



**Condensed Interim Consolidated Financial Statements**  
(Unaudited)

For the three and six months ended October 31, 2024 and 2023  
(In Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF**

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

# IZOTROPIC CORPORATION

## Condensed Interim Consolidated Statements of Financial Position

As at October 31, 2024 and April 30, 2024

(Unaudited - Expressed in Canadian dollars)

	Notes	October 31, 2024	April 30, 2024
		\$	\$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		116,666	38,602
GST recoverable		5,040	-
Prepaid expenses and deposits	7(b)	112,485	127,624
		234,191	166,226
Property and equipment	3	40,337	66,150
<b>Total assets</b>		<b>274,528</b>	<b>232,376</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	7(b)	2,754,343	2,022,240
Promissory notes	4	2,000,000	2,000,000
Lease liability	5	33,400	41,090
		4,787,743	4,063,330
Lease liability	5	3,943	15,300
<b>Total liabilities</b>		<b>4,791,686</b>	<b>4,078,630</b>
<b>Shareholders' equity</b>			
Share capital	6	14,270,857	14,090,857
Reserves	6	1,807,878	1,163,342
Subscription received		104,206	-
Accumulated other comprehensive gain (loss)		1,716	(2,570)
Deficit		(20,701,815)	(19,097,883)
<b>Total equity</b>		<b>(4,517,158)</b>	<b>(3,846,254)</b>
<b>Total liabilities and equity</b>		<b>269,488</b>	<b>232,376</b>
Nature of operations and going concern	1		

Approved on behalf of the Board of Directors:

(Signed) "Bob Thast"

Director

(Signed) "Ralph Procevia"

Director

# IZOTROPIC CORPORATION

## Condensed Interim Consolidated Statements of Comprehensive Loss

Three and six months ended October 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

	Notes	Three months ended October 31,		Six months ended October 31,	
		2024	2023	2024	2023
		\$	\$	\$	\$
<b>Operating expenses</b>					
Consulting fees	7	2,636	167,718	7,636	333,204
Depreciation		13,543	15,114	26,093	29,651
Filing and regulatory fees		22,339	26,061	38,682	37,484
Office		15,067	21,877	25,782	44,035
Research and development		184,849	279,087	370,854	405,038
Professional fees	7	2,841	30,338	29,637	62,293
Share-based compensation	6(d), 7	-	47,203	-	87,318
Travel and promotion		5,078	99,708	17,698	117,460
<b>Loss before other items</b>		<b>(246,353)</b>	<b>(687,106)</b>	<b>(516,382)</b>	<b>(1,116,483)</b>
<b>Other items</b>					
Bank charges and interest		(1)	(77)	(1,268)	(600)
Accretion	5	(1,558)	(3,054)	(3,484)	(6,311)
Interest	6	(60,140)	(60,500)	(120,140)	(122,000)
Loan extension fees	6	(50,000)	-	(961,203)	-
Foreign exchange gain (loss)		12,727	(41,901)	(1,455)	(18,589)
		<b>(98,971)</b>	<b>(105,532)</b>	<b>(1,087,550)</b>	<b>(147,500)</b>
<b>Net loss</b>		<b>(345,324)</b>	<b>(792,638)</b>	<b>(1,603,932)</b>	<b>(1,263,983)</b>
<b>Other comprehensive loss</b>					
Foreign currency translation		3,230	(1,553)	-	(1,652)
<b>Comprehensive loss</b>		<b>(342,094)</b>	<b>(794,191)</b>	<b>(1,603,932)</b>	<b>(1,265,635)</b>
<b>Net loss per share - basic and diluted</b>					
		<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.02)</b>
<b>Weighted average number of shares outstanding</b>		<b>56,796,346</b>	<b>53,223,887</b>	<b>56,365,911</b>	<b>52,255,457</b>

# IZOTROPIC CORPORATION

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

Six months ended October 31, 2024 and 2023

(Expressed in Canadian dollars)

