Consolidated Financial Statements

Principal Technologies Inc.

For the years ended July 31, 2024 and 2023
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Principal Technologies Inc.

Opinion

We have audited the consolidated financial statements of Principal Technologies Inc. and its subsidiaries (together, the Company) which comprise:

- the consolidated statement of financial position as at July 31, 2024;
- the consolidated statement of loss and comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2024, and its consolidated financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Company as of July 31, 2023 and for the year then ended, which are presented for comparative purposes, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on November 30, 2023.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended July 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, the key audit matter to be communicated in our auditors' report is as follows:

Revenue Recognition

Key Audit Matter Description

Refer to Note 2(e) Significant accounting judgments and estimates, 3(d) – Material accounting policies and Note 9 – Segmented information

The Company generates revenue primarily from contracted services. The Company recognized total revenue of $660,622 during the year ended July 31, 2024.

We identified the recognition of revenue as a key audit matter due to:

- The significance of revenue in the Company's operating results,
- The judgement required in determining when performance obligations are satisfied and the customer receives the benefit of services provided, and
- The effort in performing procedures related to revenue recognition.

Audit Response

Our approach to addressing the matter included the following procedures:

- Understanding the Company’s process for revenue and the design and implementation of controls for recognition
- Assessing the Company’s polices for the recognition of revenue for compliance with the requirements of accounting standards
- Obtaining confirmations from customers on the amount of revenue earned from contracted services performed
- Evaluating contractual terms for services provided to customers
- Performing cut-off testing of revenues by testing transactions surrounding the year-end date to ensure revenue was recorded in the appropriate fiscal year.

Other Information

Management is responsible for the other information. The other information comprises the Company’s Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Joseph Bonvillain.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
November 28, 2024

Principal Technologies Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	July 31, 2024	July 31, 2023
		$	$
Current Assets			
Cash		854,022	156,194
Amounts receivable	4	115,114	165,890
Prepaid expense and deposit	13	164,265	51,367
		1,133,401	373,451
Long-Term Assets			
Investment	5	263,720	263,427
Property and equipment	6	112,553	90,255
Total Assets		1,509,674	727,133
Current Liabilities			
Accounts payable and accrued liabilities	8	354,594	446,931
Deferred revenue		-	8,238
Lease liabilities - current portion	14	35,314	22,193
		389,908	477,362
Long-Term Liabilities			
Lease liabilities	14	51,298	52,920
Equity			
Share capital	7	4,512,165	2,496,810
Equity reserves	7	1,057,822	609,714
Accumulated other comprehensive income (loss)		6,597	(3,695)
Deficit		(4,569,158)	(2,954,121)
Total equity attributable to the Company		1,007,426	148,708
Non-controlling interest	15	61,042	48,143
		1,068,468	196,851
Total Liabilities and Equity		1,509,674	727,133

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 16)

Approved on behalf of the Board:

/s/ Gerald Trent

/s/ Leopold Specht

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

Principal Technologies Inc.

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

	Note	Years ended July 31, 2024	2023
		$	$
Revenue	9	664,027	425,632
Expenses			
Advisory and consulting	8	565,215	306,559
Depreciation	6	46,428	29,579
Directors' fees	8	18,415	39,732
Interest expense		33,179	8,259
Marketing and advertisement		63,607	24,038
Professional fees		402,311	259,296
Regulatory and transfer agent		52,272	33,116
Office and administration		88,738	93,169
Salaries and benefits		817,948	241,042
Share-based compensation	7(c),8	34,802	345,367
Travel		88,328	59,071
		2,211,243	1,439,228
Other items			
Fair value adjustment of investment		(7,471)	2,712
Foreign exchange loss		(9,544)	(7,987)
Finance income		20,039	3,053
		3,024	(2,222)
Loss before income tax		(1,544,192)	(1,015,818)
Income tax expense	12	(32,417)	(13,062)
Net loss		(1,576,609)	(1,028,880)
Other comprehensive loss			
Foreign exchange translation		15,068	23,842
Comprehensive loss		(1,561,541)	(1,005,038)
Net income (loss) attributable to:			
Shareholders of the Company		(1,615,037)	(1,031,970)
Non-controlling interest		38,428	3,090
		(1,576,609)	(1,028,880)
Comprehensive loss attributable to:			
Shareholders of the Company		(1,574,440)	(1,009,872)
Non-controlling interest	15	12,899	4,834
		(1,561,541)	(1,005,038)
Basic and diluted loss per share		(0.05)	(0.06)
Weighted average number of common shares outstanding - basic and diluted		29,564,705	18,734,913

