Management's Discussion & Analysis

October 31, 2025

This Management's Discussion and Analysis ("MD&A") of Zenith Capital Corp.'s ("Zenith" or the "Company") operations and financial position should be read in conjunction with the unaudited condensed interim consolidated financial statements and the notes thereto for the three and six months ended October 31, 2025 and 2024 and the audited consolidated financial statements and the notes thereto and the Management's Discussion and Analysis for the year ended April 30, 2025 and 2024. Our financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") and comprise Zenith and its wholly-owned subsidiaries, Zenith Epigenetics Ltd. and Zenith Epigenetics Inc. All amounts in the following MD&A are stated in US dollars unless otherwise stated. References to "we", "us" or "our" mean Zenith unless the context otherwise requires.

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains forward-looking information within the meaning of applicable Canadian securities legislation. Forward-looking information is often, but not always, identified by the use of words such as "believes", "anticipates", "plans", "intends", "will", "should", "expects", "continue", "estimate", "forecasts" and other similar expressions. In particular, this MD&A includes forward-looking information related to: our belief that our small molecules inhibit Bromodomain and ExtraTerminal Domain ("BET") proteins (or "bromodomains"); our intention to use our epigenetic drug development platform to develop compounds that potentially impact multiple diseases including cancer, autoimmune and others; our belief that our patent applications will protect our ideas and inventions related to composition of matter, methods and treatments in our core areas of science and business; our expectation that sufficient cash will be available to fund contractual commitments; and our expectation that we will be able to raise capital through external financing or partnering to provide funds for our programs.

Readers are cautioned that our expectations, beliefs, projections and assumptions used in preparation of such information, although considered reasonable at the time of preparation, may prove to be wrong, and as such, undue reliance should not be placed on forward-looking statements. With respect to forward-looking statements contained in this MD&A, we have made key assumptions including:

- BET proteins all contain highly conserved bromodomains that play a critical role in the epigenetic regulation of transcription of particular genes.
- We believe that targeting BET proteins will have clinical applications in oncology and potentially other therapeutic areas.
- Our small molecules function via inhibition of BET bromodomains and, therefore, specifically modulate transcription of particular targets.
- We believe our BET inhibitors are differentiated from competing molecules.
- We anticipate our patents and patent applications will protect our ideas and inventions related to composition of matter, methods and treatments in our core areas of science and business.
- We anticipate that we will be able to raise capital through external financing or partnering to provide funds for our programs; and
- We believe we have accurately estimated the expenditures required to complete research and development.

Our actual results, events or developments could be materially different from those expressed or implied by these forward-looking statements. We can give no assurance that any of the events or expectations will occur or be realized. By their nature, forward-looking statements are subject to numerous known and unknown risks and uncertainties including but not limited to those discussed on page 13 of this MD&A.

The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. We disclaim any intention and have no obligation or responsibility, except as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Going Concern

Our success is dependent on the continuation of our development activities, progressing the core technologies through clinical trials to commercialization and our ability to finance our cash requirements. It is not possible to predict the outcome of future research and development programs, our ability to fund these programs in the future, or the commercialization of products. We have incurred significant losses to date, and with no assumption of revenues (other than the unearned licensing revenue), we are dependent on our ability to raise additional financial capital by continuing to demonstrate the successful progression of our research and development activities if we are to remain as a going concern.

As at October 31, 2025, we had $26 thousand of cash. We need to raise additional capital to fund research, development and corporate activities over the next year or we may be forced to cease operations. As at October 31, 2025, we were 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 (including $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), $4.4 million of accrued interest, $0.2 million for research and development commitments and an estimated $0.7 million for National Cancer Institute ("NCI") funding (for studies to develop ZEN-3694) over the next twelve months. In addition, estimated expenditures over the next twelve months under cancellable agreements with contract research organizations conducting work related to our clinical trials total approximately $0.1 million.

Subsequent to October 31, 2025, we closed a $0.3 million private placement. Our cash as at October 31, 2025 in combination with the $0.3 million raised subsequent to October 31, 2025, is not sufficient to fund our contractual commitments or our planned business operations over the next year. Therefore, we will have to raise additional capital to fund our contractual commitments and our planned business operations. We continue to pursue alternatives to raise additional capital including issuing additional equity and/or debt and/or from other sources such as partnering and/or licensing; however, there is no assurance that these initiatives will be successful.

These conditions result in a material uncertainty which may cast significant doubt on our ability to continue as a going concern. We will also require additional capital to fund its planned research, development and corporate activities beyond the next year.

Overview

Zenith Capital Corp. is a biotechnology investment company. Zenith Epigenetics Ltd., a wholly-owned subsidiary of Zenith Capital Corp., is a clinical stage biotechnology company focused on the development of novel therapeutics. Our lead compound, ZEN-3694, is in clinical development for metastatic Castration Resistant Prostate Cancer ("mCRPC"), in collaboration with Astellas and Newsoara, as well as NUT carcinoma, and there are also several ongoing investigator-initiated Phase 1 and 2 oncology clinical studies led by various academic institutions and the NCI.

Zenith has completed a number of proof-of-concept clinical studies, including combinations of ZEN-3694 and approved oncology drugs, demonstrating these treatments to be safe, well tolerated, and clinically active. Based on our initial trials, we have identified multiple promising avenues for advancing the clinical development of ZEN-3694:

1) We have prioritized the NUT carcinoma program based on promising preliminary clinical results from NCI-initiated studies. NUT carcinoma is an aggressive BET driven disease with no available standard of care therapies. Patients with NUT carcinoma have a median survival rate of less than one year. On July 10, 2025, the FDA granted Zenith's NUT carcinoma program Fast Track designation and on October 24, 2025 the FDA granted Zenith Orphan Drug designation for ZEN-3694 for the treatment of NUT carcinoma, paving the way for additional and expedited guidance from the FDA for this program. In addition to the NCI-supported NUT carcinoma trials, we intend to advance this program by launching a Phase 3, registration-enabling study of ZEN-3694 in NUT carcinoma. In due course we plan to apply for Breakthrough Therapy designation as well. We are also supplying ZEN-3694 on a compassionate basis to multiple NUT carcinoma patients throughout the world.

2) With our partner Newsoara, we initiated a Phase 2b, randomized trial in September 2021 to further evaluate the efficacy and tolerability of the combination of ZEN-3694 and enzalutamide in comparison to single agent enzalutamide. Newsoara is funding this trial and Astellas is supplying enzalutamide for the trial. To date, this study has accrued approximately 183 patients, with an expected total enrollment of approximately 220 patients. Results from this trial are expected to read out in second half of 2026, depending on study accrual. The trial is powered to show an improvement of radiographic progression free survival of 67% compared to single agent enzalutamide. If the trial's endpoint is met, we will discuss with the US Food and Drug Administration ("FDA") advancing the program to a registration-enabling Phase 3 randomized study.

3) In addition to our highest priority indications, ZEN-3694 is also being investigated in several investigator-initiated solid tumor trials, as described further herein under "Investigator Initiated Trials". These trials are funded and led by various academic institutions and/or the NCI. We provide ZEN-3694 for all these studies and modest financial support for the studies pursuant to a clinical research and development agreement ("CRADA") with the NCI.

In addition, we conduct research and development activities, supporting the ZEN-3694 clinical programs. We also hold royalty preferred shares of Resverlogix Corp. ("Resverlogix"), as described on page 7 under "Royalty Preferred Shares".

Epigenetics

The selective production of proteins encoded by our genes enables cells in the body to take on specialized roles. One way this production is controlled is through *epigenetics* – a set of cellular mechanisms that regulate gene activity without changing the underlying genetic code. Epigenetic regulation involves chemical modifications to DNA itself or to the proteins, such as histones, that package and organize DNA in the nucleus. These modifications influence whether genes are turned on or off, and thus help shape how cells function. The level of gene activity determines how much of a given protein a cell produces. Since proteins carry out most of a cell's functions, the pattern of gene activity helps define the cell's role in the body and can strongly influence the cell's health. When cellular protein levels deviate from normal, it can lead to disease.

BET Proteins

BET proteins are one of the key regulators of gene expression through their role in epigenetic control of transcription, the process of using DNA segments to generate RNA as templates for protein synthesis. BET proteins are often described as molecular 'readers' because they recognize specific chemical marks on histones – proteins responsible for packaging and organizing DNA – particularly acetylated lysine residues. When a BET protein binds to one of these marks, it can recruit additional proteins that help either activate or regulate the transcription of nearby genes. All BET proteins share highly conserved regions called bromodomains, which are responsible for recognizing these acetylation marks and are central to their function in controlling gene activity. By binding to BET bromodomains, our small molecule inhibitors are able to modulate the expression particular, disease-related, target genes.

Oncology

BET bromodomain inhibitors are a novel class of epigenetic regulators that target cancer in a fundamentally different way than most other chemotherapeutic drugs and existing targeted therapies. Unlike chemotherapy, kinase inhibitors, hormone modulators, or immunotherapies which act directly on signaling pathways or immune responses, BET inhibitors target the regulation of gene expression By interfering with BET proteins' ability to control transcription, these inhibitors can suppress oncogenes, disrupt the transcriptional programs that drive cancer growth, and even help overcome resistance to other treatments.

One of the primary ways BET inhibitors act is by reducing the expression of oncogenes—genes that, when abnormally activated, drive uncontrolled cell proliferation and resistance to apoptosis – a type of programmed cell death that normally helps keep cell growth in check. Hallmark oncogenes, such as MYC and BCL-2, are often expressed at much higher levels in cancer cells than in normal cells. By inhibiting oncogene expression, BET inhibitors may help restore the cells natural safeguards against unrestricted growth.

Cancer cells rely on altered transcriptional programs to maintain their growth advantage. One mechanism they exploit is the creation of "super-enhancers", large clusters of transcription factors and regulatory proteins that drive abnormally high expression of oncogenes. BET proteins are essential to the activity of these super-enhancers, and BET inhibitors have been shown to selectively suppress them, with particularly strong effects in tumor cells. In addition, BET proteins also play a central role in the transcriptional program of oncogenes arising from gene fusions, translocations and mutations.

A major challenge in oncology is drug resistance, where tumors adapt to evade the effects of therapy. Resistance can undermine virtually all classes of cancer treatment, from chemotherapy to targeted therapies and immunotherapies. Preclinical studies have shown that BET inhibitors can resensitize drug-resistant tumors to other treatments, effectively reversing resistance mechanisms. This opens the possibility of using BET inhibitors both as standalone agents and in combination with existing therapies, enhancing their durability and efficacy.