	Share capital			Reserves				Accumulated other Comprehensive loss	Deficit	Total	
	Notes	Number	Amount	Share Subscriptions Received	Options	RSUs/PSUs	Warrants				Total Reserves
		#	\$	\$	\$	\$	\$	\$	\$	\$	
Balance, April 30, 2024		<b>54,996,346</b>	<b>14,090,857</b>	-	<b>1,069,407</b>	-	<b>93,935</b>	<b>1,163,342</b>	<b>(2,570)</b>	<b>(19,097,883)</b>	<b>(3,846,254)</b>
Share issued for cash	8(b)	1,800,000	180,000	-	-	-	-	-	-	-	180,000
Share subscriptions		-	-	104,206	-	-	-	-	-	-	104,206
Loan extension fee	6	-	-	-	-	-	644,536	644,536	-	-	644,536
Share-based compensation	6(d)	-	-	-	-	-	-	-	-	-	-
Comprehensive gain (loss)		-	-	-	-	-	-	-	4,286	(1,603,932)	(1,599,646)
<b>Balance, October 31, 2024</b>		<b>56,796,346</b>	<b>14,270,857</b>	<b>104,206</b>	<b>1,069,407</b>	<b>-</b>	<b>738,471</b>	<b>1,807,878</b>	<b>1,716</b>	<b>(20,701,815)</b>	<b>(4,517,158)</b>
Balance, April 30, 2023		<b>51,855,021</b>	<b>13,353,439</b>	-	<b>1,251,570</b>	<b>348,583</b>	<b>65,520</b>	<b>1,665,674</b>	<b>(822)</b>	<b>(18,092,050)</b>	<b>(3,073,759)</b>
Share issued for cash	6(b)	2,841,325	710,331	-	-	-	-	-	-	-	710,331
Shares issued on vested RSUs	6(e)	200,000	45,000	-	-	(45,000)	-	(45,000)	-	-	-
Forfeited RSUs and PSUs	6(e)	-	-	-	-	(348,583)	-	(348,583)	-	348,583	-
Forfeited and expired options	6(d)	-	-	-	(206,939)	-	-	(206,939)	-	206,939	-
Share-based compensation	6(d)	-	-	-	29,236	58,082	-	87,318	-	-	87,318
Net loss for the period		-	-	-	-	-	-	-	(1,652)	(1,263,983)	(1,265,635)
<b>Balance, October 31, 2023</b>		<b>54,896,346</b>	<b>14,108,770</b>	<b>-</b>	<b>1,073,867</b>	<b>13,082</b>	<b>65,520</b>	<b>1,152,470</b>	<b>(2,474)</b>	<b>(18,800,511)</b>	<b>(3,541,745)</b>

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

# IZOTROPIC CORPORATION

## Condensed Interim Consolidated Statements of Cash Flows

Six months ended October 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

	2024	2023
	\$	\$
Operating activities		
Net loss for the period	(1,603,932)	(1,263,983)
Items not affecting cash		
Depreciation	26,093	29,651
Interest	60,000	122,000
Accretion	3,943	6,311
Warrants issued for loan extension	644,536	-
Share-based payments	-	87,318
Changes in non-cash working capital items:		
GST recoverable	(5,040)	(9,558)
Prepaid expenses and deposits	15,139	45,870
Accounts payable and accrued liabilities	672,102	487,413
Net cash used in operating activities	(187,159)	(494,978)
Investing activity		
Purchase of property and equipment	-	-
Net cash used in investing activity	-	-
Financing activities		
Shares issued for cash, net of share issue costs	180,000	710,331
Shares subscriptions	104,206	-
Repayment of promissory notes	-	(50,000)
Interest paid on promissory notes	-	(148,000)
Payment of lease liability	(22,990)	(21,928)
Net cash provided by financing activities	261,216	490,403
Increase (decrease) in cash	74,057	(4,575)
Effect of foreign currency translation on cash	4,007	(1,730)
Cash and cash equivalents, beginning of period	38,602	165,685
Cash and cash equivalents, end of period	116,666	159,380
Cash and cash equivalents consist of:		
Cash	116,666	130,630
GIC	-	28,750

# IZOTROPIC CORPORATION

## Notes to Condensed Interim Consolidated Financial Statements

Six months ended October 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

---

### 1. Nature of operations and going concern

#### (a) Nature of operations

Izotropic Corporation (the “Company” or “Izotropic”) was incorporated in the Province of British Columbia on May 19, 2016, under the Business Corporations Act of British Columbia. The Company’s head office is located at 800 – 15355 24 Avenue, Suite 424, Surrey, British Columbia, Canada.