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

Principal Technologies Inc.

Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Note	Number of shares	Share Capital	Equity Reserve	Accumulated other comprehensive income	Deficit	Non-controlling Interest	Total Equity
			$	$	$	$	$	$
Balance at July 31, 2022		17,833,924	1,927,656	429,347	(25,793)	(1,922,151)	43,309	452,368
Private placement	7(b)	3,011,537	301,154	-	-	-	-	301,154
Shares issued for services	7(b)	1,000,000	165,000	(165,000)	-	-	-	-
Shares issued for debt replacement	7(b)	1,030,000	103,000	-	-	-	-	103,000
Share-based compensation	7(c)	-	-	345,367	-	-	-	345,367
Net income (loss) for the year		-	-	-	-	(1,031,970)	3,090	(1,028,880)
Foreign translation adjustment		-	-	-	22,098	-	1,744	23,842
Balance at July 31, 2023		22,875,461	2,496,810	609,714	(3,695)	(2,954,121)	48,143	196,851
Private placement	7(b)	9,993,166	1,498,975	-	-	-	-	1,498,975
Private placement	7(b)	4,000,000	600,000	400,000	-	-	-	1,000,000
Shares issue costs	7(b)	-	(83,620)	13,306	-	-	-	(70,314)
Repayment of shareholder draws		-	-	-	-	-	(30,305)	(30,305)
Share-based compensation	7(c)	-	-	34,802	-	-	-	34,802
Net income (loss) for the year		-	-	-	-	(1,615,037)	38,428	(1,576,609)
Foreign translation adjustment		-	-	-	10,292	-	4,776	15,068
Balance at July 31, 2024		36,868,627	4,512,165	1,057,822	6,597	(4,569,158)	61,042	1,068,468

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

Principal Technologies Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years ended July 31 2024	2023
	$	$
Operating activities		
Net loss	(1,576,609)	(1,028,880)
Items not involving cash:		
Depreciation	46,428	29,579
Interest expense	26,706	8,259
Share-based compensation	34,802	345,367
Fair value adjustment of investment	(7,471)	(2,712)
Changes in non-cash working capital items:		
Amounts receivable	50,776	(100,201)
Prepaid expense and deposits	(112,898)	(40,661)
Deferred revenue	(8,238)	8,238
Amounts payable and accrued liabilities	(92,337)	310,458
	(1,638,841)	(470,553)
Investing activities		
Purchase of equipment	(68,726)	(3,252)
	(68,726)	(3,252)
Financing activities		
Proceeds from issuance of shares, net of share issuance costs	2,428,661	301,154
Capital drawn by non-controlling interests	(30,305)	-
Lease payments	(15,207)	(39,201)
	2,383,149	261,953
Effect of foreign exchange on cash	22,246	19,269
Change in cash	697,828	(192,583)
Cash, beginning	156,194	348,777
Cash, ending	854,022	156,194
Supplemental cash flow information:		
Cash paid during the year for interest	-	-
Cash paid during the year for taxes	18,976	13,062

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company is domiciled in Canada and was incorporated on April 3, 2018, under the laws of the Province of British Columbia. The address of the Company's registered and records office is 25th Floor, 700 W Georgia St., Vancouver, British Columbia, V7Y 1B3.