Taken together, the central role of BET proteins in driving oncogenic transcriptional programs and resistive adaptation to treatment makes them a promising therapeutic target. We believe BET bromodomain inhibitors offer a promising new approach to cancer therapy and are focused on the development of these inhibitors for the treatment of patients with defined cancers.

ZEN-3694

Our lead compound, ZEN-3694, is a potent and selective BET bromodomain inhibitor. Taken orally once daily, it is currently in clinical development for multiple oncology indications, in combination with approved targeted therapies. Over 550 patients to date have been dosed with ZEN-3694, yielding robust evidence of on-target safety – enabling chronic dosing, combinability with other targeted drugs, as well as clinical efficacy. We believe ZEN-3694 is well differentiated as compared to other BET inhibitors and places us at the forefront of development of BET combination therapies for the treatment of cancers in patient populations with a high unmet need.

Clinical Development

NUT Carcinoma

NUT carcinoma is a rare but highly aggressive type of cancer that affects both adults and children. It most often arises in midline structures of the head, neck, and thorax, and is defined by fusions of the NUTM1 gene with partners such as the BET proteins BRD4 or BRD3, or the chromatin regulator NSD3. These fusion proteins hijack normal BET protein function, driving abnormal gene expression and fueling rapid, uncontrolled tumor growth.

Although rare, NUT carcinoma is thought to be underdiagnosed due to lack of awareness and misclassification. Improved sequencing and the use of immunohistochemistry tests are beginning to reveal its true incidence, estimated at around 10,000 cases annually across G8 countries. Diagnosis typically occurs late in the disease course, when tumors are already advanced or metastatic, contributing to its extremely poor prognosis. Median overall survival remains only about six months to a year despite aggressive interventions.

Standard treatments such as surgery, radiation, and chemotherapy offer limited benefit, and no FDA-approved targeted therapy currently exists. BET inhibitors have shown the ability to target the NUT fusion oncoprotein, providing proof of concept that epigenetic therapies may be effective. However, responses to BET inhibitors alone have been modest, underscoring the urgent need for rational drug combinations that can extend and strengthen therapeutic benefit in this devastating disease.

Two NCI-led clinical studies investigating ZEN-3694 combinations for the treatment of NUT carcinoma are currently ongoing with investigators from the Dana-Farber - Harvard Cancer Center. A Phase 1/2 study is evaluating the combination of ZEN-3694 with etoposide + platinum for the treatment of NUT carcinoma. Among the eighteen (of a planned fifty-five) that have been dosed to date, clinical benefit and partial responses have been shown in multiple patients, and dose optimization is ongoing.

A Phase 1 study is also recruiting patients with NUT carcinoma and other solid tumors to evaluate the combination of ZEN-3694 and Lilly's CDK4/6 inhibitor, abemaciclib. This study has dosed the first twenty-three patients (of a planned thirty) and partial responses and clinical benefit has been seen in several patients. The combination of ZEN-3694 and abemaciclib received Fast Track designation on July 10, 2025 and received orphan drug designation on October 24, 2025 by the FDA.

Both NCI-led studies are expected to be completed in 2026. We intend to advance a Phase 3, registration-enabling study in NUT carcinoma patients and the design has been discussed with the FDA.

mCRPC

Prostate cancer is one of the most common cancers and a leading cause of cancer-related death in men. Its growth is initially driven by androgens such as testosterone, making it responsive to androgen receptors signaling inhibitors ("ARSi"). Over time, however, many patients progress to metastatic castration-resistant prostate cancer (mCRPC), where the disease spreads beyond the prostate and continues to grow despite androgen deprivation therapy or surgical castration.

The prognosis for men with mCRPC is poor, with median overall survival historically around two years. Standard treatment has included continued androgen deprivation therapy alongside second-generation ARSi such as abiraterone, enzalutamide, and apalutamide (as well as chemotherapy, radiotherapy, radioligand therapy, or PARP inhibitors for some patients). However, because ARSi are increasingly used earlier in the course of disease, many patients progressing to mCRPC have tumors that are already resistant to these drugs. This has created an urgent need for new treatment strategies, such as BET inhibitors, to address the challenge of treatment-resistant disease.

Early phase 1 and 1b/2a trials of ZEN-3694 in mCRPC patients provided valuable safety, pharmacokinetic, and pharmacodynamic data, both as a single agent and in combination with enzalutamide. The latter combination trials demonstrated that ZEN-3694 + enzalutamide provided a significant and meaningful radiographic progression-free survival benefit of approximately 39 weeks compared to approximately 12-24 weeks for patients receiving only the ARSi.

Benefit from the combination was particularly significant in low androgen receptor ("AR") signaling and/or AR independent tumors, which do not respond to ARSi. The associated translational program, measuring target modulation and the effect of ZEN-3694 on resistance markers of ARSi, allowed us to identify patients that benefited the most from the combination treatment. This data was presented at the American Association for Cancer Research ("AACR") 2019 Annual Meeting and subsequently published in Clinical Cancer Research.

On July 29, 2020, we announced our participation in a University of California San Francisco ("UCSF") principal investigator led Phase 2 clinical trial in collaboration with Zenith and Merck in mCRPC patients who have progressed on an ARSi. AR independent patients, who do not benefit from a second ARSi and are in need for alternate therapies, were included. In this study patients are dosed with a triple combination of ZEN-3694, Merck's PD-1 antibody, pembrolizumab, and Pfizer's ARSi, enzalutamide. Pre-clinical data has shown that ZEN-3694 has synergistic immune-oncologic activity with pembrolizumab in various models.

Interim data from this trial was presented at the 2022 meeting of the European Society of Medical Oncology. Data from 28 adenocarcinoma patients (safety lead-in group plus AR independent Cohort A) showed a PSA50 response rate of 39%, and a 33% PSA50 response rate in the subgroup of 15 patients that had progressed on enzalutamide. These values are approximately 2X of what has been shown with the double combination of pembrolizumab + enzalutamide. The triple combination was also well tolerated. UCSF is leading the study along with affiliates University of Michigan and University of Chicago. Zenith is supplying ZEN-3694 and Merck is funding the study along with providing pembrolizumab.

In September 2021, Zenith and its partner Newsoara initiated a 200 patient Phase 2b randomized trial to further evaluate the efficacy and tolerability of the combination of ZEN-3694 + enzalutamide vs. single agent enzalutamide. Astellas is supplying enzalutamide for the trial and Zenith and Newsoara have retained all rights to ZEN-3694.The trial dosed its first patient in December 2021, and to date, approximately 183 patients have been enrolled into the study. Fourteen clinical sites in China and sixteen sites in the US are accruing subjects. If the trial's endpoint is met, we intend to advance the program to a randomized, Phase 3, registration-enabling study, subject to securing funding or a corporate partner. This study is summarized in the table below; with more information available at the clinicaltrials.gov listings. Total enrollment is subject to change as the trial progresses.

ClinicalTrials.gov ID	Status	Phase	Disease	Combination	Collaborators
NCT04986423	Enrolling 183/200	2b	mCRPC	Enzalutamide	Newsoara, Astellas

Newsoara Biopharma ("Newsoara"), Astellas Pharma ("Astellas")

Investigator Initiated Trials

Cooperative Research and Development Agreement with the National Cancer Institute

On October 5, 2020, we announced we entered into a CRADA with the NCI (part of the U.S Department of Health and Human Services) to develop ZEN-3694 for multiple oncology indications. Under the CRADA, ZEN-3694 will be included in clinical studies in combination with other therapies for cancers with a significant unmet medical need. Active clinical studies under the CRADA are summarized in the table below; further details of individual studies can be found in their clinicaltrials.gov listings. The total enrollment numbers are estimates and may change as the trials progress. Most of these trials are in the late stages of finding an effective and safe dose before they are expanded.

ClinicalTrials.gov ID	Status	Phase	Disease	Combination	Collaborators
NCT04840589	Enrolling 26/66	1/1b	Solid Tumors	Nivolumab +/- Ipilimumab	NCI, Pitt, BMS
NCT05019716	Enrolling 18/55	1/2	NUT Carcinoma	Etoposide + Platinum	NCI, Dana-Farber
NCT05372640	Enrolling 23/30	1	NUT Carcinoma & Solid Tumors	Abemaciclib	NCI, Dana-Farber, Lilly
NCT05111561	Enrolling 14/42	1	Solid Tumors & Breast Cancer	Binimetinib	NCI, MD Anderson, Pfizer
NCT05327010	Enrolling 30/88	2	Solid Tumors	Talazoparib	NCI, MD Anderson, Pfizer
NCT05422794	Enrolling 16/57	1b	Breast Cancer	Pembrolizumab + Nab-Paclitaxel	NCI, Dana-Farber, Merck
NCT05053971	Enrolling 21/30	1b/2	Solid Tumors & Lymphomas	Entinostat	NCI, Yale
NCT05803382	Enrolling 17/30	1	Metastatic Cancer	Capecitabine	NCI, Pitt
NCT05950464	Enrolling 13/60	1b	Ovarian Cancer	Tuvusertib	NCI, NRG Oncology
NCT06102902	Enrolling 11/30	1	Colorectal Cancer	Cetuximab + Encorafenib	NCI, MD Anderson

University of Pittsburgh Cancer Institute ("Pitt"), Bristol Myers Squibb ("BMS"), Dana-Farber - Harvard Cancer Center ("Dana-Farber"), Eli Lilly and Company ("Lilly"), University of Texas MD Anderson Cancer Center ("MD Anderson"), Merck & Co. ("Merck"), Yale University Cancer Center ("Yale")

As at October 31, 2025, we were committed to provide additional funding totaling up to an estimated $0.7 million (excluding the cost of ZEN-3694) over the next twelve months.

Other Investigator Initiated Clinical Studies

In addition to the NCI led studies described above, ZEN-3694 is currently undergoing clinical evaluation in multiple studies led by investigators at various academic institutions. These other investigator-led clinical studies are summarized in the table below, further details of individual studies can be found in their clinicaltrial.gov listings.