The Company is a research and development company specializing in cancer research and early detection for breast cancer. The common shares of Izotropic are listed on the Canadian Securities Exchange in Canada under the symbol “IZO”, on the OTC markets in the USA under the symbol “IZOZF” and the Frankfurt Stock Exchange in Germany under the symbol “1R3”.

On April 25, 2017, the Company entered into an agreement with the Regents of the University of California for an Exclusive License Agreement related to breast cancer detection and treatment (Note 9).

#### (b) Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company’s financial success is dependent on management’s ability to raise adequate financing on reasonable terms and to commence profitable operations in the future. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify proper technologies or inventions that will be successful, and even if so identified and warranted, it may not be able to finance such technologies within the requisite time period. At October 31, 2024, the Company had a net working capital deficiency of \$4,528,631 (working capital deficiency April 30, 2024 - \$3,897,104) and has no sources of cash from operations. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these consolidated financial statements. These consolidated financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

### 2. Significant accounting policies

#### (a) Basis of presentation and measurement

These condensed interim consolidated financial statements (the “Financial Statements”) have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

# IZOTROPIC CORPORATION

## Notes to Condensed Interim Consolidated Financial Statements

Six months ended October 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

---

### 2. Significant accounting policies (continued)

(a) Basis of presentation and measurement (continued)

The Financial Statements should be read in conjunction with the Company's annual financial statements as at and for the year ended April 30, 2024 (the "Annual Financial Statements"). The accounting policies and critical estimates applied by the Company in the Financial Statements are the same as those applied in the Annual Financial Statements. The Financial Statements do not include all the information required for full annual financial statements, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the most recent Annual Financial Statements.

The Financial Statements were approved and authorized for issue by the Board of Directors of the Company on December 30, 2024.

(b) Basis of consolidation

The Financial Statements include the accounts of the Company and its controlled entities, Izotropic Imaging Corp., a wholly-owned subsidiary based in Nevada, and Izotropic Development Corp., a wholly-owned subsidiary based in California. The controlled entities are fully consolidated from the date of acquisition, being the date on which the Company obtained control and continue to be consolidated until the date such control ceases. All intercompany balances and transactions have been eliminated upon consolidation.

### 3. Prepaid Expenses and Deposits

---

	2024	2023
	\$	\$
Filing and regulatory fees	1,818	9,923
Insurance	-	1,898
Lease	3,415	3,373
Research and development	-	5,178
Promotional services	107,252	107,252
	<b>112,485</b>	<b>127,624</b>

---



# IZOTROPIC CORPORATION

## Notes to Condensed Interim Consolidated Financial Statements

Six months ended October 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

### 4. Property and Equipment

	Furniture and equipment	Right-of-use lease asset (a)	Leasehold improvement	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance, April 30, 2023	62,574	100,785	15,525	178,884
Foreign currency translation	-	1,247	192	1,439
Balance, April 30, 2024	62,574	102,032	15,717	180,323
Foreign currency translation	-	1,261	194	1,455
<b>Balance, October 31, 2024</b>	<b>62,574</b>	<b>103,293</b>	<b>15,911</b>	<b>181,778</b>
<b>Accumulated depreciation</b>				
Balance, April 30, 2023	36,022	15,270	2,823	54,115
Depreciation	16,785	36,446	5,842	59,073
Foreign currency translation	-	845	140	985
Balance, April 30, 2024	52,807	52,561	8,805	114,173
Depreciation	4,163	18,968	2,962	26,093
Foreign currency translation	-	1,042	133	1,080
<b>Balance, October 31, 2024</b>	<b>56,970</b>	<b>72,571</b>	<b>11,900</b>	<b>141,441</b>
<b>Net book value</b>				
Balance, April 30, 2024	9,767	49,471	6,912	66,160
<b>Balance, October 31, 2024</b>	<b>5,604</b>	<b>30,722</b>	<b>4,011</b>	<b>40,337</b>

- (a) The Company entered into a property lease on June 9, 2022 for a research and development facility in Sacramento, California. The lease was effective December 1, 2022 and expires on August 31, 2025.