On August 4, 2021, the Company completed a qualifying transaction pursuant to the policies of the TSX Venture Exchange ("TSXV") and commenced trading as a Tier 2 Life Sciences Issuer on the TSXV on August 6, 2021 under the ticker symbol "PTEC". The Company is currently building a diverse portfolio of investments in healthcare technology companies with a focus on those with global distribution potential which have intellectual property capable of enhancing medical treatment, cost efficiency, optimizations of the patient pathway, and implementation of point of care technologies.

These consolidated financial statements (the "financial statements") have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. During the year ended July 31, 2024, the Company incurred a net loss of $1,576,609, and has a deficit of $4,569,158 on that date. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on management's ability to identify additional sources of capital and to raise sufficient resources in order to fund ongoing expenditures and the Company's investment plan. Although management has been successful in the past, there is no assurance these initiatives will be successful in the future. In order to fund future operations or acquisitions, the Company intends to raise additional capital by issuing equity. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

The Company prepares its annual financial statements in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

The consolidated financial statements were authorized for issue by the Board of Directors on November 27, 2024.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional and presentation currency

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

The functional currency of the Company's subsidiaries: Principal Technologies Capital Management GmbH and E&E CRO Consulting GmbH is the Euro.

2. BASIS OF PRESENTATION (Continued)

(d) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

	Incorporation	Functional currency	Percentage owned
Principal Technologies Capital Management GmbH	Austria	EURO	100%
E&E CRO Consulting GmbH	Austria	EURO	80%

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercom transactions and balances have been eliminated.

Non-controlling interest in the net assets of the consolidated subsidiaries are identified separately from the Company's equity. The non-controlling interest consists of the non-controlling interest's portion of net assets and profit or loss.

(e) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect of amounts recognized in the consolidated financial statements is as follows:

Critical judgments

Going concern

As discussed in Note 1, these consolidated financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used and such adjustments could be material. The Company reviews the going concern assessment at the end of each reporting period.

Revenue Recognition

Revenue is recognized when performance obligations are identifiable and recorded when services are provided to customers. Transaction prices are derived from specific prices either at the time of services are delivered or when the contract is signed with the customer for future delivery of services. The Company determines revenue to be recognized at a point in time when the service is immediately transferred or consumed by the end customer. Revenue is considered to be transferred over a period of time when a series of activities are performed over a longer period of time to deliver a service or good to the customer.

2. BASIS OF PRESENTATION (Continued)

Accounting Estimates

Share-based compensation

Management uses the Black-Scholes option pricing model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires assumptions of the expected future price volatility of the Company’s common shares, expected life of options and warrants, future risk-free interest rates, and the dividend yield of the Company’s common shares.

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company’s ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management’s assessment of the Company’s ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected. The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities.

(f) Recent accounting standards

Certain new standards, interpretations, amendments and improvements to existing standards are periodically issued by the IASB or IFRIC. There are no new standards which the Company reasonably expects are applicable to the Company and will significantly impact the Company during the current fiscal year.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these consolidated financial statements are described below:

(a) Cash

Cash includes deposits held with banks that are available on demand.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(b) Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

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

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

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (loss) ("OCI"). On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the 12 month expected credit losses. The Company shall recognize in the statements of net (loss) income and comprehensive (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) De-recognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

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

Gains and losses on de-recognition are generally recognized in profit or loss.

The following table shows the classification of the Company's financial instruments under IFRS 9:

Financial assets	
Cash	FVTPL
Amounts receivable	Amortized cost
Deposit	Amortized cost
Investments	FVTPL
Financial liabilities	
Amounts payable	Amortized cost
Lease liability	Amortized cost

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(c) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(d) Revenue recognition

The Company applies IFRS 15, *Revenue from Contracts with Customers.* Accordingly, revenue is recognized when a customer obtains controls of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties.

The Company provides contracted services to customers and revenues are generally recognized as the performance obligations are satisfied over time on a monthly basis, and the related expenditures are incurred pursuant to the terms of the agreement. The Company recognizes revenue from its contracts as it provides services to its customers that are completed on a monthly basis under each contract and collection is reasonably assured.

