

MEDX HEALTH CORP.

Financial Statements

For the Years Ended December 31, 2024 and 2023

(Presented in Canadian dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements for MedX Health Corp. were prepared by management in accordance with International Financial Reporting Standards (IFRS). Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards, using accounting policies consistent and appropriate in the circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of, and for the periods presented in the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Stephen Lockyer"

Stephen Lockyer
President and Chief Executive Officer

"Christopher H. Freeman"

Christopher H. Freeman
Acting Chief Financial Officer

April 29, 2025
Mississauga, Ontario

INDEPENDENT AUDITORS' REPORT

To the Shareholders of MedX Health Corp.

Opinion

We have audited the accompanying statements of MedX Health Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of loss and comprehensive loss, statements of changes in shareholders' deficiency, statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended, in conformity with replaced with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes the events and conditions that indicate the existence of material uncertainties 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 Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Spence Walker.

Kreston GTA LLP

Chartered Professional Accountants
Markham, Canada
April 28, 2025

MEDX HEALTH CORP.Statements of Financial Position
Presented in Canadian dollars

As of December 31	2024	2023
ASSETS		
Current assets		
Cash	\$ 158,290	\$ 138,185
Accounts receivable (Note 3)	29,541	7,697
Inventory (Note 4)	376,526	336,622
Sales taxes receivable	264,344	105,427
Prepaid expenses and deposits	16,130	15,549
	844,831	603,480
Non-current assets		
Property, equipment and right of use asset (Note 5)	39,318	86,134
	\$ 884,149	\$ 689,614
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 15)	\$ 2,384,111	\$ 1,978,082
Deferred revenue	9,872	9,105
Short-term loans (Note 7)	3,950,881	660,681
Current portion of Long-term debt (Note 7)	1,987,730	4,301,396
	8,332,594	6,949,264
Non-current liabilities		
Long-term debt (Note 7)	1,075,655	882,199
	9,408,249	7,831,463
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 8)	27,488,507	26,951,856
Warrants (Note 8)	1,790,082	1,844,389
Equity portion of convertible debt	2,338,034	3,304,988
Contributed surplus	14,361,975	11,606,645
Deficit	(54,502,698)	(50,849,727)
	(8,524,100)	(7,141,849)
	\$ 884,149	\$ 689,614

See accompanying notes to the financial statements.

Approved on behalf of the Board of Directors,

"Ken McKay"
Chairman

"David Hennigar"
Director

MEDX HEALTH CORP.

Statements of Loss and Comprehensive Loss
Presented in Canadian dollars

Years ended December 31	2024	2023
Revenue (Note 11)	\$ 489,698	456,088
Cost of sales (Note 17)	295,468	270,460
Gross profit	194,230	185,628
Expenses		
Selling, general and administrative (Note 16)	1,971,709	2,627,905
Product and software development	526,276	586,084
Interest expense	1,349,216	2,150,001
Gain on disposal of subsidiaries (Note 18)	-	(597,814)
	3,847,201	4,766,176
Net loss and comprehensive loss for the year	\$ (3,652,971)	\$ (4,580,548)
Loss per share, basic and fully diluted (Note 10)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding	266,720,459	196,764,391

See accompanying notes to the financial statements.

MEDX HEALTH CORP.