ClinicalTrials.gov ID	Status	Phase	Disease	Combination	Collaborators
NCT05607108	Enrolling 8/25	2	Squamous Cell Lung Cancer	None	Sloan Kettering
NCT05071937	Enrolling 16/33	2	Ovarian Cancer	Talazoparib	Pitt, Pfizer
NCT04471974	Active 54/54	2	mCRPC	Pembrolizumab + enzalutamide	UCSF, Merck, US Army
NCT06922318	Active 3/50	2	mCRPC	Testosterone cypionate + enzalutamide	SKCC at Johns Hopkins

Memorial Sloan Kettering Cancer Center ("Sloan Kettering"), University of Pittsburgh Cancer Institute ("Pitt"), Merck & Co. ("Merck"), U.S. Army Medical Research and Development Command ("US Army"), Sidney Kimmel Comprehensive Cancer Center (SKCC)

Expanded Access / Compassionate Use Program

We are also providing ZEN-3694 to select patients as part of an expanded access/compassionate use program, including patients with NUT carcinoma. More information on our expanded access policy may be found on our website at http://www.zenithepigenetics.com/programs/expanded-access-program.

Investment from Newsoara

Concurrent with entering into the license agreement discussed below in November 2021, Newsoara entered into a subscription agreement to subscribe for 1.5 million units of Zenith at a price of $1.00 per unit, and Newsoara also agreed to subscribe for an additional 10 million units of Zenith by way of completing ZEN-3694 development programs with a budget of $10 million before December 31, 2023, unless otherwise agreed upon by the parties. Each unit shall be comprised of one common share and one-half of a common share purchase warrant. Each whole warrant was exercisable into one common share at $1.00 on or before November 14, 2023 (a period of two years from the date of the subscription agreement). During the six months ended October 31, 2025, we accrued a further $0.02 million of additional expenditures incurred by Newsoara, which are included in research and development expenses in profit and loss, and included in Accrued liabilities at October 31, 2025 (to be reclassified to Share capital upon issuance of equity units by the Company to Newsoara in the future). To date, the Company has issued a total of 7.7 million (of the 10 million) equity units to Newsoara and, in addition, accrued a further $1.9 million of additional expenditures incurred by Newsoara, for a total of $9.6 million, with $0.4 million of additional research and development expenditures remaining to be incurred by Newsoara pursuant to the subscription agreement.

Newsoara License Agreements

In July 2019, Zenith Epigenetics Ltd. entered into a license agreement with Newsoara for our lead compound, ZEN-3694, in China, Hong Kong, Taiwan, and Macau (the "Territories"). Under the terms of the agreement, Newsoara will have the rights to develop, market, and distribute ZEN-3694 for all indications in the Territories. If the results from ZEN-3694 are not satisfactory to Newsoara, Newsoara is entitled to replace ZEN-3694 with another of our compounds to which the license agreement will apply, however we would not necessarily develop, market and/or distribute the replacement compound (outside the Territories). Pursuant to the License Agreement, Newsoara agreed to pay Zenith Epigenetics Ltd. upfront and near-term development milestone payments totaling $15.0 million. Initial non-refundable upfront payments of $1.0 million and $2.5 million (less applicable tax withholdings) were received in July and September 2019, respectively. In December 2019, we received a development milestone payment of $5.0 million, less applicable tax withholdings, from Newsoara upon completion of our Phase 2 clinical study with ZEN-3694 in metastatic castration-resistant prostate cancer to Newsoara's satisfaction and election to continue development. The $7.7 million of unearned licensing revenue at October 31, 2025 is comprised of the upfront payments and development milestone payments (less applicable tax withholdings).

Pursuant to the License Agreement, Newsoara also agreed to pay us a $6.5 million development milestone payment for/upon completion of either a Phase 3 clinical trial or a clinical study which results in Zenith receiving accelerated approval by the FDA (subject to Newsoara's satisfaction with the study's results). During the year ended April 30, 2021, however, Zenith and Newsoara amended

the License Agreement, removing the $6.5 million milestone payment as a condition of the loan from Newsoara. Zenith is eligible to receive tiered royalty payments on sales of products once commercialization commences and Newsoara achieves sales. No amounts have been recognized for these milestone or royalty payments at October 31, 2025 as the conditions described above have not yet been met.

In November 2021, Zenith Capital Corp. announced that Zenith Epigenetics Ltd., a wholly-owned subsidiary, had entered into a licensing agreement with Newsoara for Zenith Epigenetics' lead compound, ZEN-3694, in Asia excluding Middle East and North Africa ("MENA"), India, and ten Eurasian countries (the "Asian Territories"). Under the terms of the agreement, Newsoara will have the rights to develop, market, and distribute ZEN-3694 for all indications in the Asian Territories. If the results from ZEN-3694 are not satisfactory to Newsoara, Newsoara is entitled to replace ZEN-3694 with a new compound from the Company to which the license agreement will apply. Zenith received an upfront payment of $3.2 million ($3.5 million less applicable tax withholdings) in November 2021. Zenith will also receive sales-based milestones and single digit royalties.

Resverlogix

Royalty Preferred Shares

As at October 31, 2025, we hold all 75,202,620 royalty preferred shares of Resverlogix. We, as the sole holder of the royalty preferred shares of Resverlogix, are entitled to dividends in the amount of 6-12% of Resverlogix's Net Revenue (as defined in Resverlogix's Articles of Amendment), if any.

The holder of the royalty preferred shares does not have the right to participate in additional dividends declared, if any, to common shareholders nor do they carry the right to vote. The holder of the royalty preferred shares does not have any claim on Resverlogix's residual net assets other than an amount equal to the greater of (i) $1.00 divided by the number of outstanding royalty preferred shares; and (ii) the amount of any accrued, but unpaid royalty dividend payment and additional royalty dividend payment.

The royalty preferred shares have not been recognized in the statement of financial position. We have not recognized the royalty preferred shares for accounting purposes because assets that were acquired through the distribution in connection with an Arrangement were accounted for at Resverlogix's historical carrying values and such assets were not previously recognized in Resverlogix's financial statements. We will recognize a royalty receivable when royalties are reasonably determinable and the economic benefits are probable to flow to us.

We continue to explore the potential sale of some of the royalty preferred shares to provide additional capital.

Due from 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, we 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 us. 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.

During the six months ended October 31, 2025, we advanced an additional $2.0 million to Resverlogix (2024 – $1.8 million). Resverlogix 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 note is $1.6 million (April 30, 2025 – $1.0 million). 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, we advanced an additional $0.7 million to Resverlogix, and we may advance additional amounts to Resverlogix.

The advances made by us to Resverlogix during the years ended April 30, 2025 and 2024 and the six months ended October 31, 2025 and thereafter have been funded from loans and equity investments in the Company by parties that agreed that the use of proceeds of such loans and investments would include the Company making advances to Resverlogix.

Our advances to Resverlogix are aimed at preserving and growing the value of our economic interest in Resverlogix in the form of Resverlogix royalty preferred shares (the value of which is largely determined by Resverlogix's clinical development program, which we consider compelling). Zenith intends to provide additional lending to Resverlogix, primarily to advance its clinical development program. We have not set a specific target or limit for additional lending to Resverlogix; rather, additional lending will be driven primarily by our and Resverlogix's respective capital requirements and availability of additional capital from financing from external parties and, in our case, any asset sales. Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Amounts receivable from Resverlogix potentially subject the Company to credit risk. Resverlogix believed its cash as at September 30, 2025 is not sufficient to fund its contractual commitments and its planned business operations over the next year. Therefore, Resverlogix will have to raise additional capital to fund its contractual commitments and its planned business operations. If Resverlogix is not able to raise capital, Resverlogix may be forced to cease operations. Based largely on (but not limited to) our estimate of Resverlogix's value as a going concern and on our expectation that Resverlogix will be able to raise additional capital and remain a going concern, we believe the advances to Resverlogix are recoverable.

Results of Operations for the Six Months Ended October 31, 2025 and 2024

	Three months ended October 31,		Six months ended October 31,	
(in thousands of US dollars unless otherwise noted)	**2025**	2024	**2025**	2024
Expenses	**$ 638**	$ 1,386	**$ 1,646**	$ 2,754
Financing costs	**929**	552	**1,539**	1,122
Other	**-**	(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				
Basic and diluted	**$ 0.01**	$ 0.01	**$ 0.02**	$ 0.02

Research and Development

Research and development ("R&D") includes product development costs such as clinical development costs, drug development and pharmacology, toxicology and other studies, and costs associated with any discovery research. R&D expenses include compensation and related costs (including service fees paid to Resverlogix) for R&D staff, consulting fees, supplies and general laboratory operating expenses.

During the three and six months ended October 31, 2025, gross R&D expenditures totaled $0.2 million and $0.8 million, respectively (2024 – $1.0 million and $1.9 million, respectively).

During the three and six months ended October 31, 2025, clinical and regulatory costs totaled a $0.2 million recovery and a $0.03 million recovery, respectively (2024 – $0.5 million and $1.0 million, respectively), attributable primarily to lower costs (incurred by Newsoara) related to our mCRPC trial in the current period; clinical costs also decreased due to a change in estimate of amounts and timing of certain clinical costs related to the NCI trials. During the six months ended October 31, 2025, we accrued a further $0.02 million of additional expenses incurred by Newsoara (included in Accrued liabilities at October 31, 2025, and to be reclassified to Share capital upon issuance of equity units by the Company to Newsoara in the future), which was recorded as research and development expenses (as part of clinical and regulatory costs). Clinical costs are comprised primarily of investigator grants, project and site management and monitoring costs, and laboratory costs.

During the three and six months ended October 31, 2025, CMC (Chemistry, Manufacturing, and Controls), preclinical research, and other activities totaled $0.02 million and $0.02 million, respectively (2024 – $0.1 million and $0.1 million, respectively). These costs include research, drug product costs, pharmacology, toxicology and DMPK (drug metabolism, and pharmacokinetics). The focus of the preclinical activities continues to be on the understanding and utilizing clinical data for further development activities. Costs in both periods included CMC costs related to our clinical programs.

General and Administrative

General and administrative ("G&A") expenses include operating costs not directly involved in research and development, as well as professional fees for legal, audit, tax, communications, and business development. During the three and six months ended October 31, 2025, G&A expenditures totaled $0.4 million and $0.9 million, respectively (2024 – $0.4 million and $0.9 million, respectively).

Share-Based Payments

Our share-based payments are included in research and development and general and administrative.