(e) Property and equipment

Office furniture and equipment is carried at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes the acquisition cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property includes significant components with different useful lives, they are recorded and depreciated separately. Estimated useful lives are reviewed at the end of each reporting period.

Office furniture is depreciated on a 10% declining balance, IT equipment is depreciated on a 25% declining balance and assets under lease are depreciated straight line, over the lease term.

(f) Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(g) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity. Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated to common shares and warrants using the residual value approach whereby the common shares are allocated value based on the quoted market price of the common shares at the time the units are priced, and then the residual value, if any, is allocated to the warrants.

(h) Share-based payments

The Company's stock option plan allows Company employees, directors, officers, consultants and charities to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black Scholes Option Pricing Model ("Black Scholes Model"), taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(i) Foreign exchange

Functional and presentation currency

The Company's functional and reporting currency is the Canadian dollar. The functional currency of the Company's subsidiaries, Principal Technologies Capital Management GmbH and E&E CRO Consulting GmbH is the Euro. Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in net loss.

(j) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

(Expressed in Canadian Dollars)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Leases are recognized as a right-of-use asset and a corresponding liability when the leased asset is available for use by the Company. Lease liabilities are initially measured at the net present value of the fixed lease payments and variable lease payments that are based on an index or a rate, discounted using the rate implicit in the lease, or if that cannot be determined, the Company's incremental borrowing rate.

Right-of-use assets are initially measured at cost, comprising of the amount of the initial measurement of the lease liability, any lease payments made at or before the lease commencement date, and restoration costs. Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease liabilities are subsequently measured at amortized cost using the effective interest method.

The Company has elected to not recognize right-of-use assets and lease liabilities for leases with a term of less than 12 months and low value leases. The lease payments for these leases are recorded as expenses as they are incurred.

4. AMOUNTS RECEIVABLE

	July 31, 2024	July 31, 2023
	$	$
Trade receivable	106,379	115,232
GST and VAT recoveries	1,645	42,049
Other receivables	7,090	8,609
	115,114	165,890

5. INVESTMENT

In March 2022, the Company completed an investment of US$200,000 ($234,702) in IFM Independent Fund Management AG – PE Capital V fund, of which the largest holding is Vision Surgery AI Inc., an artificial intelligence technology company (the "Investment"). As at July 31, 2024, the fair value of the fund investment increased by $293 to $263,720 due to foreign exchange rates less fund expenses (July 31, 2023: $263,427).

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Furniture and office equipment	Right-of-use asset	Total
	$	$	$
Cost			
As at July 31, 2022	11,619	90,428	102,047
Additions	3,252	39,201	42,453
As at July 31, 2023	14,871	129,629	144,500
Additions	3,289	39,419	42,708
As at July 31, 2024	18,160	169,048	187,208
Accumulated depreciation			
As at July 31, 2022	2,946	21,720	24,666
Charge for the period	4,839	24,740	29,579
As at July 31, 2023	7,785	46,460	54,245
Charge for the period	1,755	18,655	20,410
As at July 31, 2024	9,540	65,115	74,655
Carrying Value			
As at July 31, 2022	8,673	68,708	77,381
As at July 31, 2023	7,086	83,169	90,255
As at July 31, 2024	8,620	103,933	112,553

7. SHARE CAPITAL

(a) *Authorized*

Unlimited number of common shares with no par value.

(b) *Issued and fully paid common shares*

As at July 31, 2024, there are 36,868,627 common shares issued and outstanding.

Shares issued during the year ended July 31, 2024

On June 20, 2024, the Company completed of a non-brokered private placement financing of 4,000,000 units at $0.25 for gross proceeds of $1,000,000. Each unit consisted of one common share of the Company and one common share purchase warrant (a “Warrant”). Each Warrant entitles the holder to purchase one additional common share of the Company at $0.30 for a period of two years from the date of closing.

The value attributed to the share purchase warrants issued was $400,000 using the residual value approach.

On November 20, 2023, the Company closed the first tranche (“Tranche 1”) of a private placement issuing a total of 2,336,500 common shares at $0.15 per common share for gross proceeds of $350,475.