Statements of Changes in Shareholders' Deficiency Presented in Canadian dollars

Years ended December 31, 2024 and 2023

	Number of Common Shares	Common Shares	Warrants	Equity Portion of Convertible Debt	Contributed Surplus	Deficit	Total
Balance, December 31, 2023	261,956,603	\$ 26,951,856	\$ 1,844,389	\$ 3,304,988	\$ 11,606,645	\$ (50,849,727)	(7,141,849)
Net loss for the year	-	-	-	-	-	(3,652,971)	(3,652,971)
Issuance of Units	7,857,142	312,291	229,692	-	-	-	541,983
Expiry of warrants	-	-	(467,566)	-	467,566	-	-
Maturity of convertible debt	-	-	-	(2,149,360)	2,149,360	-	-
Extension of convertible debentures	-	-	-	1,338,573	-	-	1,338,573
Conversion of convertible debentures	2,500,000	224,360	183,567	(156,167)	-	-	251,760
Share-based compensation	-	-	-	-	138,404	-	138,404
Balance, December 31, 2024	272,313,745	\$ 27,488,507	\$ 1,790,082	\$ 2,338,034	\$ 14,361,975	\$ (54,502,698)	\$ (8,524,100)
Balance, December 31, 2022	183,799,459	\$ 23,958,413	\$ 918,315	\$ 3,465,611	\$ 10,845,864	\$ (46,269,179)	(7,080,976)
Net loss for the year	-	-	-	-	-	(4,580,548)	(4,580,548)
Issuance of secured convertible debentures	-	-	-	1,966,530	-	-	1,966,530
Conversion of convertible debentures	62,871,430	2,318,481	993,642	(2,127,153)	-	-	1,184,970
Exercise of warrants	714,286	65,801	(15,801)	-	-	-	50,000
Expiry of warrants	-	-	(450,748)	-	450,748	-	-
Issuance of Private Placement	14,571,428	609,161	398,981	-	-	-	1,008,142
Share-based compensation	-	-	-	-	310,033	-	310,033
Balance, December 31, 2023	261,956,603	\$ 26,951,856	\$ 1,844,389	\$ 3,304,988	\$ 11,606,645	\$ (50,849,727)	\$ (7,141,849)

See accompanying notes to the financial statements.

MEDX HEALTH CORP.
Statements of Cash Flows
Presented in Canadian dollars

Years ended December 31	2024	2023
Cash flows from operating activities		
Net loss for the year	\$ (3,652,971)	\$ (4,580,548)
Adjustments for non-cash items		
Depreciation of property, equipment and right of use asset	46,816	51,827
Increase (decrease) in provision for expected credit losses	-	61,748
Interest expense	1,349,216	2,121,897
Gain on disposal of subsidiaries	-	(597,814)
Share-based compensation	138,404	310,033
	(2,118,535)	(2,632,857)
Net change in non-cash operating working capital items:		
Accounts receivable	(21,842)	(61,249)
Inventory	(39,904)	155,669
Sales taxes receivable	(158,917)	(68,215)
Prepaid expenses and deposits	(581)	(59)
Accounts payable and accrued liabilities	406,026	(214,005)
Deferred revenue	767	(3,070)
	185,549	(190,929)
Interest paid	(577,696)	(598,352)
Net cash used in operating activities	(2,510,682)	(3,422,138)
Cash flows from investing activities		
Purchases of property and equipment	-	-
Net cash used in investing activities	-	-
Cash flows from financing activities		
Proceeds from issuance of units, net of issue costs	425,983	413,142
Proceeds from exercise of warrants	-	50,000
Proceeds from long term debt	-	1,908,446
Repayment of lease liability	(51,396)	(44,442)
Proceeds from issuance of short-term loans	2,206,000	1,140,681
Repayment of short-term loans	(49,800)	(50,000)
Net cash from financing activities	2,530,787	3,417,827
Net change in cash for the year	20,105	(4,311)
Cash, beginning of year	138,185	142,496
Cash, end of year	\$ 158,290	\$ 138,185
Non-cash transactions (Notes 7, 15)	\$ 116,000	\$ 1,605,000

See accompanying notes to the financial statements.

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Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
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1. NATURE OF OPERATIONS AND GOING CONCERN

MedX Health Corp. (“MedX” or “the Company”) is incorporated under the laws of Ontario. The Company develops and manufactures skin-related screening tools and phototherapy devices for pain relief and tissue repair, marketing the latter in Canada and the United States while the skin related screening tools are also marketed in Europe, Australia and selected markets in Latin America.

