



Condensed Interim Consolidated Financial Statements

For the three and six months ended October 31, 2025 and 2024

Notice of No Auditor Review of Unaudited Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Zenith Capital Corp. (the “Company”) as at October 31, 2025 and for the period then ended have been prepared by and are the responsibility of the Company’s management. The Company’s Audit Committee and Board of Directors have reviewed and approved these unaudited condensed interim consolidated financial statements. In accordance with National Instrument 51 – 102, the Company discloses that its auditors have not reviewed the accompanying unaudited condensed interim consolidated financial statements for the periods ended October 31, 2025 and 2024.

Condensed Interim Consolidated Statements of Financial Position

As at:

(unaudited)

<i>In thousands of US dollars</i>	Notes	October 31, 2025	April 30, 2025
Assets			
Current assets:			
Cash		\$ 26	\$ 23
Prepaid expenses and deposits		94	88
Investment tax credit receivable		89	60
Other assets		10	7
Clinical supplies		3	3
Total current assets		222	181
Non-current assets:			
Due from Resverlogix Corp.	5	10,962	8,946
Interest receivable	5	1,647	1,048
Property and equipment		6	7
Licensing costs		699	699
Intangible assets		1,285	1,185
Deferred financing costs		100	-
Total non-current assets		14,699	11,885
Total assets		\$ 14,921	\$ 12,066
Liabilities			
Current liabilities:			
Trade payables		\$ 1,271	\$ 1,097
Accrued liabilities		4,794	5,033
Non-convertible promissory notes	6	12,534	11,106
Convertible promissory notes	7	5,946	5,452
Accrued interest		4,415	3,183
Due to Resverlogix Corp.	5	741	432
Financing rights	8	605	353
Total current liabilities		30,306	26,656
Non-current liabilities:			
Convertible promissory notes	7	237	223
Unearned licensing revenue		10,852	10,852
Total liabilities		41,395	37,731
Shareholders' deficiency:			
Share capital	9 (a)	95,211	94,129
Contributed surplus		11,272	11,038
Conversion option		47	42
Warrants	9 (d)	6,500	5,431
Deficit		(139,504)	(136,305)
Total shareholders' deficiency		(26,474)	(25,665)
Total liabilities and shareholders' deficiency		\$ 14,921	\$ 12,066

Going concern (note 3)

Commitments (note 11)

Subsequent event (note 12)

Signed on behalf of the Board:

Signed: "Donald McCaffrey" Director

Signed: "Kenneth Zuerblis" Director

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

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three and six months ended October 31

(unaudited)

In thousands of US dollars	Notes	Three months ended October 31,		Six months ended October 31,	
		2025	2024	2025	2024
Expenses:					
Research and development, net of recoveries	10	\$ 242	\$ 967	\$ 818	\$ 1,917
Investment tax credits		(15)	(16)	(30)	(31)
Net research and development		227	951	788	1,886
General and administrative	10	411	435	858	868
		638	1,386	1,646	2,754
Finance costs (income):					
Interest income	5	(316)	(208)	(604)	(390)
Interest and accretion expense		789	591	1,526	1,126
Financing costs	6	534	209	724	447
Foreign exchange gain		(78)	(40)	(107)	(61)
Net finance costs		929	552	1,539	1,122
Other	10	-	(165)	-	(165)
Loss before income taxes		1,567	1,773	3,185	3,711
Income taxes		7	8	14	13
Net loss and total comprehensive loss		\$ 1,574	\$ 1,781	\$ 3,199	\$ 3,724
Net loss per share (note 9 (e))					
Basic and diluted		\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.02

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Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

For the six months ended October 31

(unaudited)