7. SHARE CAPITAL (Continued)

In connection with the closing of Tranche 1, finder's fees of $6,636 were paid in cash. In addition, a total of 44,240 non-transferable finder's warrants are issuable (the "Finder's Warrants"). Each Finder's Warrant entitles the finder to purchase one common share at an exercise price of $0.20 per share for two years from the date of issue. Using the Black Scholes Model, the grant date fair value was $3,178, or $0.07 per Finder's Warrant. The following weighted average assumptions were used for the valuation of the Finder's Warrant: risk free interest rate of 4.42%, expected life of 2 years, annualized volatility of 112% and dividend rate of 0.00%.

On December 21, 2023, the Company closed the second tranche (“Tranche 2”) of the non-brokered private placement. Under Tranche 2, the Company issued 6,823,333 common shares at $0.15 per share for gross proceeds of $1,023,500.

In connection with the closing of Tranche 2, cash finder’s fees of $33,720 were paid and a total of 224,800 Finder's Warrants are issuable. Each Finder’s Warrant entitles the holder to purchase one common share of the Company for a period of 24 months from the date of issuance at a price of $0.20 per share. Using the Black Scholes Model, the grant date fair value was $15,268, or $0.07 per Finder's Warrant. The following weighted average assumptions were used for the valuation of the Finder's Warrants: risk free interest rate of 3.97%, expected life of 2 years, annualized volatility of 112% and dividend rate of 0.00%.

On January 18, 2024, the Company closed the third and final tranche (“Tranche 3”) of the non-brokered private placement. Under Tranche 3, the Company issued 833,333 common shares at $0.15 per share for gross proceeds of $125,000.

In connection with the closing of Tranche 3, cash finder’s fees of $4,000 were paid and a total of 26,667 Finder's Warrants are issuable. Each Finder’s Warrant entitles the holder to purchase one common share of the Company for a period of 24 months from the date of issuance at a price of $0.20 per share. Using the Black Scholes Model, the grant date fair value was $2,110, or $0.08 per Finder's Warrant. The following weighted average assumptions were used for the valuation of the Finder's Warrants: risk free interest rate of 4.23%, expected life of 2 years, annualized volatility of 112% and dividend rate of 0.00%.

Shares issued during the year ended July 31, 2023

On July 5, 2023, the Company completed a non-brokered financing of up 3,011,537 units at $0.10 for gross proceeds of up to $301,154. Each unit consisted of one common share of the Company and one common share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at $0.12 for a period of three years from the date of closing. The fair value of the share purchase warrants issued was determined to be $nil using the residual value approach.

On March 6, 2023, the Company agreed to settle outstanding debt owed by the Company to certain directors and consultants of the Company on account of unpaid director and consultant fees. The Company issued 630,000 common shares to directors and 400,000 common shares to a consultant. The common shares were issued at a deemed price of $0.10 per share.

On March 31, 2023, the Company issued 1,000,000 shares for services related to the acquisition of E&E CRO Consulting GmbH.

7. SHARE CAPITAL (Continued)

(c) Share options

On July 11, 2023, the Company adopted a new 20% fixed share option plan (the “New Option Plan”). The New Option Plan will reserve for issuance 4,575,092 common shares of the Company and was approved by the TSXV and the Shareholders of the Company.

Under the new plan, the maximum term of each option shall not be greater than 10 years. The exercise price of each option shall not be less than the market price of the Company’s shares at the date of grant. Options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than 1/4 of such options vesting in any three-month period. All other share options vest at the discretion of the Board of Directors.

During the year ended July 31, 2024

On August 21, 2023, the Company granted 15,000 share options to employees of the Company. The options vested immediately and are exercisable at a price of $0.15 per share until August 21, 2033. Using the Black Scholes Model, the grant date fair value was $2,108, or $0.09 per option. The following weighted average assumptions were used for the valuation of the share options: risk-free interest rate of 3.86%, expected life of 10 years, annualized volatility of 112% and dividend rate of 0.00%.