### 5. Accounts Payable and Accrued Liabilities

	2024	2023
	\$	\$
Accounts payable	2,134,176	1,791,957
Accrued interest (Note 6)	296,000	176,000
Accrued loan extension fees (Note 6)	316,667	-
Other accrued liabilities	7,500	41,000
GST payable	-	13,283
	<b>2,754,343</b>	<b>2,022,240</b>

# IZOTROPIC CORPORATION

## Notes to Condensed Interim Consolidated Financial Statements

Six months ended October 31, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

### 6. Promissory Notes

On April 1, 2022, the Company completed an offering (the "Offering") of unsecured promissory notes ("Notes") in the aggregate principal amount of \$2,050,000. The Notes bear interest at 12% per annum and matured on March 31, 2023. Pursuant to the Offering, the Company issued 826,613 warrants exercisable at a price of \$0.62 per share expiring March 31, 2025.

During the year ended April 30, 2024, the Company repaid the principal amount of \$50,000 to one of the lenders. During the six months ended October 31, 2024, the Company accrued interest of \$120,000 (2023 - \$61,500) on the Note. Note 5

During the six months ended October 31, 2024, the Company entered into an amended loan agreement and promissory note dated June 30, 2024 (the "Amended Note") with the remaining lender. The Amended Note is secured and matures on September 30, 2024. In consideration for the extension, the Company accrued aggregate extension fees of \$266,667, being 5% of the principal amount of the Note every 6 months retroactive from April 1, 2023 and will continue until a new agreement is entered beyond September 30, 2024.

In addition, the Company issued 9,660,000 warrants exercisable at \$0.10 per share expiring July 19, 2029 with a fair value of \$644,536. The fair value of the warrants was determined using the Black-Scholes option pricing model based on the following assumptions at the time of issuance: Risk-free annual interest rate 3.36%; Expected annual dividend yield 0%; Expected stock price volatility – 110.8%; and Expected life of warrants – 5 years.

### 7. Lease Liability

The changes in the carrying value of current and non-current lease liabilities are as follows:

	\$
Balance April 30, 2023	88,924
Lease payments	(44,150)
Accretion	11,111
Foreign currency translation	505
<b>Balance April 30, 2024</b>	<b>56,390</b>
Lease payments	(23,113)
Accretion	3,519
Foreign currency translation	547
<b>Balance October 31, 2024</b>	<b>37,343</b>
Current portion	33,400
Long-term	3,943

The remaining life of the Company's property lease as of October 31, 2024 was 0.83 years. Lease payments were discounted using an incremental borrowing rate of 15%

# IZOTROPIC CORPORATION

## Notes to Condensed Interim Consolidated Financial Statements

Six months ended October 31, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

### 7. Lease Liability (continued)

The minimum annual lease payments, undiscounted, are as follows:

Years ending April 30,	\$
2025	17,132
2026 and after	11,421
	<b>28,553</b>

### 8. Share capital

#### (a) Authorized

The authorized share capital of the Company is an unlimited number of common shares without par value.

#### (b) Issued and outstanding

As at October 31, 2024, the Company's outstanding share capital consisted of 56,796,346 (April 30, 2024 – 54,996,346) issued and fully paid common shares.

On June 14, 2024, the Company completed a non-brokered private placement of 1,800,000 units at \$0.10 per unit for gross proceeds of \$180,000. Each unit consisted of one common share and one share purchase warrant exercisable at a price of \$0.25 per share expiring June 14, 2027.

On November 13, 2024, the Company announced and closed a non-brokered private placement of up to 2,500,000 units at a price of \$0.05 per share for gross proceeds of \$125,000 (the "Offering"). Each unit consisted of one common share and one transferable warrant exercisable at a price of \$0.10 per share for a period of two years from the closing of the Offering. The proceeds from the Offering will be used towards general working capital. At October 31, 2024, \$104,206 has been received.

#### (c) Share purchase warrants

Each whole warrant entitles the holder to purchase one common share of the Company.

	Warrants	Weighted average exercise price
	#	\$
Balance, April 30, 2023	3,391,468	0.72
Issued	2,841,325	0.50
Exercised <sup>(1)</sup>	(3,951,067)	0.20
Expired <sup>(2)</sup>	(8,709,073)	0.90
Balance, April 30, 2024	6,232,793	0.62
Issued	11,460,000	0.12
<b>Balance, October 31, 2024</b>	<b>17,692,793</b>	<b>0.30</b>

<sup>(1)</sup> The weighted average price of the shares on the dates of exercise of the warrants was \$0.50.