During the three and six months ended October 31, 2025, we recognized non-cash share-based payments of $0.1 million and $0.2 million, respectively (2024 – $0.1 million and $0.2 million, respectively). The expense recognized in a given period reflects the fair value of past and newly-granted stock options and restricted stock units ("RSUs") outstanding during the period, and is impacted by factors such as vesting and fluctuations in the fair market value of our shares. During the six months ended October 31, 2025, we granted 300,000 stock options with a weighted average exercise price of CAD$0.36 and a weighted average fair value of $0.18 per stock option (2024 – no stock options were granted). During the six months ended October 31, 2025, we granted Nil RSUs (2024 – 395,872 RSUs).

Change in Fair Value of Financing Rights

Pursuant to the terms of certain private placements that we 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 we 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 per share and they would, accordingly, receive additional common shares (and, in certain circumstances, warrants) for no additional consideration.

During the six months ended October 31, 2025 and 2024, there was no change in the value of the remaining financing rights. Gains and losses resulting from the revaluation of financing rights are non-cash and do not impact our cash flows from operations.

Interest and Accretion

During the six months ended October 31, 2025, interest on secured convertible notes totaled $0.6 million (2024 – $0.5 million) and accretion of the debt issuance costs totaled $0.3 million (2024 – $0.3 million). In addition, interest on non-convertible promissory notes during the six months ended October 31, 2025 totaled $0.6 million (2024 – $0.3 million). During the six months ended October 31, 2025, interest income on the promissory note issued by Resverlogix totaled $0.6 million (2024 – $0.4 million).

Other

During the six months ended October 31, 2024, Zenith recorded 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.

Liquidity and Capital Resources

Debt

Secured Convertible Promissory Notes

As at October 31, 2025, secured convertible promissory notes totaling $6.3 million (principal amount) are payable to three arm's length parties, as follows: $0.5 million of notes bear interest at 10% per annum and matured on February 24, 2024; a $5.0 million note bears interest at 18% per annum and matured on November 17, 2025; a $0.25 million note bears interest at 18% per annum and matures on April 25, 2026; a $0.25 million note bears interest at 18% per annum and matures on June 11, 2026; and a $0.3 million note bears interest at 18% per annum and matures on July 29, 2027. We are currently in discussions with the holders of the notes that have matured regarding the status of the notes. The holders are able to elect to convert the notes into common shares of the Company at a conversion price equal to $0.60 per share.

Non-convertible Promissory Notes

As at October 31, 2025, secured and unsecured non-convertible promissory notes totaling $12.5 million are payable to three related parties, as outlined in further detail under "Non-Convertible Promissory Notes" below.

Cash and Liquidity

As at October 31, 2025, we had $26 thousand of cash. We need to raise additional capital to fund research, development and corporate activities over the next year or we may be forced to cease operations. As at October 31, 2025, we were 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), $12.5 million of non-convertible promissory notes (that are payable on demand), $6.3 million (principal amount) of secured convertible promissory notes (including $0.5 million that matured in February 2024 and $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), $4.4 million of accrued interest, $0.2 million for research and development commitments and an estimated $0.7 million for NCI funding (for studies to develop ZEN-3694) over the next twelve months as described below under "Contractual Obligations". In addition, estimated expenditures over the next twelve months under cancellable agreements with contract research organizations conducting work related to our clinical trials total approximately $0.1 million.

Subsequent to October 31, 2025, we closed a $0.3 million private placement. We believe our cash as at October 31, 2025, in combination with the $0.3 million raised subsequent to October 31, 2025, is not sufficient to fund our contractual commitments over at least the next year and is not sufficient to fund our planned business operations over the next year. We must raise additional capital. We will continue to pursue alternatives to raise additional capital including issuing additional equity and/or debt and/or from other sources such as partnering and/or licensing; however, there is no assurance that these initiatives will be successful.

These conditions result in a material uncertainty which may cast significant doubt on our ability to continue as a going concern. If we are not able to raise capital, we may be forced to cease operations.

Cash Flows

During the six months ended October 31, 2025, cash flows used by operating activities totaled $1.2 million (2024 – $1.1 million) including a $0.3 million increase in Due to Resverlogix Corp. (2024 – a $1.0 million increase in trade payables and accrued liabilities). Cash flows generated from financing activities totaled $3.3 million, comprised primarily of proceeds from a $1.5 million private placement and $1.6 million of non-convertible promissory notes (2024 – $2.8 million, comprised primarily of proceeds from a $0.25 million convertible note and from $2.7 million of non-convertible promissory notes). Cash flows used in investing activities totaled $2.1 million (2024 – $1.8 million), including $2.0 million (2024 – $1.8 million) of net payments to Resverlogix.

Commitments

As at October 31, 2025, we were party to cancellable agreements with contract research organizations conducting work related to our 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, we were 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.

We are also party to a CRADA with the National Cancer Institute (part of the U.S Department of Health and Human Services) to develop ZEN-3694, our lead compound, for multiple oncology indications. As at October 31, 2025, we are committed to provide additional funding totaling up to an estimated $0.7 million over the next twelve months.

We have agreed to pay Resverlogix for our proportionate share of operating 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.

Significant Accounting Policies and Estimates

Note 4 to our consolidated financial statements for the years ended April 30, 2025 and 2024 includes a summary of our significant accounting policies. 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.

The preparation of financial statements requires management to use estimates and assumptions that they believe are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. These estimates and assumptions are subject to inherent risk of uncertainty and actual results may differ from these estimates and assumptions.

Significant estimates are used for, but not limited to, the measurement of the share-based payment transactions, financing rights, convertible notes, and taxes.

Off-Balance Sheet Arrangements

As of October 31, 2025, we had not entered into any off-balance sheet arrangements.

Summary of Quarterly Results

The following is a summary of selected financial information derived from our unaudited interim consolidated financial statements for each of the eight most recently completed quarters.

	For the three months ended			
(in thousands of US dollars except as otherwise noted)	**October 31, 2025**	July 31, 2025	April 30, 2025	January 31, 2025
Revenue	**-**	-	500	-
Total comprehensive (loss)	**(1,574)**	(1,625)	(1,800)	(1,825)
Net (loss) per share ($) - basic and diluted	**(0.01)**	(0.01)	(0.01)	(0.01)

	For the three months ended			
(in thousands of US dollars except as otherwise noted)	October 31, 2024	July 31, 2024	April 30, 2024	January 31, 2024
Revenue	-	-	-	-
Total comprehensive (loss)	(1,781)	(1,943)	(1,517)	(2,443)
Net (loss) per share ($) - basic and diluted	(0.01)	(0.01)	(0.01)	(0.02)

Items that impact the comparability of quarterly results of operations include:

- the nature of our research and development programs during specific reporting periods including the timing of various studies (including our clinical trials) and discovery research;
- interest income was impacted by additional advances to Resverlogix;
- interest and accretion were impacted by entering into the $5.0 million Note and a $0.25 million convertible note in fiscal 2024, a $0.25 million convertible note in the prior year, and a $0.3 million convertible note in the current period;
- licensing revenue was impacted by the Licensee permanently ceasing operations during fiscal 2025, and the likelihood that the Licensee would exercise its rights under the license agreement became remote (thus we recorded the $0.5 million non-refundable payment as licensing revenue);
- financing rights are remeasured to reflect the change in fair value as at the end of the reporting period, with changes in fair value recognized in the statement of comprehensive loss, resulting in volatility in quarterly income (loss); and
- share-based payments fluctuate from quarter to quarter based on the timing and fair value of stock option and RSU grants. Share-based payments are a non-cash expense.

Related Party Transactions

Related Party Transactions with Resverlogix

Details of related party transactions with Resverlogix during the six months ended October 31, 2025 are described above under “Due from Resverlogix Corp.”.

Non-Convertible Promissory Notes

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.

Outstanding Equity Instruments

As at December 22, 2025, we had authorized an unlimited number of common shares and preferred shares.

	As at December 22, 2025	As at October 31, 2025	As at April 30, 2025
Common Shares	**159,731,828**	159,315,161	156,623,494
Equity-classified Warrants	**40,716,136**	38,574,469	32,489,469
Stock Options	**2,090,500**	2,090,500	2,703,600
Restricted Stock Units	**9,100,987**	9,100,987	9,600,987
	211,639,451	209,081,117	201,417,550

As at December 22, 2025, 1,640,500 of 2,090,500 stock options are vested and exercisable; 9,100,987 of 9,100,987 RSUs are vested.

In addition, we had a total of $18.8 million of non-convertible and convertible promissory notes as at October 31, 2025 ($19.6 million as at December 22, 2025). Additional information relating to our securities can be found in Notes 7 and 9 to the condensed interim consolidated financial statements for the three and six months ended October 31, 2025.

Outlook

Our lead molecule ZEN-3694 is in Phase 2 development in mCRPC and NUT carcinoma, two indications with significant unmet need. We have also entered into a CRADA with the NCI to develop ZEN-3694 for multiple oncology indications. Data from some of these NCI sponsored studies are expected to start reading out in beginning in early 2026 and, if positive, may inform additional indications that ZEN-3694 can be advanced in. To date, over 550 patients have been dosed with ZEN-3694 providing a meaningful safety data set.

We, and our partner Newsoara, are conducting a randomized Phase 2b mCRPC study with ZEN-3694 in combination with enzalutimide, focusing on AR independent patients. There is a significant unmet need in patients with AR independent tumors as they have poor prognosis with cytotoxic therapy as the only available option. Based on our translational and clinical data resulting from completed Phase 1/2 trials, we implemented patient enrichment strategies to maximize the benefit of ZEN-3694 combination therapies in the Phase 2b study.

The first patient in this study was dosed in December 2021 and to date approximately 183 patients have been dosed. The data set from this trial is expected to read out in first half of 2026, depending on study accrual. The trial is powered to show an improvement of radiographic progression free survival of 67% compared to single agent enzalutamide. If the trial's endpoint is met, we intend to advance the program to a registration enabling Phase 3 randomized study, pending securing funding or a corporate partner.