<i>In thousands of US dollars</i>	Share Capital	Contributed Surplus	Conversion Option	Warrants	Deficit	Total Shareholders' Deficiency
Balance, April 30, 2024	\$ 91,987	\$ 12,506	\$ 30	\$ 4,274	\$ (128,956)	\$ (20,159)
Warrants expiries	-	22	-	(22)	-	-
Warrants issued in connection with promissory notes	-	-	-	448	-	448
Warrants and conversion option issued in connection with convertible debenture	-	-	12	35	-	47
Common shares issued in connection with long term incentive plan	53	(45)	-	-	-	8
Share-based payment transactions	-	197	-	-	-	197
Net loss and total comprehensive loss	-	-	-	-	(3,724)	(3,724)
Balance, October 31, 2024	\$ 92,040	\$ 12,680	\$ 42	\$ 4,735	\$ (132,680)	\$ (23,183)
Balance, April 30, 2025	\$ 94,129	\$ 11,038	\$ 42	\$ 5,431	\$ (136,305)	\$ (25,665)
Common shares issued in connection with private placement	985	-	-	278	-	1,263
Common shares issued to connection with financing	100	-	-	-	-	100
Warrants issued in connection with promissory notes	-	-	-	725	-	725
Warrants and conversion option issued in connection with convertible debenture	-	-	5	66	-	71
Share issue costs	(3)	-	-	-	-	(3)
Share-based payment transactions	-	234	-	-	-	234
Net loss and total comprehensive loss	-	-	-	-	(3,199)	(3,199)
Balance, October 31, 2025	\$ 95,211	\$ 11,272	\$ 47	\$ 6,500	\$ (139,504)	\$ (26,474)

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

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended October 31

(unaudited)

<i>In thousands of US dollars</i>	Notes	2025	2024
Cash provided by (used in):			
Cash flows used in operating activities:			
Net loss		\$ (3,199)	\$ (3,724)
Items not involving cash:			
Equity-settled share-based payment transactions	10	234	198
Depreciation and amortization	10	59	52
Interest income		(604)	(390)
Interest and accretion expense		1,526	1,126
Income taxes		14	13
Financing costs	6	724	447
Changes in non-cash working capital:			
Prepaid expenses and deposits		(6)	23
Investment tax credit receivable		(29)	(30)
Other assets		(3)	(4)
Due to Resverlogix Corp.		309	192
Trade payables and accrued liabilities		(226)	1,011
		(1,201)	(1,086)
Interest received		5	1
Net cash used in operating activities		(1,196)	(1,085)
Cash flows provided by financing activities:			
Proceeds from private placement	9 (a)	1,515	-
Share issuance costs		(3)	-
Proceeds from non-convertible promissory notes	6	1,601	2,708
Repayment of non-convertible promissory notes	6	(83)	(174)
Proceeds from convertible promissory note		300	250
Changes in non-cash financing working capital		(18)	(6)
Net cash provided by financing activities		3,312	2,778
Cash flows used in investing activities:			
Change in due from Resverlogix Corp.	5	(2,016)	(1,769)
Intangible asset expenditures		(158)	(125)
Changes in non-cash investing working capital		61	69
Net cash used in investing activities		(2,113)	(1,825)
Increase (decrease) in cash		3	(132)
Cash, beginning of period		23	161
Cash, end of period		\$ 26	\$ 29

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended October 31, 2025 and 2024

(unaudited)

(Tabular amounts in thousands of US dollars, except for number of shares)

1. General information

Zenith Capital Corp. is a company domiciled in Canada and was incorporated under the *Business Corporations Act* (Alberta) on April 10, 2013. On May 24, 2013, 1741273 Alberta Ltd. changed its name to Zenith Epigenetics Corp. On August 1, 2016, Zenith Epigenetics Corp. changed its name to Zenith Capital Corp. concurrent with an internal corporate reorganization. The reorganization resulted in the transfer of Zenith Capital Corp.'s principal operating assets to Zenith Epigenetics Ltd., a wholly-owned subsidiary, in exchange for additional common shares of Zenith Epigenetics Ltd. Zenith Capital Corp. retained its investment in the royalty preferred shares of Resverlogix Corp. ("Resverlogix"). Resverlogix and Zenith have several directors in common, and thus are considered related parties. As Zenith Capital Corp. owns all of the securities of Zenith Epigenetics Ltd., the reorganization did not result in a change in the ultimate beneficial ownership of the operating assets.

The consolidated financial statements comprise Zenith Capital Corp. and its wholly-owned subsidiaries, Zenith Epigenetics Ltd. and Zenith Epigenetics Inc. (together referred to as the "Company", "Zenith" or the "Group"). Zenith Capital Corp. and Zenith Epigenetics Ltd. are incorporated under the laws of Alberta. Zenith Epigenetics Inc. is incorporated under the laws of Delaware. The Company's head office is located at Suite 300, 4820 Richard Road S.W., Calgary, Alberta, T3E 6L1. The registered and records office is located at Suite 600, 815 - 8th Avenue S.W., Calgary, Alberta, T2P 3P2.