On October 17, 2023, the Company granted 100,000 share options to an advisor of the Company. The options vested immediately and are exercisable at a price of $0.15 per share until October 17, 2033. Using the Black Scholes Model, the grant date fair value was $11,647, or $0.09 per option. The following weighted average assumptions were used for the valuation of the share options: risk free interest rate of 4.14%, expected life of 10 years, annualized volatility of 112% and dividend rate of 0.00%.

During the year ended July 31, 2023

On July 10, 2023, the Company granted 2,925,000 share options to various directors, officers, advisors and consultants of the Company, of which 2,125,000 were granted to the CEO, subject to shareholder approval, and was approved on December 12, 2023. All options vested immediately and are exercisable at a price of $0.12 per share until July 10, 2033. Using the Black Scholes Model, the grant date fair value was $342,691, or $0.09 per option. The following weighted average assumptions were used for the valuation of the share options: risk-free interest rate of 3.53%, expected life of 10 years, annualized volatility of 112% and dividend rate of 0.00%.

On July 10, 2023, the Company granted 200,000 share options to an investor relations consultant. The options vest over a 12-month period, and are exercisable at a price of $0.12 per share until July 10, 2033. Using the Black Scholes Model, the grant date fair value was $23,432, or $0.12 per option. $2,676 of share-based compensation expense related to the year ended July 31, 2023 in relation to this grant. The following weighted average assumptions were used for the valuation of the share options: risk-free interest rate of 3.63%, expected life of 10 years, annualized volatility of 112%, forfeiture rate of 5%, and dividend rate of 0.00%.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

A summary of the changes in share options is presented below:

	Number of Options	Weighted average exercise price
		$
Balance, July 31, 2022	1,650,000	0.15
Expired	(600,000)	(0.14)
Granted	3,125,000	0.12
Balance, July 31, 2023	4,175,000	0.13
Granted	115,000	0.15
Balance, July 31, 2024	4,290,000	0.13

The following table summarizes information about the share options outstanding and exercisable at July 31, 2024:

Outstanding	Exercisable	Exercise Price	Expiry date
		$	
3,125,000	3,125,000	0.12	July 11, 2033
700,000	700,000	0.16	December 3, 2031
100,000	100,000	0.16	January 10, 2032
15,000	15,000	0.15	August 21, 2033
100,000	100,000	0.15	October 17, 2033
250,000	250,000	0.14	May 20, 2032
4,290,000	4,290,000		

(d) Warrants

A summary of the changes in warrants is presented below:

	Warrants outstanding	Weighted average exercise price
		$
Balance July 31, 2022	-	-
Granted	3,011,537	0.12
Balance, July 31, 2023	3,011,537	0.12
Granted	4,295,707	0.29
Balance, July 31, 2024	7,307,244	0.22

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

The following table summarizes information about the warrants outstanding and exercisable at July 31, 2024:

Outstanding	Exercisable	Exercise Price	Expiry date
		$	
3,011,537	3,011,537	0.12	July 5, 2026
44,240	44,240	0.20	November 20,2025
224,800	224,800	0.20	December 21,2025
26,667	26,667	0.20	January 18, 2026
4,000,000	4,000,000	0.30	June 20, 2026
7,307,244	7,307,244		

8. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors ("Board") and corporate officers.

Remuneration of key management personnel was as follows:

	July 31, 2024	July 31, 2023
	$	$
Consulting and management fees	817,545	273,445
Directors fees	4,859	18,415
Share-based compensation	1,500	307,543
	823,904	599,403

As at July 31, 2024, there is $90,251 (July 31, 2023: $233,586) owing to key management personnel recorded in accounts payable and accrued liabilities. The amount consists of accrued director fees of $82,967 (July 31, 2023: $154,243) and amounts owing to the CEO and CFO for monthly services of $7,284 (July 31, 2023: $79,343).