We announced in July 2025[1] that ZEN-3694 had been designated as a Fast Track product by the FDA, in combination with abemaciclib, for the treatment of metastatic or unresectable NUT carcinoma in patients who have received at least one line of prior chemotherapy. Fast Track designation provides numerous benefits for our NUT carcinoma program, including more frequent meetings with FDA on drug development planning, more frequent written communication from FDA on clinical trial design and other critical points, as well as eligibility for Accelerated Approval and Priority Review. Together these benefits have the potential to significantly accelerate the clinical development of ZEN-3694 and expedite its path to market. On October 27th, 2025 we announced that Zenith had been granted Orphan Drug designation by the FDA, potentially offering tax credits, exemption from user fees (paid by the company when submitting drug applications for review), and potentially providing seven years of market exclusivity after approval.

We also intend to pursue Breakthrough Therapy designation from the FDA. Breakthrough Therapy designation includes all the benefits of Fast Track status, while expanding guidance and organizational commitment from FDA regulators In short, Breakthrough Therapy status speeds up review for drugs showing promise for serious diseases, while Orphan Drug status incentivizes drug development for rare diseases. As NUT carcinoma is both rare and serious, we believe ZEN-3694's NUT carcinoma program to be a promising candidate for both programs.

ZEN-3694, is being evaluated in two separate NCI sponsored clinical trials for NUT carcinoma. Firstly, Phase 1 Study (NCT05372640) of ZEN-3694 in combination with CDK4/6 inhibitor abemaciclib in adult and pediatric patients (≥ 12 years old) with NUT carcinoma and other solid tumors. Secondly, a Phase 1/2 Study (NCT05019716) of ZEN-3694 in combination with chemotherapy (cis-etoposide and platinum) in adult and pediatric NUT carcinoma patients (≥ 12 years old).

ZEN-3694 is also being evaluated in several investigator-initiated trials for solid tumors. UCSF is leading a Phase 2 clinical trial in collaboration with Merck in mCRPC patients who have progressed on an ARSi. Patients are dosed with a triple combination of ZEN-

[1] https://www.zenithepigenetics.com/newsroom/news-releases?article=63

3694, Merck's PD-1 antibody, pembrolizumab, and Pfizer's ARSi, enzalutamide. To date, all 54 patients have been dosed in this study. The data set from this trial is being analyzed by the investigator. To date, to the best of our knowledge ZEN-3694 is the only BETi that has been successfully combined with a checkpoint inhibitor. If the data shows clinical activity that is superior to other therapies Zenith will have an option of developing this triple combination in mCRPC.

In summary, ZEN-3694 combination therapies are being developed in multiple solid tumor indications through either company sponsored trials or investigator-initiated trials. We expect significant data flow over the next year from these multiple trials and they will inform the development and registration path of ZEN-3694 in multiple indications. Based on our differentiated BETi, ZEN-3694, clinical strategy based on patient enrichment, and advanced Phase 2b clinical studies, we believe we are the leader in the development of BETi for solid tumors, and we will continue to pursue development opportunities with potential partners to enable the advancement of these novel therapies.

We continue to explore the potential sale of some of our Resverlogix royalty preferred shares to provide additional capital. We also continue to explore the potential sale of some or potentially substantially all of our other assets.

Risks and Uncertainties

The biotechnology industry generally may be regarded as uncertain given the nature of the industry. Accordingly, investments in biotechnology companies should be regarded as speculative. Biotechnology research and development involves a significant degree of risk. An investor should carefully consider the risks and uncertainties described below, as well as other information contained in this Management's Discussion and Analysis. The risks and uncertainties described below is not an exhaustive list. Additional risks and uncertainties not presently known to us or that we believe to be immaterial may also adversely affect our business. If any one or more of the following risks occur, our business, financial condition and results of operations could be seriously harmed.

Risks Relating to Our Business

We are a clinical stage development company. If we do not develop commercially successful products, we may be forced to cease operations.

We are in an early stage of development, which may require significant additional investment for research and development, manufacturing, clinical testing, and regulatory submissions prior to commercialization. Investors must evaluate our business in light of the uncertainties and complexities affecting a development stage pharmaceutical company. There can be no assurance that any products will be developed. Any product would be unsuccessful if it:

- does not demonstrate acceptable safety and efficacy in preclinical studies and clinical trials or otherwise does not meet applicable regulatory standards for approval;
- does not offer therapeutic or other improvements over existing drugs used to treat the same or similar conditions;
- is not capable of being produced in commercial quantities at an acceptable cost, or at all; or
- is not accepted by patients, the medical community or third-party payors.

A commitment of substantial time and resources is required to conduct research and clinical trials if we are to complete the development of any products. We have not proven our ability to develop and commercialize products. It is not known whether such products will meet applicable health regulatory standards and obtain required regulatory approvals, or (i) whether such products can be produced in commercial quantities at reasonable costs and be successfully marketed, (ii) whether such products will achieve market acceptance, or (iii) if our investment in any such products will be recovered through sales or royalties. Problems frequently encountered in connection with the development and utilization of new and unproven technologies and the competitive environment in which we operate might limit our ability to develop commercially successful products.

Results of early research may not be indicative of the results that will be obtained in later stages of research. If regulatory authorities do not approve the products or if regulatory compliance is not maintained, we would have limited ability to commercialize such products, and our business and results of operations would be harmed. We may fail to develop any products, to obtain regulatory approvals, to enter clinical trials, or to commercialize any products. If we are unable to make products commercially available, we will not generate product revenues, and we may be forced to cease operations.

We have been advanced funds under secured indebtedness and failure to repay all amounts upon demand could result in a loss of all of our assets.

Promissory notes (and potentially any future promissory notes) due to the Chief Executive Officer / Chairman of the Company and a relative or companies controlled by the relative of the Chief Executive Officer / Chairman of the Company are secured by a general security interest in all of our assets.

In addition, a total of $6.3 million of convertible notes (as at December 22, 2025) due to other parties are secured by a general security interest in all of our assets. $5.5 million of these convertible notes have matured, $0.5 million of these convertible notes will mature

in April and June 2026, and $0.3 million of these convertible notes will mature in July 2027. We are currently in discussions with the holders of the notes that have matured regarding the status of the notes.

We do not currently have sufficient cash available to repay the principal amount of secured indebtedness upon demand. We will have to raise additional capital to repay secured indebtedness. If we are unable to repay amounts owing under secured indebtedness, the lenders could proceed to foreclose or otherwise realize upon all of our assets, including our intellectual property, that is security for the indebtedness.

We have a history of net losses. We expect to continue to incur substantial net losses for the foreseeable future, and we may never achieve or maintain profitability.

To date, we have not recorded any revenues from the sale of biopharmaceutical products (other than the unearned licensing revenue from Newsoara and the $0.5 million licensing revenue from Beyond Therapeutics Corp.). We expect to incur substantial net losses and negative cash flow for the foreseeable future. Such losses will have an adverse effect on our shareholders' equity and working capital.

The process of developing and commercializing our products requires significant preclinical testing and clinical trials as well as regulatory approvals for commercialization and marketing before we could begin product sales. In addition, commercialization of our products would require us to establish a sales and marketing organization or contractual relationships to enable product manufacturing and other related activities. Because of the numerous risks and uncertainties associated with pharmaceutical product development and commercialization, we are unable to accurately predict the timing or amount of future expenses or when, or if, we will be able to achieve or maintain profitability. Currently, we have no products approved for commercial sale, and to date we have not generated any product revenue. The size of our future net losses will depend, in part, on the rate of growth or contraction of our expenses and the level and rate of growth, if any, of our revenues. We expect to incur losses unless and until such time as payments, if any, from corporate collaborations, product sales and/or royalty payments generate sufficient revenues to fund our continuing operations. Quarter to quarter fluctuations in revenues, expenses and losses are also expected. Even if we do achieve profitability, we may not be able to sustain or increase profitability on an ongoing basis.

We will need to raise additional capital in the future to fund our operations. If we cannot raise additional capital, we will have to delay, reduce or cease operations.

We will need to raise additional capital to fund our operations and to develop products. Historically operations have been financed exclusively by debt and equity private placements. We intend to raise additional funds through equity or debt financing and/or from other sources. As well, we continue to explore the potential sale of some of our Resverlogix royalty preferred shares to provide additional capital. We also continue to explore the potential sale of some or potentially substantially all of our other assets. Our future capital requirements will be substantial and will depend on many factors, such as the following:

- the scope, rate of progress, results and costs of our discovery research, preclinical studies, clinical trials and developmental programs;
- timing, costs and outcomes of regulatory proceedings;
- payments received under any future partnerships;
- prosecution or defense of patent claims;
- costs associated with commercialization of any products;
- the cost and timing of developing sales and marketing operations or partnerships; and
- competing technological and market developments, including the introduction by others of new therapies in our markets.

We believe our cash as at October 31, 2025 is not sufficient to fund our contractual commitments and is not sufficient to fund our planned business operations for the next year. We need to raise additional capital. Any equity financing transaction would result in our existing common stockholders experiencing immediate dilution. Any financing transaction may also contain unfavorable terms. If we raise additional funds, we may be required to relinquish rights to our products, or to grant licenses on terms that are not favorable to us.

There can be no guarantee that we will be able to raise additional funds. If we are not able to raise additional funds, we may not have sufficient capital to fund all of our currently planned operations. We would have to reduce our cash requirements by eliminating or deferring spending on research, development and corporate activities, and we may be forced to cease operations.

Further, changing circumstances may cause us to consume capital significantly faster or slower than we currently anticipate. We have based these estimates on assumptions that may prove to be wrong, and we could utilize our available financial resources sooner than we currently expect.

Unstable market conditions may have serious adverse consequences on our business.

The economic downturn and market instability made the business climate more volatile and more costly. Our business strategy may be adversely affected by unpredictable and unstable market conditions. If the current equity and credit markets deteriorate it may make any necessary equity or debt financing more difficult, more costly, and more dilutive. Failure to secure any necessary financing

in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and could require us to delay or abandon clinical development plans. There is a risk that one or more of our current or future business partners, such as contract research organizations and contract laboratories, may encounter difficulties during challenging economic times, which may directly affect our ability to attain our operating goals on schedule and on budget.

We are conducting Phase 2/2b human clinical trials.

Many of the products and processes that are being currently developed by us require significant development, testing and the investment of significant funds prior to their commercialization. There can be no assurance that any drugs we attempt to develop will actually be developed to a commercial level. Completing clinical testing through late stage trials and obtaining required approvals is expected to take many years and to require the expenditure of substantial resources. There can be no assurance that clinical trials will be completed successfully within any specified period of time, if at all. Furthermore, clinical trials may be delayed or suspended at any time by us or by the FDA or other regulatory authorities if it is determined that the subjects or patients are being exposed to unacceptable risks. We may encounter delays or rejections based on varying regulatory interpretations or changes in regulatory agency policies, during the period in which we develop a product.