# IZOTROPIC CORPORATION

## Notes to Condensed Interim Consolidated Financial Statements

Six months ended October 31, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

### 8. Share capital (continued)

(2) This includes 156,294 expired broker warrants at a weighted average price of \$0.93 per share. The fair value of expired warrants of \$98,037 was reclassified from reserves to deficit.

As at October 31, 2024, the weighted average contractual life of the warrants was 1.25 years (2023 – 1.38 years).

The following table summarizes the warrants outstanding as at October 31, 2024:

Exercise Price	Expiry date	Warrants
\$		#
0.40	November 10, 2024	64,855
0.70	November 10, 2024	1,250,000
0.80	November 10, 2024	1,250,000
0.62	March 31, 2025	826,613
0.50	September 20, 2025	2,841,325
0.10	June 14, 2027	1,800,000
0.25	July 19, 2029	9,660,000
		<b>17,692,793</b>

#### (d) Stock Options

The Company has a Stock Option Plan which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants stock options ("Options") to purchase common shares of the Company. The aggregate maximum number of common shares that may be issued under the Option Plan upon the exercise of Options shall not exceed 10% of the Company's issued and outstanding common shares from time to time.

A summary of the status of the options outstanding is as follows:

	Stock options	Weighted average exercise price
	#	\$
Balance, April 30, 2023	3,060,000	0.59
Granted	400,000	0.275
Forfeited <sup>(1)</sup>	(200,000)	0.20
Expired <sup>(1)</sup>	(450,000)	0.74
<b>Balance, April 30, 2024 and October 31, 2024</b>	<b>2,810,000</b>	<b>0.55</b>

(1) The fair values of forfeited options of \$22,761 and expired options of \$184,178 were reclassified from reserves to deficit

# IZOTROPIC CORPORATION

## Notes to Condensed Interim Consolidated Financial Statements

Six months ended October 31, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

### 8. Share capital (continued)

#### (d) Stock options (continued)

The fair value of stock options granted during the six months ended October 31, 2024 was \$Nil (2023 - \$0.12) per option.

The following table summarizes the Options outstanding and exercisable as at October 31, 2024:

Exercise Price	Expiry date	Options outstanding	Options exercisable
\$		#	#
0.37	February 11, 2025	150,000	150,000
0.275	June 26, 2025	400,000	400,000
0.65	March 10, 2027	100,000	100,000
0.61	October 31, 2027	2,160,000	2,160,000
		<b>2,810,000</b>	<b>2,810,000</b>

As at October 31, 2024, the weighted average contractual life of the stock options was 1.08 years (2023 – 2.16 years).

During the six months ended October 31, 2024, the Company recorded share-based compensation of \$Nil (2023 – \$13,546) for stock options granted and vested during the period.

The fair value of stock options granted was determined using the Black-Scholes option pricing model based on the following assumptions at the time of grant:

	2024	2023
Risk-free annual interest rate	-	4.73%
Expected annual dividend yield	-	0%
Expected stock price volatility	-	89.58%
Expected life of options (years)	-	2.00

#### (e) Long-term Incentive Plan

The Company has a long-term incentive plan (the "LTIP") which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, key employees and consultants of the Company, LTIP in the form of restricted share units, performance share units and deferred share units. The LTIP provides that the aggregate maximum number of common shares that may be issued upon the settlement of awards granted under the LTIP shall not exceed 2,996,549 common shares.

# IZOTROPIC CORPORATION

## Notes to Condensed Interim Consolidated Financial Statements

Six months ended October 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

### 8. Share capital (continued)

(i) Restricted stock units ("RSU's")

Each RSU gives the participant the right to receive one common share of the Company. A summary of the status of the RSUs outstanding is as follows:

	RSU	Weighted average issue price
	#	\$
Balance, April 30, 2023	100,000	1.23
Forfeited <sup>(1)</sup>	(100,000)	1.23
Awarded	300,000	0.26
Vested <sup>(2)</sup>	(300,000)	0.19
Balance, April 30, 2024 and October 31, 2024	-	-

<sup>(1)</sup> The fair value of forfeited RSUs of \$69,578 was reclassified from reserves to deficit.