Zenith Capital Corp. is a biotechnology investment company. Zenith Epigenetics Ltd. is a clinical stage biotechnology company developing best in class bromodomain (BET) inhibitors for the treatment of cancer and other disorders with significant unmet medical need. Zenith's epigenetic platform of innovative biology and chemistry has generated differentiated, potent and selective BET inhibitors. Zenith's goal is to be a leading epigenetic company translating bromodomain biology into impactful therapies.

2. Background and basis of preparation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on December 22, 2025.

(b) Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for financing rights which are measured at fair value each reporting period.

(c) Functional and presentation currency

The functional currency of all entities within the Group is the US dollar, which is also the presentation currency. All financial information presented in dollars has been rounded to the nearest thousand except for per share amounts.

(d) Use of estimates and judgment

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in these condensed interim consolidated financial statements and notes. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgment used in the preparation of the condensed interim consolidated financial statements remain unchanged from those described in the Group's consolidated financial statements for the year ended April 30, 2025.

3. Going concern

The success of the Company is dependent on the continuation of its research and development activities, progressing its core technologies through clinical trials to commercialization and its ability to finance its cash requirements. It is not possible to predict the outcome of future research and development programs, the Company's ability to fund these programs in the future, or the commercialization of products by the Company.

The consolidated financial statements have been prepared pursuant to IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has incurred significant losses to date, and with no assumption of revenues (other than the unearned licensing revenue and the licensing revenue recognized in the current year), is dependent on its ability to raise additional financial capital by continuing to demonstrate the successful progression of its research and development activities if it is to remain as a going concern.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended October 31, 2025 and 2024

(unaudited)

(Tabular amounts in thousands of US dollars, except for number of shares)

3. Going concern (continued)

As at October 31, 2025, the Company had \$26 thousand of cash and was committed to pay \$1.3 million of trade payables, \$4.8 million of accrued liabilities (including \$1.9 million to be settled by way of issuance of equity units to Newsoara BioPharma Co., Ltd. ("Newsoara")), \$12.5 million of non-convertible promissory notes (that are payable on demand), \$6.3 million (principal amount) of secured convertible promissory notes (\$0.5 million that matured in February 2024, \$5.0 million that matured in November 2025, \$0.25 million that matures in April 2026, \$0.25 million that matures in June 2026 and \$0.3 million that matures in July 2027) and \$4.4 million of accrued interest. The Company is also committed to pay \$0.2 million for research and development commitments and an estimated \$0.7 million for National Cancer Institute funding (for studies to develop ZEN-3694) over the next twelve months as described further in Note 11. In addition, estimated expenditures over the next twelve months under cancellable agreements with contract research organizations conducting work related to the Company's clinical trials total approximately \$0.1 million.

Subsequent to October 31, 2025, the Company closed a \$0.3 million private placement (refer to Note 12). The Company's cash as at October 31, 2025, in combination with the \$0.3 million raised subsequent to October 31, 2025, is not sufficient to fund the Company's contractual commitments or the Company's planned business operations for the next year. The Company will therefore continue to pursue alternatives to raise additional capital including issuing additional equity and/or debt and/or from other sources such as partnering, licensing and/or sale of assets; however, there is no assurance that these initiatives will be successful. These conditions result in a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The Company will also require additional capital to fund its planned research, development and corporate activities beyond the next year.

These condensed interim consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities, and the reported expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

4. Material accounting policies

The condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended April 30, 2025 prepared in accordance with IFRS applicable to those annual consolidated financial statements. The same accounting policies, presentation and methods of computation have been followed in these condensed interim consolidated financial statements as were applied in the Company's consolidated financial statements for the year ended April 30, 2025.

5. Due to Resverlogix Corp. / Due from Resverlogix Corp.

Due to Resverlogix Corp.

Resverlogix and the Company have several of their directors in common and are therefore considered related parties. Resverlogix provides management and administrative services to the Company pursuant to a Management Services Agreement dated June 3, 2013. The purpose of the agreement is to allow the Company to utilize Resverlogix's resources on a cost-effective basis and enable Resverlogix to achieve greater utilization of its resources. As consideration for the services, the Company pays Resverlogix a service fee, consisting of salary and other compensation costs attributable to the services and reimbursable expenses incurred by Resverlogix in connection with the services.