If we fail to establish the safety and efficacy of our products, we will not be able to commercialize our products.

Drug discovery and development has inherent risk and the historical failure rate is high. To obtain regulatory approval to market and sell any of our products, we must satisfy the FDA and other regulatory authorities, through extensive clinical trials and preclinical studies, that our products are safe. If we cannot demonstrate that our drugs are safe and effective for human use, we may need to abandon one or more of our drug development programs.

We may not have conducted or may not conduct in the future the types of testing ultimately required by regulatory authorities, or future tests may indicate that our products are not safe for use in humans. Preclinical testing and clinical trials are expensive, can take many years and have an uncertain outcome. In addition, success in initial preclinical testing does not ensure that later preclinical testing or clinical trials will be successful. There are a number of factors that could cause a clinical trial to fail or be delayed including:

- the clinical trials may produce negative or inconclusive results, which may require us to conduct additional preclinical testing or to abandon product candidates that we believed to be promising;
- the regulators may require that we hold, suspend or terminate clinical research for noncompliance with regulatory requirements;
- we, our potential partners, the FDA, or other regulatory authorities could suspend or terminate a clinical trial due to adverse side effect of a drug on subjects or patients in the trial;
- we may decide, or regulators may require us, to conduct additional preclinical testing or clinical trials;
- enrollment in our clinical trials may be slower than anticipated;
- the cost of our clinical trials may be greater than anticipated;
- our products may have unfavorable pharmacology, toxicology or carcinogenicity;
- our product candidates may cause undesirable side effects; and
- the supply or quality of our drugs or other materials necessary to conduct clinical trials may be insufficient, inadequate or delayed.

If any of our drugs do not show sufficient efficacy in patients with the targeted indication in clinical trials, it could negatively impact our development and commercialization or goals for our drugs and, as a result, materially adversely affect our business, financial condition and results of operations.

The Resverlogix royalty preferred shares we hold may fluctuate in value based on factors that are not within our control.

We hold royalty preferred shares of Resverlogix which entitle us to dividends based on a percentage of net Revenue, if any, received by Resverlogix, its affiliates or licensees. The royalty preferred shares of Resverlogix that we hold represent a significant asset. However, there is no assurance that dividends will ever be paid in respect of the royalty preferred shares. The royalty preferred shares may fluctuate significantly in value based on developments relating to the business of Resverlogix and other events that are not within our control. In addition, there is no market through which the royalty preferred shares may be sold. Accordingly, developments relating to the business of Resverlogix may affect the value of our common shares and may impact our ability to access additional capital required to fund its research and development activities.

We have advanced funds to Resverlogix under unsecured indebtedness and failure by Resverlogix to repay amounts upon demand could result in a loss. As well, we utilize Resverlogix for performing certain functions.

As at October 31, 2025, Resverlogix owes us $11.0 million, as described under “Resverlogix” above. In addition to amounts we have advanced to Resverlogix, we utilize Resverlogix to perform certain financial and administrative functions. Services are provided by Resverlogix to us pursuant to an agreement that may be terminated by Resverlogix upon six months prior notice. In addition, the

employees of Resverlogix who are primarily responsible for the provision of services to us have specialized knowledge and experience and there is no certainty that such individuals will continue to be employees of Resverlogix.

Resverlogix believed its cash as at September 30, 2025 is not sufficient to fund its contractual commitments and its planned business operations over the next year. Therefore, Resverlogix will have to raise additional capital to fund its contractual commitments and its planned business operations. Certain of Resverlogix's initiatives to raise additional capital involve the potential sale of certain assets by Zenith and further corresponding funding by the Company. If Resverlogix is not able to raise capital, it may be forced to cease operations, which could materially adversely affect our business, financial condition and results of operations.

We are dependent on third parties to provide services for certain important aspects of our business. If these third parties do not perform as contractually required or expected, we may not be able to obtain regulatory approval for our products, or we may be delayed in doing so.

We rely on third parties such as contract research organizations and contract laboratories to conduct our clinical and preclinical studies, and we expect to continue to do so in the future. We rely heavily on these parties for successful execution of our studies, but do not control many aspects of their activities. As a result, many important aspects of our product development are outside our direct control. We are responsible for confirming that our clinical and preclinical studies are conducted in accordance with applicable regulations. The FDA requires us to comply with regulations and standards, commonly referred to as good clinical practices ("GCP") and good laboratory practices ("GLP"), for conducting and recording the results of our clinical and preclinical studies. Our reliance on third parties does not relieve us of these responsibilities. If the third parties conducting clinical or preclinical studies do not perform their contractual duties or obligations, do not meet expected recruitment or other deadlines, fail to comply with the FDA's regulations, do not adhere to clinical trial protocols or otherwise fail to generate reliable clinical data, development, approval and commercialization of products may be extended, delayed or terminated or may need to be repeated, and we may not be able to obtain regulatory approval.

We do not currently own or operate manufacturing facilities for production of the active pharmaceutical ingredient ("API"), used in our drug compounds. As a result, we rely on third parties to supply the API. We expect to continue to depend on third parties to supply the API for any product candidates we develop in the foreseeable future. An API manufacturer must meet high precision and quality standards for that API to meet regulatory specifications and comply with regulatory requirements. A contract manufacturer's failure to comply with applicable regulations and requirements could result in refusal to approve or a delay in approval of a product candidate. We are ultimately responsible for confirming that the APIs used in product candidates are manufactured in accordance with applicable regulations. Furthermore, if our third-party drug suppliers fail to achieve and maintain high manufacturing standards in compliance with applicable regulations, we could be subject to certain product liability claims in the event such failure to comply resulted in defective products that caused injury or harm.

Natural disasters, public health crises, political crises, and other catastrophic events or other events outside of our control may damage the facilities or disrupt the operations of our strategic partners, third-party manufacturers, suppliers or other third parties upon which we rely, and could delay or impair our ability to initiate or complete our clinical trials or commercialize approved products.

Our strategic partners, third-party manufacturers, suppliers and other third parties upon which we rely have operations around the world and are exposed to a number of global and regional risks outside of our control. These include, but are not limited to: natural disasters, such as earthquakes, tsunamis, power shortages or outages, floods or monsoons; public health crises, such as pandemics and epidemics; political crises, such as terrorism, war, political instability or other conflict; or other events outside of our control.

We cannot presently predict the scope and severity of any potential business shutdowns or disruptions, but if we or any of the third parties with whom we engage, including the suppliers, regulators and other third parties with whom we conduct business, were to experience shutdowns or other business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively impacted.

We rely on partnerships and strategic relationships for our success. The failure to successfully collaborate with third parties may delay, prevent or otherwise impair the development or commercialization of our products or revenue expectations.

As a result of the costs and risks associated with commercializing a product candidate, we intend to seek strategic partnerships with corporate and academic collaborators, licensors, licensees and others for the research and development, manufacturing, marketing and commercialization of products. There can be no assurance, however, that such collaborations will be established on favourable terms, if at all, or that future collaborations will be successful. Failure to attract commercial partners for our products may result in our incurring substantial clinical testing, manufacturing and commercialization costs prior to realizing any revenue from product sales or result in delays or program discontinuance if funds are not available in sufficient quantities, and this may materially adversely affect our business, financial condition and results of operations.

Should a collaborative partner fail to develop, manufacture, or commercialize successfully any product to which it has rights, or any partner's product to which we have rights, the business may be adversely affected. Failure of a collaborative partner to continue to participate in any particular program could delay or halt the development or commercialization of products generated from such program. In addition, there can be no assurance that the collaborative partners will not pursue other technologies or develop alternative products either alone or in collaboration with others, including our competitors, as a means for developing treatments for the diseases targeted by our programs.

We may negotiate licenses in respect of technologies developed by other companies and academic institutions. Terms of license agreements to be negotiated may include, inter alia, a requirement to make milestone payments, which may be substantial. We may also be obligated to make royalty payments on the sales, if any, of products resulting from licensed technology and, in some instances, are responsible for the costs of filing and prosecuting patent applications.

We face significant competition in seeking appropriate strategic partners, and these strategic partnerships can be intricate and time consuming to negotiate and document. We may not be able to negotiate strategic partnerships on acceptable terms, or at all. We are unable to predict when or if we will enter into any strategic partnerships because of the numerous risks and uncertainties associated with establishing strategic partnerships. If we are unable to negotiate strategic partnerships for our products we may be forced to delay or terminate development or commercialization of our products. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us.

Pursuant to partnerships or other strategic relationships, we may lose important rights to and control over the development of products.

In addition to our collaboration with Pfizer, as a result of the costs and risks associated with commercializing a product candidate, we intend to seek additional strategic partnerships in order to continue to develop and, if approved, market products. Such strategic partnerships may require us to relinquish control over the timing and manner of clinical trials and commercialization of our products. Strategic partners may experience financial difficulties or choose to terminate the arrangement or independently work on a competing product resulting in the delay or discontinuation of development or commercialization of our product candidates. Furthermore, disputes may arise between us and our strategic partners that result in the delay or termination of the research, development or commercialization of product candidates or that result in costly litigation or arbitration that diverts management's attention and consumes resources. Strategic partners may not properly maintain or defend our intellectual property rights or may use our proprietary information in a manner that could jeopardize or invalidate our proprietary information or expose us to potential litigation.

Our License Agreements are subject to certain risks and uncertainties related to our dependence on Licensees and doing business in foreign jurisdictions

On July 25, 2019, we entered into the License Agreement with Newsoara. Under the terms of the agreement, Newsoara will have the rights to develop, market, and distribute ZEN-3694 for all indications in China, Hong Kong, Taiwan, and Macau. Pursuant to the License Agreement, Newsoara agreed to pay Zenith Epigenetics Ltd. upfront and near-term development milestone payments totaling $15.0 million. During the year ended April 30, 2020, we received $8.5 million of the milestone payments (less applicable tax withholdings) and during the year ended April 30, 2021, Zenith and Newsoara amended the License Agreement, removing $6.5 million of the $15.0 of milestone payments.