<sup>(2)</sup> The weighted average closing price of the Company's shares on the dates of issuance of shares was \$0.19.

During the six months ended October 31, 2024, the Company recorded share-based compensation of \$Nil (2023 – \$26,568) for RSUs vested during the period.

(i) Performance Stock Units ("PSUs")

(i) Performance Stock Units ("PSUs")

A summary of the status of the PSUs outstanding is as follows:

	PSU	Weighted average issue price
	#	\$
Balance, April 30, 2023	500,000	1.23
Forfeited <sup>(1)</sup>	(500,000)	1.23
Balance, April 30, 2024 and October 31, 2024	-	-

<sup>(1)</sup> The fair value of forfeited PSUs of \$279,005 was reclassified from reserves to deficit.

### 9. Related party transactions

Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and members of its Board

# IZOTROPIC CORPORATION

## Notes to Condensed Interim Consolidated Financial Statements

Six months ended October 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

### 9. Related party transactions (continued)

of Directors. Key management compensation for the six months ended October 31, 2024 and 2023 consisted of:

(a) Compensation of key management personnel

	2024	2023
	\$	\$
Interim President, CEO and Director <sup>(1)</sup>	-	180,000
COO	163,331	-
Corporate Secretary <sup>(1)</sup>	-	3,000
	<b>163,331</b>	<b>183,000</b>

<sup>(1)</sup> Paid or accrued to a company controlled by a director and Interim President & CEO of the Company. Of this amount, \$Nil (2023 - \$180,000 for the six months) was allocated to the a director and Interim President & CEO of the Company for business development services, strategic capital markets and corporate strategic financing advisory services, \$Nil (2023 - \$180,000 for the six months) was allocated to the Company's Corporate Secretary for corporate secretarial, office administration, accounting, shareholder communications, marketing and branding services and \$Nil (2023 - \$3,000). See Item (b) below.

(b) Related party balances

As at October 31, 2024, included in accounts payable and accrued liabilities were amounts due to directors and officers of \$1,254,998 (April 30, 2024 - \$1,039,924). The amounts are unsecured, non-interest-bearing and without fixed terms of repayment.

During the year ended April 30, 2024, the Interim President & CEO and Corporate Secretary of the Company forgave all amounts due to them of \$428,000, of which \$270,000 relates to unpaid management and consulting fees and \$9,000 relates to rent for fiscal 2024 (2023 - \$149,000). See Note 9(a) <sup>(1)</sup>

### 10. Research and development

For the six months ended October 31, 2024 and 2023, the Company's research and development costs consisted of the following:

	2024	2023
	\$	\$
Clinical study	-	42,772
Consulting	27,517	16,991
Contractor fees	308,127	62,376
Materials	24,708	-
Patient maintenance	2,436	3,812
Software	8,066	-
	<b>370,854</b>	<b>125,951</b>

# IZOTROPIC CORPORATION

## Notes to Condensed Interim Consolidated Financial Statements

Six months ended October 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

---

### 11. License Agreement

On April 25, 2017, the Company entered into a license agreement (the "License Agreement") with the Regents for the University of California (the "Licensor") which granted the Company an exclusive worldwide license for the Biopsy Systems for breast computed tomography patent and other related patents ("Licensed Patent Rights").

In consideration for the license, the Company paid an aggregate of US\$210,000 (CAD \$275,639) and reimbursed US\$79,872 of patent costs to the Licensor. In addition, the Company agreed to pay the Licensor:

- 2% of total consideration received by the Company within 30 days of the completion of a Change of Control;
- 3% of net sales from the sales of all products produced by the Licensee in connection with the License Agreement and sold by the Company in the U.S.;
- 3% of net sales from the sale of the first 15 commercial sales of all products produced by the Licensee in connection with the License Agreement in any other country excluding the U.S.; and
- 1% royalty of net sales of all methods and services sold by the Licensee in connection with the License Agreement.

Under the License Agreement, the Company may grant a sublicense to affiliates of the Company, or to third parties. The Company has agreed to pay the Licensor 25% of any cash consideration, or the cash equivalent of any other form of consideration, due to the Licensee for the grant of rights under a sublicense.