During the six months ended October 31, 2025, the Company incurred an aggregate of \$0.4 million (2024 – \$0.4 million) of services and reimbursable expenses, comprised of \$0.3 million (2024 – \$0.3 million) for management and administrative services provided by Resverlogix, and \$0.1 million (2024 – \$0.1 million) of reimbursable expenses, less \$0.04 million (2024 – \$0.04 million) for services provided to Resverlogix by the Company. The reimbursable expenses include proportionate share of rental payments and operating costs (for a laboratory and office that Resverlogix shares with the Company) pursuant to a sublease that Resverlogix has in place with the Company. Zenith owes Resverlogix \$0.7 million (April 30, 2025 – \$0.4 million); this balance is unsecured, payable on demand and non-interest bearing.

Due from Resverlogix Corp.

During the six months ended October 31, 2025, the Company advanced an additional \$2.0 million to Resverlogix (2024 – \$1.8 million). Resverlogix has issued promissory notes to Zenith totaling \$11.0 million at October 31, 2025 (April 30, 2025 – \$8.9 million); the promissory notes bear interest at 12% per annum, are payable within four months of demand and are unsecured. Interest receivable that has accrued on the promissory notes totals \$1.6 million (April 30, 2025 – \$1.0 million). The Company's advances to Resverlogix are aimed at preserving and growing the value of the Company's economic interest in Resverlogix in the

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(Tabular amounts in thousands of US dollars, except for number of shares)

5. Due to Resverlogix Corp. / Due from Resverlogix Corp. (continued)

form of Resverlogix royalty preferred shares (the value of which is largely determined by Resverlogix's clinical development program). The Company and Resverlogix intend to amend their arrangement such that a subordinate security interest over all of Resverlogix's assets will be granted to the Company if the consent of Resverlogix's secured lender is obtained. Subsequent to October 31, 2025, the Company advanced an additional \$0.7 million to Resverlogix, and the Company may advance additional amounts to Resverlogix.

6. Non-convertible promissory notes

The following table summarizes the changes in non-convertible promissory notes outstanding that are due to related parties.

	Liability amount
Outstanding, April 30, 2025	\$ 11,106
Additions of promissory notes	1,601
Repayment of promissory notes	(83)
Revaluation of Canadian dollar denominated promissory notes	(90)
Outstanding, October 31, 2025	\$ 12,534

As at October 31, 2025, secured and unsecured non-convertible promissory notes totaling \$12.5 million are due to three related parties. During the six months ended October 31, 2025, a relative or companies controlled by the relative of the Chief Executive Officer / Chairman of the Company lent an additional \$1.6 million, and the Chief Executive Officer / Chairman of the Company was repaid CAD\$0.1 million. As at October 31, 2025:

- the Chief Executive Officer / Chairman of the Company – an outstanding \$0.4 million (CAD\$0.5 million) promissory note bears interest at 5% per annum, is payable on demand and is secured by a security interest in all of the Company's assets;
- another director of the Company – an outstanding \$0.3 million (CAD\$0.4 million) promissory note bears interest at 5-8% per annum, is payable on demand and is unsecured; and
- a relative or companies controlled by the relative of the Chief Executive Officer / Chairman of the Company – outstanding \$11.9 million (USD\$7.3 million and CAD\$6.5 million) of promissory notes that bear interest at 11% per annum, are payable on demand and are secured by a security interest in all of the Company's assets.

In connection with the additional \$1.6 million advanced by a relative or companies controlled by the relative of the Chief Executive Officer / Chairman of the Company, the Company issued a total of 3,260,000 warrants during the six months ended October 31, 2025. Each warrant is exercisable at a price of \$0.60 per underlying common share for a period of five years from the respective grant dates. The combined fair value of the 3,260,000 warrants was determined to be \$0.7 million and was recognized as a financing cost during the six months ended October 31, 2025.

7. Convertible promissory notes and other debt

(a) \$5.0 million secured convertible note, current

The following table summarizes the changes in the convertible note during the six months ended October 31, 2025.