The Company’s shares are listed on the TSX Venture Exchange under the symbol MDX. Its head office, principal address, and registered office is located at 1495 Bonhill Road, Unit #1, Mississauga, ON, L5T 1M2.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. As at December 31, 2024, the Company had current liabilities in excess of current assets of \$7,487,763 (December 31, 2023 – \$6,345,784), had an accumulated deficit of \$54,502,968 (December 31, 2023 - \$50,849,727), and shareholders' deficiency of \$8,524,100 (December 31, 2023 - \$7,141,849). These conditions indicate the existence of material uncertainties 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 upon achieving a profitable level of operations and obtaining additional financing, neither of which is assured. The Company raised equity and debt during 2023 and 2024 and will require additional capital to continue to develop and market its products and as it continues to develop sales opportunities. These financial statements do not give effect to any adjustments which might be necessary should the Company be unable to continue as a going concern and be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements. These adjustments could be material.

Operating segments are reported in a manner consistent with the internal reporting provided to the Company’s chief operating decision maker (CODM). The CODM has been identified as the Board of Directors of the Company. For management purposes, the Company uses the same measurement policies as those used in its financial statements. The CODM evaluates the performance of each segment based on net profit (loss). The Company operates in a single reportable operating segment. As of December 31, 2024, substantially all of the Company’s assets are located in Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements of the Company and its subsidiaries have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”), effective for the reporting year ended December 31, 2024.

These financial statements were approved by the Board of Directors effective April 28, 2025

Basis of Presentation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements include the accounts of MedX Health Corp. as of December 31, 2023 and December 31, 2024. The Company sold its wholly owned inactive subsidiaries, MedX Electronics Inc. and LaserPath Therapeutics Inc. in 2023 (Note 18), and the results of those companies are included to the date of disposition. The comparative financial information is on a consolidated basis. All inter-company transactions and balances between the entities have been eliminated for the periods up to the date of sale of the subsidiaries.

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Recent Accounting Pronouncements

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective and is currently analyzing them to determine their impact on the financial statements:

The following amendments in accounting policies are effective for future periods:

- Amendments to IAS 12 deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IAS 12 international tax reform – Pillar two model rules

The following amendments are new and revised standards and interpretation for future periods:

- Amendments to IAS 1 – Classification of liabilities as current or non-current and amendments to IAS 1 – non-current liabilities with covenants;
- Amendments to IAS 7 and IFRS 7 supplier financing arrangements

Significant Accounting Judgments and Estimates

The preparation of the financial statements requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and are reviewed periodically, and adjustments, if necessary, are made in the period in which they are identified. Actual results could differ from those estimates.

Judgements:

- Going concern – The preparation of these financial statements requires management to make judgements regarding its ability to continue as a going concern as discussed in Note 1.
- Revenue recognition – Management makes judgements with respect to the point of time at which revenue is recognized, and whether the revenue will be recognized at point of time or over a period of time, as discussed in Note 2 – Revenue Recognition.

Estimates:

- Expected credit losses – Management estimates the collectability of specific accounts and records an appropriate allowance for credit losses, as discussed in Note 13 – Credit Risk.
- Inventory valuation – Management assesses the net realizable value based on a review of estimated selling prices net of costs to make the sale, taking into account current market conditions and historic experience.
- Convertible debentures – Management determines an appropriate discount rate used to determine the present value of the obligations in assessing the value attributable to the liability and equity components of convertible loans.
- Share-based payments - The fair value of share-based payments is estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk-free rate of return, and the estimated rate of forfeiture of options granted.
- Deferred income taxes - In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, expected timing of reversals of existing temporary differences, and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Estimates of future taxable income are

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based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. In addition, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Income taxes

Income tax expense represents the sum of current income taxes and deferred income taxes. Current and deferred taxes are recognized in profit and loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. Under these circumstances, the taxes are recognized in other comprehensive loss or directly in equity.

Current income taxes -

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute current income tax assets and liabilities are measured at tax rates which have been enacted or substantively enacted at the reporting date. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income taxes -

Deferred income taxes are provided using the asset and liability method applied to temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, and carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax assets and deferred income tax liabilities are offset if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

Share-based payment transactions

Employees, directors, and service providers of the Company may receive a portion of their compensation in the form of share-based payment transactions, whereby services are rendered as consideration for equity instruments ("equity-settled transactions").

