 (2023 - 100,000) stock options were granted to the Directors and no options were repriced during the reporting period, nor were any options exercised by the Directors. The following table sets out the value of unexercised incentive stock options, if any, as at September 30, 2024.

Director	Securities acquired on exercise	Aggregate value realized	Unexercised options as at September 30, 2024 Exercisable/Unexercisable	Value of unexercised in-the-money options at September 30, 2024 Exercisable/Unexercisable
Claude Allary	NIL	N/A	350,000/0	$141,500/$NIL
Richard Rossman	NIL	N/A	250,000/0	$141,500/$NIL

12. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to maintain a strong capital base in order to:

1. Advance the Company's corporate strategies to create long-term value for its stakeholders;

2. Ensure compliance with the covenants of any applicable credit facility and other financing facilities used from time to time.

The Company monitors its capital and capital structure on an ongoing basis to ensure it is sufficient to achieve the Company's short-term and long-term strategic objectives. Management primarily funds the Company's operations and product development by issuing share capital, rather than using other capital sources that require fixed repayments of principal and interest. The Company closely watches its cash balances. The balance of current assets as at September 30, 2024 was $935,615 (2023 - $1,171,172). There are presently no formal capital requirements with which the Company has not complied.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company’s approach to capital management during the year ended September 30, 2024.

13. INCOME TAXES

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	2024	2023
Statutory tax rates	**26.46 %**	26.39 %
Loss before income taxes	**$ (3,920,288)**	$ (3,326,728)
Expected income tax recovery	**$ (1,037,394)**	$ (878,067)
Increase (decrease) resulting from:		
Stock based compensation	**225,668**	516,811
Patent expenses added back	**35,097**	45,430
Share issue cost	**1,105**	(437)
Capital cost allowance	**(20,528)**	(23,638)
Non-capital loss carried forward - Canadian Entities	**805,181**	409,226
Non-capital loss carried forward (applied) - Foreign entities	**(9,129)**	(69,325)
Effective tax expense	**$ -**	$ -

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities at September 30, 2024 and 2023 are summarized below:

	October 1, 2023	**Recognized in net income**	**Expired as at September 30, 2024**	**September 30, 2024**
Non-capital losses carried forward	$ 11,945,985	$ 3,042,766	$ -	$ 14,988,751
Unrecognised non-capital losses	(11,945,985)	(3,042,766)	-	(14,988,751)
	$ -	$ -	$ -	$ -

	October 1, 2022	**Recognized in net income**	**Expired as at September 30, 2023**	**September 30, 2023**
Non-capital losses carried forward	$ 10,395,551	$ 1,550,434	$ -	$ 11,945,985
Unrecognised non-capital losses	(10,395,551)	(1,550,434)	-	(11,945,985)
	$ -	$ -	$ -	$ -

The Company has incurred losses of $14,988,751 for tax purposes which are available to reduce future taxable income. Due to the going-concerns of operations outlined in Note 2, no future income taxes recoverable have been recorded in respect of these losses. Such benefits will be recorded as an adjustment to the tax provision in the year realized. The losses will expire as follows:

2026	$ 215,112
2027	90,277
2028	138,852
2029	81,405
2030	127,753
Thereafter	14,335,352
	$ 14,988,751

14. INNOVATION, SCIENCE AND ECONOMIC DEVELOPMENT CANADA CONTRIBUTION

On December 15, 2020, the Company was awarded a contribution of up to $6.7 million from Innovation, Science and Economic Development Canada.

$530,795 was claimed during the year ended September 30, 2023, out of which $412,930 was recorded as revenue and $117,865 was deferred under the program. An amount of $117,865 remains as deferred revenue as at September 30, 2024.

No more claims will be made in the future.

15. PROMISSORY NOTES

On April 6, 2021, the Company entered into a short-term financing agreement with an arm's length party. The note carries interest at 10% per annum. The original maturity date of the note was January 22, 2024. The purpose of the note is to reduce accounts payable until amounts are received from the Innovation, Science and Economic Development Canada contribution. During the year ended September 30, 2024, the maturity date was extended to September 30, 2025 and the principal amount was increased by $50,000. During the year ended September 30, 2024, interest expense in the amount of $103,507 was incurred in relation to this note. At September 30, 2024 the balance of short-term debt consists of the principal of this note in the amount of $1.05 million and accrued interest on this note in the amount of $255,774.

On March 22, 2023 a $1,500,000 60 day promissory note was signed to pay vendors who performed work related to the National Research Council of Canada Research Assistance Program project. The promissory note bears interest at a rate of 15% per annum and a maturity date of September 30, 2024. On May 11, 2023 $1,000,000 was repaid. During the year ended September 30, 2024, interest expense of $84,230 was incurred in relation to this note. Interest payable of $144,230 has been accrued and included with the promissory note on the Consolidated Statement of Financial Position. During the year ended September 30, 2024, the maturity date was extended to September 30, 2025.

On April 17, 2024 the company issued a new $300,000 promissory note to an arm's length party. The note bears interest at 10% until June 1, 2024 after which the note bears interest at 15%. Interest payable of $20,055 has been accrued and included with the promissory note in the Consolidated Statement of Financial Position. This note matures on September 30, 2025.

16. SEGMENT REPORTING

The Company is engaged in the development of innovative technologies that have the potential to make a significant medical or commercial impact. Each subsidiary is an operating segment, however, for segment reporting purposes, the Company and its subsidiaries are considered one reporting segment as all activity is effectively in the same line of business. All grant revenues were generated in Canada.

17. NRC IRAP FUNDING

On March 23, 2023, the company announced that it is receiving advisory services and up to $4,000,000 in funding from the National Research Council of Canada Industrial Research Assistance Program ("NRC IRAP") to support the research and development of the LSALT peptide (Metablok) program. LSALT peptide is the Company's lead drug candidate for treating acute inflammation injury in the lungs, kidneys and liver.

$2,551,717 was claimed and received under this program during the year ended September 30, 2023. $1,570,712 was recognized as revenue in the year ended September 30, 2023. $981,004 was deferred to the following year.

$2,576,239 was claimed under this program during the year, with $416,173 received and $724,673 receivable as of September 30, 2024. The revenue deferred from the prior year was applied to the current year claims. $2,121,850 was recognized as revenue in the current year.

The research and development funding from NRC IRAP will help support several sub-tasks needed to advance the LSALT peptide drug program. These include: dose escalation studies; costs incurred by Arch during the Canadian Treatments for COVID-19 Phase III human trial; manufacturing new drug product supply to support future non-COVID human trials; the non-COVID Phase II trials (such as a cardiac surgery associated acute kidney injury trial) to gather more human data to support future drug approval; and, additional non-clinical studies to discover potential biomarkers and to further understand the mechanism of action related to LSALT peptide.

18. SUBSEQUENT EVENTS

In October 2024 the Company arranged a non-brokered private placement offering of 290,323 common shares priced at $1.55 per common share for gross proceeds of $450,000.

The remaining convertible note (Note E) described in Note 7 will be converted into common shares on February 1, 2025.