	Convertible Note
Balance, April 30, 2025	4,727
Accretion	248
Balance, October 31, 2025	\$ 4,975

In November 2023, the Company entered into a \$5.0 million secured convertible promissory note (the "Note") with a private investor. The Note is secured by a security interest in all of the Company's assets as well as a guarantee up to \$2.5 million by the Chief Executive Officer and Chairman of the Company, and bears interest at 18% per annum and matured on November 17, 2025; the Company is currently in discussion with the holder of the Note regarding the status of the Note. The holder of the Note is able to elect to convert the Note into common shares of the Company at a conversion price equal to \$0.60 per share.

The Note is a hybrid instrument consisting of a financial instrument and an embedded derivative, being the conversion option. The embedded derivative was bifurcated from the host contract and accounted for separately as the economic characteristics and risks of the host contract and the embedded derivative were not closely related. Since the Note can be settled (at the holder's option) with the Company issuing a fixed number of its own shares for a fixed amount of cash, the conversion option is equity-

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(unaudited)

(Tabular amounts in thousands of US dollars, except for number of shares)

7. Convertible promissory notes and other debt (continued)

(a) \$5.0 million secured convertible note, current (continued)

classified. The equity-classified conversion option value of \$14 thousand was measured as the residual amount that results from deducting the fair value of the liability component from the initial carrying amount of the instrument as a whole.

In connection with the Note, 5,000,000 warrants were issued to the Note holder. Each warrant is exercisable at a price of \$0.60 per underlying common share for a period of five years from the closing of the Note. On initial recognition, the warrants were valued at \$0.9 million. Since the warrants can be settled (at the holder's option) with the Company issuing a fixed number of its own shares for a fixed amount of cash, the warrants are equity-classified.

(b) \$0.5 million secured convertible notes, current

In February 2023, the Company closed \$0.5 million of secured convertible notes. The convertible notes matured on February 10, 2024; the Company is currently in discussion with the parties regarding the status of the convertible notes. The convertible notes bear interest at 10% per annum. The holders of the convertible notes are able to elect to convert the convertible notes into common shares of the Company at a conversion price equal to \$0.60 per share.

The secured convertible notes are a hybrid instrument consisting of a financial instrument and an embedded derivative, being the conversion option. The embedded derivative was bifurcated from the host contract and accounted for separately as the economic characteristics and risks of the host contract and the embedded derivative were not closely related. Since the convertible notes can be settled (at the holder's option) with the Company issuing a fixed number of its own shares for a fixed amount of cash, the conversion option is equity-classified. The equity-classified conversion option value of \$14 thousand was measured as the residual amount that results from deducting the fair value of the liability component from the initial carrying amount of the instrument as a whole.

In connection with the convertible notes, 150,000 warrants were issued to the convertible notes holders. Each warrant is exercisable at a price of \$0.60 per underlying common share for a period of five years from the closing of the convertible notes. On initial recognition, the warrants were valued at \$0.02 million. Since the warrants can be settled (at the holder's option) with the Company issuing a fixed number of its own shares for a fixed amount of cash, the warrants are equity-classified.

The following table summarizes the convertible notes during the six months ended October 31, 2025.

	Convertible notes
Balance, April 30, 2025 and October 31, 2025	\$ 500

(c) \$0.5 million secured convertible notes, current

In April 2024, the Company closed a \$0.25 million secured convertible note and, in June 2024, the Company closed an additional \$0.25 million secured convertible note. The total \$0.5 million secured convertible note bears interest at 18% per annum and the two tranches mature on April 25, 2026 and June 11, 2026, respectively. The holder is able to elect to convert the convertible note into common shares of the Company at a conversion price equal to \$0.60 per share. The accounting evaluation of this hybrid instrument (consisting of a financial instrument and an embedded derivative, being the conversion option) is the same as that summarized in Note 7 (b).

In connection with the June 2024 \$0.25 million secured convertible note, 250,000 warrants were issued to the convertible note holder. Each warrant is exercisable at a price of \$0.60 per underlying common share for a period of five years from the closing of the convertible note. On initial recognition, the warrants were valued at \$0.04 million. Since the warrants can be settled (at the holder's option) with the Company issuing a fixed number of its own shares for a fixed amount of cash, the warrants are equity-classified.

The following table summarizes the changes in the convertible note during the six months ended October 31, 2025.