9. SEGMENTED INFORMATION

As at July 31, 2024, the Company operates in one reportable operational segment, being its operations in health-care technology including the project management of international scale clinical studies primarily related to medical device technologies.

During the year ended July 31, 2024 and 2023, the Company's total revenue was derived from clinical study services in Austria.

During the year ended July 31, 2024, revenue included 1 (2023 – 3) customers which represented 74% of total revenue (2023: 29%, 25% and 11%).

As at July 31, 2024, one customer represented 69% (2023 – 87%) of trade receivables.

10. FINANCIAL INSTRUMENTS

Financial Risk Management

Cash and the investment are recorded at fair value through profit and loss. Amounts receivable, deposit, amounts payable and lease liabilities are recorded at amortized cost which approximates fair value due to the short-term nature of these instruments.

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

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

As at July 31, 2024, the Company did not have any financial assets and liabilities which are measured at fair value on a recurring basis, other than cash and the investment. There were no transfers between Level 1, 2 or 3 during the year. Cash is measured at fair value using Level 1 inputs and totals $854,022. The long-term investment is measured at fair value using inputs that are classified as Level 3 and totals $263,720. The change in Level 3 measurement includes a fair value loss of $7,645 ($2,712 fair value gain in 2023) and foreign exchange gain of $7,839 ($4,575 foreign exchange gain in 2023). The long-term investment (see Note 5) in a fund which contains an equity investment in an unlisted private company is measured using Level 3 inputs based on prices in recent financings.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk arises from the potential for non-performance by counter parties of contractual financial obligations. The Company is exposed to credit risk on cash and amounts receivable. The Company reduces its credit risk on cash by maintaining its bank accounts with large international financial institutions. The maximum exposure to credit risk is equal to the carrying value of its cash and amounts receivable. Credit risk is assessed as low.

Liquidity Risk

At July 31, 2024, the Company had cash of $854,022 to settle current liabilities of $389,908, and had working capital of $743,493. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity issuances (Note 1). The Company manages its liquidity risk by forecasting cash flows required by operations and anticipating any investing and financing activities. Management and the Board are actively involved in the review, planning, and approval of significant expenditures and commitments. Liquidity risk is assessed as high.

10. FINANCIAL INSTRUMENTS (Continued)

Currency risk

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Company's reporting currency, will fluctuate due to changes in exchange rates. As at July 31, 2024, the Company's investment of $200,000 (2023: $200,000) is recorded in U.S. dollars (Note 5). As a result, the Company will be affected by changes in the U.S. dollar relative to the Canadian dollar.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and equity prices:

Interest Rate Risk

Interest rate risk consists of two components:

- To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company's financial instruments fluctuations in market rates do not have a significant impact on estimated fair values as of July 31, 2024. Future cash flows from interest income on cash will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity. Interest rate risk is assessed as low.

Equity Price Risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company is not exposed to price risk.

11. CAPITAL MANAGEMENT

The Company's primary source of funds comes from the issuance of share capital. The Company does not have sources of financing that require fixed payments of interest and principal as the Company does not generate cash flow from current operations. Accordingly, the Company is not subject to any externally imposed capital requirements.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions (Note 1). The Company believes that it will be able to raise sufficient funds from share issuances to fund its working capital for the coming year. There have been no changes to the Company's approach to capital management during the year.

(Expressed in Canadian Dollars)

12. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2024 $	2023 $
Net loss for the year before income taxes	1,544,192	1,028,880
Expected income tax recovery	(416,932)	(271,677)
Non-deductible items	9,397	93,249
Other items	(42,078)	31,711
Changes in deferred income tax assets not recognized	482,030	159,779
Total income tax expense	32,417	13,062

The significant components of the Company's deferred tax assets that have not been included on the consolidated statements of financial position are as follows:

	2024 $	2023 $
Non-capital losses	1,061,540	593,930
Share issue costs	15,249	829
	1,076,789	594,759
Deferred income tax assets not recognized	(1,076,789)	(594,759)
Net deferred tax assets	-	-

The Company has non-capital losses of approximately $4,008,593 that may be carried forward and applied against taxable income in the future years. These losses, if not utilized, will expire through 2044. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize these benefits.