Under the License Agreement, the Company is obligated to further development, manufacture, marketing and sale of products, methods, and services offered by the Company in connection with the License Agreement in quantities sufficient to meet the market demand ("Milestones") as follows:

- submit an application covering a product or service to the U.S. Food and Drug Administration ("FDA") or equivalent foreign agency by June 30, 2018. The timeline to accomplish this condition was later revised and extended and the Company initially engaged with the FDA in the third quarter of 2020;
- obtain FDA or equivalent foreign agency approval by December 31, 2021. This condition has also been revised and timeline extended for up to 7 years. The Company will make annual payments of up to \$15,000 until this milestone is accomplished; and
- achieve commercial sale and fill the market demand by June 30, 2022. This milestone timeline has also been revised for up to 7 years based on a number of factors.

If the Company is unable to meet any of the above License Agreement Milestones, the Company has the right to extend the target date of any of the above Milestones by 1 year upon payment of US\$10,000 to the Licensor. The Company has a further right to extend the target date of any Milestones for an additional 1 year for US\$15,000. Under the License Agreement, the total period of time to complete any Milestone must not exceed seven years from the date of the License Agreement, unless the parties mutually agree in writing otherwise. If the Company does not complete a Milestone and does not opt to extend the period to complete the Milestone, or opts to extend the period to complete the Milestone and does not complete the Milestone within the extended time period, then the Licensor has the right to terminate the License Agreement, or reduce the Company's exclusive License to a non-exclusive license.



# IZOTROPIC CORPORATION

## Notes to Condensed Interim Consolidated Financial Statements

Six months ended October 31, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

### 12. Fair value of financial instruments

As at October 31, 2024, the Company's financial instruments consist of cash, accounts payable and accrued liabilities, promissory notes and lease liability which were measured at amortized cost. The carrying amounts of cash and accounts payable and accrued liabilities approximate fair value due to their immediate or short-term maturity. The carrying values of promissory notes and lease liability were measured at the effective interest rate which approximate fair value.

### 13. Financial instruments risk

The Company is exposed to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

#### (a) Liquidity risk

As at October 31, 2024, the Company's contractual obligations consist of:

	Total	<1 year	1 - 3 years	3 – 5 years
	\$	\$	\$	\$
Accounts payable and accrued liabilities	2,754,343	2,754,343	-	-
Promissory notes	2,000,000	2,000,000	-	-
Lease liability	37,343	33,400	3,943	-
	4,791,686	4,787,743	3,943	-

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they come due. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. As at July 31, 2024, the Company had working capital deficiency of \$4,329,544 (2023 – \$3,897,104). The Company is pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and development of its product. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. Note 1(b)

#### (b) Currency risk

Currency risk is the risk that foreign exchange rates will fluctuate significantly from expectations. The Company's exposure to currency risk arises from its operations in the US where payments to vendors and consultants are in local currency. Further, the Company holds a portion of its cash in currencies other than Canadian. To manage this risk, the Company holds as small of an amount as practical in foreign currencies.

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency transaction and translation risks.

The Company holds cash in Canadian and US dollars. The Company's main risk is associated with fluctuations in the US dollars and assets and liabilities are translated based on the foreign currency translation policy described in Note 2(c) to the Annual Financial Statements.

# IZOTROPIC CORPORATION

## Notes to Condensed Interim Consolidated Financial Statements

Six months ended October 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

---

### 13. Financial instruments risk (continued)

#### (b) Currency risk (continued)

The Company has determined that an effect of a 10% increase or decrease in the USD against the Canadian dollar on financial assets and liabilities, as at October 31, 2024, including cash, accounts payable and accrued liabilities and lease liability denominated in USD, would result in an increase or decrease of approximately \$169,847 (2023 - \$95,383) to the net loss and comprehensive loss for the six months ended October 31, 2024.

At October 31, 2024, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

### 14. Capital management

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors. The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing short- term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any external restrictions on its capital.

### 14. Subsequent event

On November 13, 2024, the Company closed a non-brokered private placement of up to 2,500,000 units at a price of \$0.05 per share for gross proceeds of \$125,000 (the "Offering"). Each unit consisted of one common share and one transferable warrant exercisable at a price of \$0.10 per share for a period of two years from the closing of the Offering.