	Convertible debenture
Balance, April 30, 2025	\$ 448
Accretion	23
Balance, October 31, 2025	\$ 471

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(unaudited)

(Tabular amounts in thousands of US dollars, except for number of shares)

7. Convertible promissory notes and other debt (continued)

(d) \$0.3 million secured convertible note, non-current

In August 2025, the Company closed a \$0.3 million secured convertible note. The \$0.3 million secured convertible note bears interest at 18% per annum and matures on July 29, 2027. The holder is able to elect to convert the convertible note into common shares of the Company at a conversion price equal to \$0.60 per share. The accounting evaluation of this hybrid instrument (consisting of a financial instrument and an embedded derivative, being the conversion option) is the same as that summarized in Note 7 (b).

In connection with the August 2025 \$0.3 million secured convertible note, 300,000 warrants were issued to the convertible note holder. Each warrant is exercisable at a price of \$0.60 per underlying common share for a period of five years from the closing of the convertible note. On initial recognition, the warrants were valued at \$0.07 million. Since the warrants can be settled (at the holder's option) with the Company issuing a fixed number of its own shares for a fixed amount of cash, the warrants are equity-classified. The following table summarizes the changes in the convertible note during the six months ended October 31, 2025.

	Convertible debenture
Balance, April 30, 2025	\$ -
Issuance of secured convertible note	300
Allocation to conversion feature	(5)
Fair value of warrants	(66)
	229
Accretion	8
Balance, October 31, 2025	\$ 237

8. Financing rights

Anti-Dilution Rights and Additional Rights

The following table summarizes the changes in the Anti-Dilution Rights outstanding.

	Number of Rights	Liability amount
Outstanding, April 30, 2025	4,797,320	\$ 353
Granted	2,525,000	252
Outstanding, October 31, 2025	7,322,320	\$ 605

Pursuant to the terms of certain private placements that the Company closed during the years ended April 30, 2024 and 2023 and the six months ended October 31, 2025 with anti-dilution rights attached, in the event that the Company completed an equity financing within the period of time prescribed by the applicable subscription agreement and the price per share or unit, as applicable, was below \$0.75 or \$0.60, the price paid by the initial subscriber would be adjusted to the lower price and they would, accordingly, receive additional common shares (and, in certain circumstances, warrants) for no additional consideration.

Furthermore, pursuant to the terms of certain private placements that the Company closed during the years ended April 30, 2024 and 2023 and the six months ended October 31, 2025 with additional rights attached, in the event that the Company completed an equity financing within the prescribed period of time of five years of the respective closing dates and the Company issues additional securities, contractual rights or other entitlements ("Additional Rights") to any of the subsequent subscribers, then the Company shall issue the Additional Rights to the initial subscribers that they would have been entitled to pursuant to the terms of the subsequent financing.

Valuation

The determination of the fair value of the anti-dilution rights required management to use judgement, including management's estimates of various probabilities of future equity offerings at various prices below \$0.75 or \$0.60 per share or unit, as applicable, within the respective prescribed timeframes. At the date the financing rights were granted, the Company recorded the anti-dilution rights as liabilities with off-setting reductions to the carrying amount of the common shares, with subsequent changes in fair value recognized in profit or loss. As at October 31, 2025, the fair value reflected management's estimate of various probabilities of future equity offerings at various prices at or below \$0.75 or \$0.60 per share or unit, as applicable, within the respective prescribed timeframes.

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(Tabular amounts in thousands of US dollars, except for number of shares)

9. Shareholders' deficiency

(a) Common shares

(i) Authorized:

Unlimited number of common shares.

Unlimited number of preferred shares issuable in series with rights as determined by the Board of Directors at the time of issue.

(ii) Issued and Outstanding:

Common shares	Number of shares	Amount
Balance, April 30, 2025	156,623,494	\$ 94,129
Issued in connection with private placement	2,525,000	985
Issued to connection with financing	166,667	100
Share issue costs	-	(3)
Balance, October 31, 2025	159,315,161	\$ 95,211

Private placement

In May 2025, the Company issued 2,525,000 equity units at a price of \$0.60 per unit for gross proceeds of \$1.5 million. Each equity unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at a price of \$0.75 per underlying common share for a period of two years from the closing of the private placement.

(b) Stock options

The Company's stock option plan has been approved as a rolling 10% plan that allows for reservation of a number of common shares under the plan equal to 10% of the Company's issued and outstanding common shares on an undiluted basis. Additionally, the plan is a reloading plan, which allows for the number of common shares reserved for issuance related to the options under the plan to automatically become eligible to be reallocated pursuant to stock option-based grants upon option expiry, cancellation or exercise. The Company may grant options to its directors, officers, employees and consultants. The majority of options vest over zero to three years and have a five-year term. The stock options are settled by way of the issuance of equity instruments of the Company ("equity-settled").