Options granted to employees and others providing similar services are measured at the fair value of goods or services received unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company would measure the value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, which the Company does using the Black-Scholes option-pricing model. The fair value of the options granted is determined as at the grant date.

Stock options granted to non-employees are valued at the fair value of the goods or service received, measured at the date on which the goods are received, or the services rendered. If the Company cannot estimate reliably the fair value of the goods or services received, it measures the value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, which the Company does using the Black-Scholes option-pricing model. The fair value of the options granted is determined as at the grant date.

Net loss and comprehensive loss per share

Loss per share and comprehensive loss per share are based on the weighted average number of common shares outstanding for the year. In a year when the Company reports a loss and comprehensive loss, the effect of potential issuances of shares under convertible debentures, options and warrants outstanding would be anti-dilutive and, therefore basic and diluted loss and comprehensive loss per share are the same.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the

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Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Common shares (share capital) and subscriber warrants

Common shares are classified as share capital. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Where common shares and subscriber warrants are offered together as a “unit”, the Company allocates the consideration received per unit, net of any issuance costs, to the common shares and warrants based on their relative fair values. The fair value of warrants is measured using a Black-Scholes option pricing model.

Financial instruments

Financial assets

Financial assets are initially recorded at fair value and after initial recognition are either measured at amortized cost or at fair value, as Fair value through profit or loss (“FVTPL”) or at Fair value through other comprehensive income (FVOCI) as either certain debt or certain equity instruments. Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through operations.

Financial assets are classified and subsequently measured at amortized cost based on meeting the following criteria of (i) Hold to collect business model test – the asset being held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows and (ii) Solely payments of principal and interest (SPPI) contractual cash flow characteristics test – the contractual terms of the financial asset give rise to cash flow that are SPPI on the principal amount outstanding on a specified date.

Expected credit losses associated with accounts receivable require management to assess forward looking and economic factors to determine whether there is a significant increase in credit risk as well as the expected provision on the balance outstanding as at the end of the period.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as either at amortized cost or at FVTPL. Financial liabilities are measured at amortized cost unless either the financial liability is held for trading and is therefore measured at FVTPL, or the Company elects to measure the financial liability at FVTPL.

The Company applies the following classifications to each of its significant categories of financial instruments:

Asset/Liability	Category/Measurement	Measurement
Cash	Amortized cost	Amortized cost
Accounts receivable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Demand loans	Amortized cost	Amortized cost
Long-term debt	Amortized cost	Amortized cost
Convertible Loans	Amortized cost	Amortized cost

Compound Financial Instruments

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The Company evaluates the terms of its financial instruments to determine whether they are compound financial instruments containing a liability and equity component. Such components are classified separately by their nature as either financial liabilities or equity instruments. The initial carrying amounts of the financial liability component of a compound financial instrument is recognized at the fair value of a similar financial liability that does not have an equity component and the residual value is allocated to equity component. Transaction costs related to compound financial instruments are allocated between liability and equity components in proportion to their initial carrying amounts. Liability components are subsequently measured at amortized cost using the effective interest method. Equity components are not re-measured subsequent to initial recognition. On conversion or expiry, the equity component is transferred to share capital or contributed surplus as applicable.

Foreign currency

a. Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Company.

b. Foreign currency transactions

Foreign currency monetary assets and liabilities are translated into the entity's functional currency using the closing rate at the end of each reporting period. Non-monetary assets and liabilities are translated at the rates on the date the fair value was determined or at historical cost using the rate at the date of the transaction. Translation gains and losses are included in the statement of comprehensive loss.

Revenue recognition

The Company's revenue is derived from selling medical devices, with revenue recognized at the point in time when the goods are shipped and considered transferred to the customer. The level of judgement required in determining the point at which control is passed to the customer is low, as upon shipment, the Company no longer has possession of the products, will have received full, partial or a right to full payment, and the risks and rewards of ownership of the product have been assumed by the customer.

All of the medical devices sold by the Company include warranties which require it to repair or replace products during the warranty period if the product fails to work to the specifications agreed at the time of sale. Such warranties are not accounted for as separate performance obligations, and no revenue is allocated to them.