In November 2021, we entered into a licensing agreement with Newsoara for ZEN-3694 in Asia excluding Middle East and North Africa ("MENA"), India, and ten Eurasian countries. Under the terms of the agreement, Newsoara will have the rights to develop, market, and distribute ZEN-3694 for all indications in these territories.

Under the terms of these license agreements, Newsoara will be responsible for all clinical, regulatory and commercialization activities respecting ZEN-3694 in the aforementioned territories and therefore the Company will be dependent upon Newsoara in successfully undertaking those actions in a timely and economic manner and in compliance with all applicable legal and regulatory requirements within these territories. If Newsoara is unable to fulfill its obligations under the terms of the license agreements and in compliance with all applicable legal and regulatory requirements, including clinical, regulatory and commercialization of ZEN-3694, our prospective revenue from royalty payments related to the commercialization of ZEN-3694 in these territories may be materially diminished, delayed or never realized, which could negatively affect our operating results and financial condition.

Further, conducting business with Newsoara within these territories, and specifically China, subjects us to certain economic, political, and legal risks and uncertainties regarding, among other things, the development and commercialization of ZEN-3694 and the release and receipt of payments under the terms of the license agreements, including the payment of royalties upon commercialization of ZEN-3694.

If our products fail to achieve market acceptance for any reason, such failure may materially adversely affect our business, financial condition and results of operations.

There can be no assurance that, if we develop any products that are approved, that the products will achieve market acceptance. If our products, once approved, do not receive market acceptance for any reason, it will adversely affect our business, financial condition and results of operations. The degree of market acceptance of any products we develop will depend on a number of factors, including:

- the clinical efficacy and safety of the products;
- the products' potential advantages over existing and future treatment methods;
- the price of the products; and
- reimbursement policies of government and third-party payers, including hospitals and insurance companies.

If after we obtain regulatory approval to sell our products, physicians, and healthcare payors fail to adopt our products or conclude that our products are not safe and effective, physicians could choose not to use them to treat patients. Our competitors may also develop new technologies or products which are more effective or less costly, or that seem more cost-effective than our products.

In addition, regulations affecting the pricing of pharmaceutical products may change in ways adverse to us. While we cannot predict the likelihood of any regulatory proposals, if a government agency were to adopt proposals limiting market or third-party payor pricing for pharmaceutical products, it could materially adversely affect our business, financial condition and results of operations.

We cannot be certain that we will ever obtain regulatory approvals in the United States or other countries. The failure to obtain such approvals may materially adversely affect our business, financial condition and results of operations.

Biotechnology, medical device and pharmaceutical companies operate in a high-risk regulatory environment. The study, manufacture and sale of products are governed by numerous statutes and regulations in the United States and other countries. We are required to obtain various regulatory approvals prior to being able to study, commercialize and distribute our products. The regulatory review and approval process required to perform a clinical study in the United States and other countries includes evaluation of preclinical studies and clinical studies, as well as the evaluation of our manufacturing process. This process is complex, lengthy, expensive, resource intensive and uncertain. Securing regulatory approval to market our products also requires the submission of extensive preclinical and clinical data, manufacturing information regarding the process and facility, scientific data characterizing our product and other supporting data to the regulatory authorities in order to establish its safety and effectiveness. We, or our collaborators, may fail to obtain the necessary approvals to commence or continue preclinical or clinical testing of drugs we attempt to develop or to manufacture or market drug products in reasonable time frames, if at all.

Governmental authorities in the United States or other countries may enact regulatory reforms or restrictions on the development of new therapies that could adversely affect our ability to develop drug products. The drugs and processes that we are attempting to develop require significant testing and the investment of significant funds prior to their commercialization. There can be no assurance that any drugs we attempt to develop will actually be developed to a commercial level. Completing clinical testing through late stage trials and obtaining required approvals is expected to take several years and to require the expenditure of substantial resources. There can be no assurance that clinical trials will be completed successfully within any specified period of time, if at all. Furthermore, clinical trials may be delayed or suspended at any time by us or by the FDA or other regulatory authorities if it is determined that the subjects or patients are being exposed to unacceptable risks. We may encounter delays or rejections based on varying regulatory interpretations or changes in regulatory agency policies, during the period in which we develop a product.

No assurance can be given that any product candidates will prove to be safe and effective in clinical trials or that we will receive the requisite regulatory approval. Moreover, any regulatory approval of a drug which is eventually obtained may be granted with specific limitations on the indicated uses for which that drug may be marketed or may be withdrawn if problems occur following initial marketing or if compliance with regulatory standards is not maintained. We have limited experience in filing and pursuing applications necessary to gain these regulatory approvals.

The approval procedures vary among countries and can involve additional product testing and administrative review periods. The time required to obtain approval in various countries vary from one another. Approval in one country does not ensure approval by the regulatory authorities of other countries. The failure to obtain such approvals may materially adversely affect our business, financial condition and results of operations.

Regulatory authorities may not approve a particular product even if they meet safety and efficacy endpoints in clinical trials.

The FDA and other regulatory agencies can delay, limit or deny marketing approval for many reasons, including finding a product may not be considered safe and effective; the manufacturing processes or facilities may not meet applicable requirements; or changes in approval policies or regulations. A product candidate may not be approved even if it achieves its endpoints in clinical trials. Regulatory agencies, including the FDA, or their advisors may disagree with our trial design and our interpretations of data from preclinical studies and clinical trials. Regulatory agencies may change requirements for approval even after a clinical trial design has been approved. Regulatory agencies also may approve a product candidate for fewer or more limited indications than requested or may grant approval subject to the performance of post-marketing studies. In addition, regulatory agencies may not approve the labeling claims that are necessary or desirable for the successful commercialization of our product candidates.

Our products will remain subject to ongoing regulatory review even if they receive marketing approval. If we fail to comply with continuing regulations, we could lose these approvals, and the sale of any future products could be suspended.

In the event we receive regulatory approval to market a particular product candidate, United States or other regulatory authorities could condition approval on conducting additional costly post-approval studies or could limit the scope of approved uses. In addition, the product may later cause adverse effects that limit or prevent its widespread use, force us to withdraw it from the market or prevent or delay our ability to obtain regulatory approvals in additional countries. In addition, we will continue to be subject to regulatory review and periodic inspections to ensure adherence to applicable regulations. After receiving marketing approval, the FDA imposes extensive regulatory requirements on the manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion and record keeping related to the product. Failure to comply with the regulatory requirements could result in:

- civil or criminal penalties or fines;
- injunctions;
- product seizures, detentions or import bans;
- voluntary or mandatory product recalls and publicity requirements;
- suspension or withdrawal of regulatory approvals; and
- refusal to approve pending applications for marketing approval of new drugs or supplements to approved applications.

We may be subject to product liability claims if our products harm people, and we do not have product liability insurance.

The manufacture and sale of pharmaceutical products involve an inherent risk of product liability claims and associated adverse publicity. We may enter into human clinical trials that involve inherent risks in the testing of unproven products. We currently do not have clinical trial liability insurance and we do not have product liability insurance. We do not know if we will be able to obtain clinical trial liability insurance or obtain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. This type of insurance is expensive and may not be available on acceptable terms. If we are unable to obtain or maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential clinical trial and product liability claims, we may be unable to commercialize our products. A successful clinical trial liability or product liability claim brought against us in excess of our insurance coverage, if any, may require us to pay substantial amounts. This could have a material adverse effect on our business, financial condition and results of operations.

The pharmaceutical industry is extremely competitive. If our competitors develop and market products that are more effective, safer or less costly than any future products that we may develop, our commercial opportunity will be reduced or eliminated.

The technological competition we face from new and established pharmaceutical companies, biopharmaceutical companies and universities is intense and is expected to increase. Competitors may develop products more quickly and obtain regulatory approval for such products more rapidly, or develop products which are more effective than those which we intend to develop. Our commercial opportunity will be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer side effects or are less expensive than any future products that we may develop and commercialize. In addition, significant delays in the development of our product candidates could allow our competitors to bring products to market before us and impair our ability to commercialize our product candidates. Research and development by others may render our technology or products obsolete or noncompetitive or produce treatments or cures superior to any therapy developed or to be developed by us.

We anticipate that, if approved for oncology, our small molecules may be used in conjunction with standard of care oncology therapies to improve on therapeutic outcomes for patients.

Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Established pharmaceutical companies may invest heavily to discover quickly and develop novel compounds or drug delivery technology that could make our product candidates obsolete. Smaller or early-stage companies may also prove to be significant competitors, particularly through strategic partnerships with large and established companies. In addition, these third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies and technology licenses complementary to our programs or advantageous to our business. Accordingly, our competitors may succeed in obtaining patent protection, receiving FDA approval or discovering, developing and commercializing products before we do. If we are not able to compete effectively against our current and future competitors, our business will not grow and our financial condition will suffer.

We are dependent upon retaining and attracting key personnel and others, the loss of which could materially adversely affect our business, financial condition and results of operations.

We depend on certain members of our management, the loss of whose services might significantly delay or prevent the achievement of research, development or business objectives and would materially adversely affect our business, financial condition and results of operations. Neither we nor Resverlogix have employment agreements with any of our respective senior management that would prevent them from leaving us. In addition, our success depends, in large part, on our ability to improve our management systems and attract and retain qualified management, scientific and medical personnel, and on our ability to develop and maintain important relationships with commercial partners, leading research institutions and key distributors. We face intense competition for such personnel and relationships. We cannot assure that we will attract and retain such persons or maintain such relationships. In addition, failure to succeed in clinical trials may make it more challenging for us to recruit and retain qualified scientific personnel.

We may not be able to attract, train and retain a sufficient number of qualified employees to maintain and grow our business.

We expect that potential expansion into additional areas and activities requiring additional expertise may place additional requirements on our management, operational and financial resources. These demands may require an increase in management and scientific personnel and the development of additional expertise by existing management personnel. There is currently aggressive competition for employees who have biotechnology experience. The failure to attract and retain such personnel or to develop such expertise could materially adversely affect our business, financial condition and results of operations.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information. Disclosure of this information may materially adversely affect our business, financial condition and results of operations.

We rely on trade secrets, which we seek to protect, in part, through confidentiality and non-disclosure agreements with collaborators, suppliers, employees and other parties. There can be no assurance that these agreements will not be breached, that we would have adequate remedies for any such breach or that our trade secrets will not otherwise become known to or independently developed by our competitors. We might be involved from time to time in litigation to determine the enforceability, scope and validity of our proprietary rights. Any such litigation could result in substantial cost and divert management's attention from our operations.