	Number of options	Weighted average exercise price (CAD)
Outstanding, April 30, 2025	2,703,600	\$ 0.89
Granted	300,000	0.36
Expired	(913,100)	1.05
Outstanding, October 31, 2025	2,090,500	\$ 0.75

The following table summarizes information about the stock options outstanding and exercisable at October 31, 2025.

Range of Exercise Prices (CAD)	Number Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price (CAD)	Number Exercisable
\$0.34 - \$0.36	1,000,000	3.64	\$ 0.36	400,000
\$0.56 - \$0.56	375,000	2.14	0.56	375,000
\$1.38 - \$1.39	715,500	0.59	1.39	715,500
	2,090,500	2.33	\$ 0.75	1,490,500

The number of stock options exercisable at October 31, 2025 was 1,490,500 (2024 - 2,066,100) with a weighted average exercise strike price of CAD\$0.90 (2024 - CAD\$1.04).

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended October 31, 2025 and 2024

(unaudited)

(Tabular amounts in thousands of US dollars, except for number of shares)

9. Shareholders' deficiency (continued)

(b) Stock options (continued)

The fair value of each stock option granted is estimated as of the grant date using the Black-Scholes option pricing model. The following weighted average assumptions were used in arriving at the weighted average fair value of \$0.18 per stock option associated with stock options granted during the six months ended October 31, 2025:

	2025
Risk-free interest rate	2.7%
Expected life	4.3 years
Expected volatility	95%
Share value at grant date	CAD\$0.36
Expected dividends	Nil

(c) Restricted stock units

The Company's long-term incentive plan allows for the reservation of a number of common shares not to exceed 10% of the Company's issued and outstanding common shares on an undiluted basis less the number of common shares reserved under the Company's stock option plan. The Company may grant restricted stock units ("RSUs") to directors, officers, employees, and consultants. The majority of RSUs fully vest over zero to three years.

During the six months ended October 31, 2025, the Company granted no RSUs (2024 – 395,872 RSUs). During the six months ended October 31, 2024, 30,600 RSUs were granted to a vendor to settle trade payables of \$8 thousand; the grant date fair value (equal to the closing stock price on the grant date) of the 30,600 RSUs was \$8 thousand (recognized in share capital).

The weighted average fair value of the RSUs granted in the six months ended October 31, 2024 was \$0.26 per RSU. The Company estimates the fair value of RSUs based on the estimated fair value of the underlying stock on the date of grant. Director's fees are currently paid by way of the issuance of RSUs in lieu of payment in cash.

	Number of restricted stock units	Weighted average grant date fair value (USD)
Outstanding, April 30, 2025	9,600,987	\$ 0.48
Cancelled	(500,000)	0.57
Outstanding, October 31, 2025	9,100,987	\$ 0.48

(d) Equity-classified warrants

In connection with the May 2025 private placement, the Company issued 2,525,000 warrants. Each warrant granted with the May 2025 private placement is exercisable at a price of \$0.75 per underlying common share for a period of two years from the closing of the private placement. Due to the equity classification, the warrants issued in the current period will not be revalued each reporting period.

In connection with the August 2025 convertible note, the Company issued 300,000 warrants. Each warrant is exercisable at a price of \$0.60 per underlying common share for a period of five years from the closing of the convertible note.

During the six months ended October 31, 2025, in connection with the additional \$1.6 million (2024 – \$2.7 million) advanced by a relative or companies controlled by the relative of the Chief Executive Officer / Chairman of the Company, the Company issued a total of 3,260,000 warrants (2024 – 3,695,000 warrants). Each warrant is exercisable at a price of \$0.60 (2024 - \$0.75) per underlying common share for a period of five years from the respective grant dates. The combined fair value of the 3,260,000 warrants (2024 – 3,695,000 warrants) was determined to be \$0.7 million (2024 – \$0.4 million) and was recognized as a financing cost during the period.

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For the three and six months ended October 31, 2025 and 2024

(unaudited)

(Tabular amounts in thousands of US dollars, except for number of shares)

9. Shareholders' deficiency (continued)

(d) Equity-classified warrants (continued)

The following table summarizes the changes in equity classified warrants outstanding.