13. VIVOSTAT PENDING TRANSACTION

On February 6, 2024, the Company entered into an arm's length binding share purchase agreement to acquire 100% of the equity interests of Vivostat A/S ("Vivostat"), a 23 year old Danish company which uses a unique autologous fibrin sealant solution for post surgical use.

The Company will pay approximately €7,500,000 in cash ($11,211,750) plus 2,500,000 common shares in the capital of the Company to the owners of Vivostat, as adjusted under the share purchase agreement.

On March 8, 2024, the Company entered into a binding commitment with a European fund that will provide a secured loan in the principal amount of €8,000,000 ($11,959,200) (the "Loan") to provide acquisition financing with respect to the cash portion of the purchase price for Vivostat, and for general working capital purposes.

The terms of the Loan include:

- The secured loan shall be provided to the Company by the Lender on a lump sum basis;
- interest rate of 12.00% per annum on the principal amount outstanding, payable up to and including the date which is six years after the initial advance under the Loan (the "Loan Maturity Date");
- Interest will be payable quarterly and principal amount payable in 20 quarterly installments;
- Principal amount and interest in the first year shall not be paid until the Loan Maturity Date;
- The loan will be secured by, among other things, a pledge of all the shares acquired in Vivostat; and
- Payment shall be permitted in full or in part with a 6% prepayment penalty on the prepaid amount. The Loan provides full financing for the Company to close the Vivostat acquisition, and after final adjustments any remaining funds will be utilized by the Company for working capital purposes.

In the event the Company does not complete the purchase transaction, within a certain timeline, the seller is entitled to a fee of €125,000 ($186,862). As at July 31, 2024, the Company had advanced €100,000 ($149,490) to its lawyer in trust for payment of this fee. This amount is shown in prepaid expense and deposit as at July 31, 2024.

On November 8, 2024, the Company paid the fee of €125,000 ($186,862) to the seller. As of November 28, 2024 the Company has not received the funds to complete this transaction, and the purchase of Vivostat has not closed.

(Expressed in Canadian Dollars)

14. LEASE LIABILITY

Minimum lease payments in respect of lease liabilities for the right of use assets included in Property and Equipment (Note 6) and the effect of discounting are as follows:

	2024 $	2023 $
Undiscounted minimum lease payments:		
Less than one year	55,150	55,150
Two to five years	92,734	81,235
Effective of discounting at 12%	(6,122)	(6,122)
Present value of minimum lease payments - total lease liability	86,612	75,113
Less: current portion	(35,314)	(22,193)
Long-term lease liability	51,298	52,920

15. NON-CONTROLLING INTEREST

The net change in non-controlling interests is as follows:

	$
Balance, July 31, 2022	43,309
Share of comprehensive loss for the year	4,834
Balance, July 31, 2023	48,143
Capital drawn by non-controlling interest	(30,305)
Share of comprehensive loss for the year	43,204
Balance, July 31, 2024	61,042

16. SUBSEQUENT EVENTS

a) On September 16, 2024, the Company granted 925,000 conditional share options to certain officers and consultants of the Company. The conditional options vested immediately and are exercisable at a price of $0.16 per share until September 16, 2034. The Company also granted 1,500,000 conditional share options to the CEO of the Company. The conditional share options vested immediately and are exercisable at a price of $0.16 per share until September 16, 2034. Exercise of the conditional share options is subject to both shareholder and TSXV approval.

b) On November 26, 2024, the Company issued 363,500 common shares at $0.25 each to settle debts of $90,875 due to arms-length parties. The common shares are subject to a four month plus one day hold period from the date of issuance.

c) On November 26, 2024, the Company completed a private placement of 342,484 units at $0.25 each for gross proceeds of $85,621. Each unit consists of a common share of the Company and a warrant entitling the holder to purchase an additional share of the Company for a period of two years. The common shares are subject to a four month plus a day holding period from the date of issuance.