We may need to implement additional finance and accounting systems, procedures and controls in the future as we grow and to satisfy new reporting requirements.

As we grow we may access capital markets more broadly which could require us to implement additional finance and accounting systems along with enhanced internal control systems. This will result in increased costs to us as we continue to undertake efforts to comply with best practices and applicable rules and requirements. These rules may make it more difficult and costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage as compared to the polices previously available. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or our board committees or as executive officers. In addition, we may need to hire additional legal and accounting staff with appropriate experience and technical knowledge, and we cannot assure that if additional staffing is necessary that we will be able to do so in a timely fashion.

Our products may not be eligible for reimbursement from government or private third-party payors or may be eligible for reimbursement at lower prices than we currently anticipate, which could materially adversely affect our business, financial condition and results of operations.

Our or our partners' ability to successfully market therapeutic products depends in part on the extent to which reimbursement for the cost of such products and related treatments will be available from government health administration authorities, private health insurers and other healthcare organizations. Significant uncertainty exists as to whether newly-approved pharmaceutical products will qualify for reimbursement from these organizations. Furthermore, challenges to the price of medical products continue to grow in frequency due to increased focus on cost containment and pharmacoeconomic issues. Health authorities will continue to increase their scrutiny and pharmacoeconomic diligence on new products in all disease areas. These rapid changes in the healthcare reimbursement marketplace will potentially have a significant impact on the future marketability of new drugs in development and could materially adversely affect our business, financial condition and results of operations. It is expected that new drug entrants will not only have to be effective and safe but also have to provide a clear value proposal to health systems over the current standard of care therapy.

In light of these market changes in drug development, pricing of drug therapies has come under significant pressure with government authorities and private health insurers around the world. The top current leading reimbursed markets: USA, Japan, Germany, UK, France, Spain, Italy, and Canada, have implemented healthcare reforms that focus specifically on value and reimbursement. Reforms such as reference based pricing, pharmacoeconomics, and numbers needed to treat are a few of the many instruments that healthcare organizations utilize to ensure maximum value for reimbursed therapeutics. Healthcare reform is underway in these top global markets and there is additional uncertainty about the viability of current pricing methodologies for reimbursement. There can be no assurance that adequate third-party coverage will be available to establish price levels which would allow us to realize an acceptable return on our investment in product development. If we cannot realize an acceptable return on our investment in product development we may need to delay or cease our product development.

It may be difficult or impossible for U.S. investors to enforce judgments against us, our directors or our officers in Canada.

We were formed under the laws of the Province of Alberta. Some of the members of our board of directors and our officers are residents of countries other than the United States. As a result, it may be impossible for U.S. investors to effect service of process within the U.S. upon us or these persons or to enforce against us or these persons any judgments in civil and commercial matters, including judgments under U.S. federal or state securities laws. In addition, a Canadian court may not permit U.S. investors to bring an original action in Canada or to enforce in Canada a judgment of a state or federal court in the United States.

Risks Relating to our Intellectual Property

We may not accurately predict the protection afforded by our patents and proprietary technology and if our predictions are wrong, this may materially adversely affect our business, financial condition and results of operations.

Our success will depend in part on our ability to obtain, maintain, and enforce patent rights, maintain trade secret protection and operate without infringing the proprietary rights of third parties, both domestically and internationally.

Our patent positions are highly uncertain, and any future patents we receive for our potential products will be subject to this uncertainty, which may adversely affect our business, financial condition and results of operations. There can be no assurance that pending patent applications will be allowed and that we will develop additional proprietary products that are patentable, that issued

patents will provide any competitive advantage or will not be challenged by any third parties, or that patents of others will not have an adverse effect on the ability to do business. Furthermore, there can be no assurance that others will not independently develop similar products, duplicate any of the products, or design around the products patented by us. In addition, we may be required to obtain licenses under patents or other proprietary rights of third parties. No assurance can be given that any licenses required under such patents or proprietary rights will be available on terms acceptable to us. If such licenses are not obtained, we could encounter delays in introducing products to the market, while we attempt to design around such patents, or could find that the development, manufacturing or sale of products requiring such licenses could be foreclosed. In addition, we could incur substantial costs in defending suits brought against us on such patents or in suits in which we attempt to enforce our own patents against other parties. Such disputes could involve arbitration, litigation or proceedings declared by the United States Patent and Trademark Office or International Trade Commission or other foreign patent authorities. Intellectual property litigation can be extremely expensive, and this expense, as well as other consequences should we not prevail, could seriously harm our business. With respect to any infringement claim asserted by a third party, we can give no assurances that we will be successful in the litigation or that such litigation would not have a material adverse effect on our business, financial condition and results of operation.

Until such time, if ever, that patent applications are filed and or approved, our ability to maintain the confidentiality of the described technology may be crucial to our ultimate possible commercial success. While procedures have been adopted to protect the confidentiality of our technology through signed invention and service agreements, no assurance can be given that such arrangements will be effective, that third parties will not gain access to trade secrets or disclose the technology, or that we can meaningfully protect our rights to our trade secrets.

Even if valid and enforceable patents cover our products and technologies, such patents will provide protection only for a limited amount of time.

Even if patents are issued regarding our product candidates or methods of using them, those patents can be challenged by our competitors who can argue that our patents are invalid and/or unenforceable. Third parties may challenge our rights to, or the scope or validity of, our patents. Patents also may not protect a particular product if competitors devise ways of making these or similar products without legally infringing our patents. The United States Food, Drug and Cosmetic Act and the FDA regulations and policies provide incentives to manufacturers to challenge patent validity or create modified, non-infringing versions of a drug or device in order to facilitate the approval of generic substitutes. These same types of incentives encourage manufacturers to submit new drug applications that rely on literature and clinical data not prepared for or by the drug sponsor.

We also rely on trade secrets to protect our technology, especially where we do not believe that patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. Our and Resverlogix's employees, consultants, contractors, outside scientific collaborators and other advisors and our strategic partners may unintentionally or willfully disclose our confidential information to competitors. Enforcing a claim that a third party illegally obtained and is using our trade secrets is expensive and time consuming and the outcome is unpredictable. Failure to protect or maintain trade secret protection could adversely affect our competitive business position.

Our research and development collaborators may have rights to publish data and other information in which we have rights. In addition, we sometimes engage individuals or entities to conduct research that may be relevant to our business. The ability of these individuals or entities to publish or otherwise publicly disclose data and other information generated during the course of their research is subject to certain contractual limitations. These contractual provisions may be insufficient or inadequate to protect our trade secrets and may impair our patent rights. If we do not apply for patent protection prior to such publication or if we cannot otherwise maintain the confidentiality of our technology and other confidential information, then our ability to receive patent protection or protect our proprietary information may be jeopardized.

Litigation or other proceedings or third-party claims of intellectual property infringement could require us to spend time and money and could shut down some of our operations.

Our commercial success depends in part on not infringing patents and proprietary rights of third parties. Others have filed, and in the future are likely to file, patent applications covering products that are similar to our product candidates, as well as methods of making or using similar or identical products. If these patent applications result in issued patents and we wish to use the claimed technology, we would need to obtain a license from the third party. We may not be able to obtain these licenses at a reasonable cost, if at all.

In addition, administrative proceedings, such as interferences and reexaminations before the U.S. Patent and Trademark Office, could limit the scope of our patent rights. We may incur substantial costs and diversion of management and technical personnel as a result of our involvement in such proceedings. In particular, our patents and patent applications may be subject to interferences in which the priority of invention may be awarded to a third party. We do not know whether our patents and patent applications would be entitled to priority over patents or patent applications held by such a third party. Our issued patents may also be subject to reexamination proceedings. We do not know whether our patents would survive reexamination in light of new questions of patentability that may be raised following their issuance.

We may be subject to claims for intellectual property infringement from former employers of our key employees, which could result in loss of intellectual property, our key employees or both.

Many of our employees were previously employed at universities or other biotechnology or pharmaceutical companies, including competitors or potential competitors. We could be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. In many cases, litigation may be necessary to defend against these claims.

Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management. If we fail in defending such claims, in addition to paying money claims, we may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper or prevent the ability to commercialize certain product candidates, which could severely harm our business, financial condition and results of operations.

Risks Relating to Owning our Common Shares

No public market for Zenith shares

There is currently no public market through which our common shares may be sold and it is not anticipated that our common shares will be listed on any stock exchange in the near term. There can be no assurance as to the liquidity of the trading market for our common shares or that a trading market for our common shares will develop. Even if a trading market develops for our common shares, there is no guarantee at what prices our common shares will trade. The value for our common shares may also be affected by our results of operations and financial position, changes in general market conditions, fluctuations in the market for equity or debt securities and numerous other factors beyond our control.

If we sell common shares and/or warrants in the future, existing common shareholders will experience immediate dilution and the value of our stock may decrease.

We may raise additional capital to fund our operations and to develop our products. We may raise such additional capital through the sale of our common shares and/or warrants from time to time, and our existing common shareholders would experience immediate dilution upon any such issuance.

If our estimates regarding timing of milestones are incorrect the value of our shares may decline.

For planning purposes, we estimate and may disclose timing of a variety of research and development, regulatory and other milestones. We base our estimates on present facts and a variety of assumptions. Many underlying assumptions are outside our control such as the ability to recruit patients, obtain access to clinical sites as expected or obtain approval from regulatory bodies such as the FDA to enter into trials. If we do not achieve milestones consistent with investors' expectations, the value of our shares would likely decline.

We do not currently intend to pay dividends on our common shares and, consequently, investors' ability to achieve a return on investment will depend on appreciation in the value of our common shares.

We have not to date paid any dividends on our common shares. The payment of dividends will be at the discretion of our board of directors and will depend on our results of operations, capital requirements, financial condition, future prospects, contractual arrangements, restrictions imposed by applicable law, any limitations on payments of dividends present in any debt agreements we may enter into and other factors our board of directors may deem relevant. If we do not pay dividends, your ability to achieve a return on your investment in Zenith will depend on any future appreciation in the value of our common shares. There is no guarantee that our common shares will appreciate in value or even retain the value at which our holders have acquired their common shares.

Additional Information

Additional information relating to Zenith can also be found on SEDAR+ at www.sedarplus.ca.