	Number of warrants	Weighted average exercise price (USD)	Equity amount
Outstanding, April 30, 2025	32,489,469	\$ 0.69	\$ 5,431
Issued in connection with private placement	2,525,000	0.75	278
Issued in connection with promissory notes	3,260,000	0.60	725
Issued in connection with convertible note	300,000	0.60	66
Outstanding, October 31, 2025	38,574,469	\$ 0.69	\$ 6,500

The weighted average fair value of the warrants issued during the six months ended October 31, 2025 was \$0.18 per warrant (2024 – \$0.12 per warrant), using the Black-Scholes option pricing model with the following weighted average assumptions:

	2025	2024
Risk-free interest rate	2.8%	3.2%
Expected life	3.8 years	5.0 years
Expected volatility	81%	82%
Share value at grant date	\$0.39	\$0.26

The following table summarizes information about the equity-classified warrants outstanding and exercisable at October 31, 2025.

Exercise Price (USD)	Number Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price (USD)
\$0.60	17,312,969	3.31	\$ 0.60
\$0.75	20,790,000	3.03	0.75
\$1.00	300,000	1.39	1.00
\$1.50	171,500	0.33	1.50
	38,574,469	3.13	\$ 0.69

(e) Per share amounts

The basic and diluted loss per share have been calculated based on the weighted average shares outstanding:

	Three months ended October 31,		Six months ended October 31,	
	2025	2024	2025	2024
Weighted average common shares				
outstanding - basic and diluted	159,315,161	152,560,281	159,127,072	152,550,542

The effect of any potential exercise of warrants, stock options and restricted stock units outstanding is excluded from the calculation of diluted loss per share in periods where the effect would be anti-dilutive.

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For the three and six months ended October 31, 2025 and 2024

(unaudited)

(Tabular amounts in thousands of US dollars, except for number of shares)

10. Expenses by nature

Presentation of expenses is based on the function of each expense. The following details provides a breakdown of the components of the research and development and general and administrative expenses classified by nature.

	Three months ended October 31,		Six months ended October 31,	
	2025	2024	2025	2024
Research and development expenses:				
Operating expenses	\$ (52)	\$ 676	\$ 195	\$ 1,309
Personnel costs (short-term employee benefits)	264	265	534	534
Share-based payment transaction costs	-	-	30	22
Amortization and depreciation	30	26	59	52
Total research and development expenses	\$ 242	\$ 967	\$ 818	\$ 1,917
General and administrative expenses:				
General expenses	\$ 183	\$ 206	\$ 379	\$ 419
Personnel costs (short-term employee benefits)	135	133	275	273
Share-based payment transaction costs	93	96	204	176
Total general and administrative expenses	\$ 411	\$ 435	\$ 858	\$ 868

During the six months ended October 31, 2024, the Company recorded, under Other, a \$0.2 million recovery of a previous \$1.4 million expense recorded during the year ended April 30, 2023 related to an isolated email compromise.

11. Commitments

As at October 31, 2025, the Group is party to cancellable agreements with contract research organizations conducting work related to its clinical trials. Corresponding estimated aggregate expenditures over the next twelve months total approximately \$0.1 million (April 30, 2025 – \$0.1 million).

As at October 31, 2025, the Group is committed to expenditures over the next twelve months of \$0.2 million (April 30, 2025 – \$0.3 million), pursuant to various research and development contracts.

The Group is also party to a Cooperative Research and Development Agreement (“CRADA”) with the National Cancer Institute (part of the U.S Department of Health and Human Services) to develop ZEN-3694, the Group’s lead compound, for multiple oncology indications. As at October 31, 2025, the Group is committed to provide additional funding totaling up to an estimated \$0.7 million over the next twelve months.

Zenith agreed to pay Resverlogix for its proportionate share of rental payments and operating costs (for a laboratory and office that Resverlogix shares with Zenith) of an estimated \$0.1 million and \$0.1 million, respectively, for the next twelve months.

12. Subsequent event

Private Placement

In November 2025, the Company issued 416,667 equity units at a price of \$0.60 per unit for gross proceeds of \$0.3 million. Each equity unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at a price of \$0.75 per underlying common share for a period of two years from the closing of the private placement.