A portion of the Company's medical device products involve a device that is integrated with software that is licensed to the end user of the product, such that the device is attached to a computer on which the software resides, and data from the operation of the device is interpreted and displayed for the user. As the software is integral to the functionality and operation of the device and the software is dependent on the data from the device to provide benefits to the customer, the granting of the license is not considered distinct from the device, and the Company accounts for the software and granting of its license and the device as a single performance obligation. During the license period, the Company maintains the software and provides limited support to the customer, which the Company considers to be a separate performance obligation, for which it allocates a portion of the price, and recognizes this revenue over the license period. This is included under 'deferred revenue' on the balance sheet.

Cash

Cash includes cash on hand and short-term, highly liquid investments with maturities when acquired of less than three months, held for purposes of meeting short-term cash requirements.

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Inventory

Raw materials, work-in-process and finished goods inventories are stated at the lower of cost and net realizable value, with cost determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Finished goods and work-in-process inventory costs include raw materials, direct labour and allocation of overheads. A provision for shrinkage and obsolescence is calculated based on historical experience. Management reviews the entire provision to assess whether, based on economic conditions, it is adequate.

Product and software development

Expenditures on research, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized as an expense when incurred.

Development costs are expensed as incurred, unless all of the following criteria are met: the intention and the technical feasibility of completing the intangible asset for use or sale; the ability to use or sell the intangible asset; probable future economic benefits; resources to complete the development; and the ability to measure the expenditure attributable to the intangible asset during development. As at December 31, 2024 and 2023, as it is not yet possible to determine the level of certainty that the economic benefits are probable, no development costs have been capitalized.

Property, equipment and right of use asset

Property and equipment are recorded at cost net of accumulated depreciation and write-downs for impairment, if any. Depreciation is calculated on a straight-line basis over the remaining term of the lease for the right of use asset, and using the declining balance method over their estimated useful lives for property and equipment, at the following annual rates:

Furniture	-	20%
Computers	-	30%
Manufacturing equipment	-	20% - 30%
Right of use asset	-	term of lease

Leases

Leases are accounted for by recognizing a right-of-use asset in property and equipment and a lease liability, except for leases of low value assets and leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Further, lease terms are based on assumptions regarding extension terms that allow for operational flexibility and favorable future market conditions.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognized where the Company is contractually required to restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, whichever is shorter.

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Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the current market of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

3. ACCOUNTS RECEIVABLE

The amount of accounts receivable is net of an allowance for expected credit losses. The changes in and balances for the allowance for expected credit losses of trade receivables is as follows:

	2024	2023
Balance, beginning of year	\$ 116,490	\$ 227,238
Provision for expected credit losses	-	116,489
Write-off	-	(227,237)
Balance, end of year	\$ 116,490	\$ 116,490

4. INVENTORY

	2024	2023
Raw materials	\$ 228,838	\$ 115,361
Finished goods	147,688	221,261
	\$ 376,526	\$ 336,622

For the year ended December 31, 2024, \$275,999 (2023 - \$249,834) of inventory was included in cost of sales in the statements of loss.

During 2024, the Company did not make a provision for inventory it considers obsolete (2023 - \$115,415).

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5. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSET

	Furniture and Office Equipment	Manufacturing Equipment	Right of Use Asset	Total
Cost				
Balance December 31, 2023 and 2024	\$ 155,401	55,112	214,893	425,406
Accumulated Depreciation				
Balance, January 1, 2023	\$ 136,106	51,055	100,284	287,445
Depreciation	8,074	774	42,979	51,827
Balance, December 31, 2023	144,180	51,829	143,263	339,272
Depreciation	3,273	565	42,979	46,816
Balance December 31, 2024	\$ 147,453	\$ 52,394	\$ 186,242	\$ 386,088
Carrying Value				
Balance, December 31, 2023	\$ 11,221	\$ 3,283	\$ 71,630	\$ 86,134
Balance December 31, 2024	\$ 7,948	\$ 2,718	\$ 28,651	\$ 39,318

In 2024, depreciation expense of \$15,836 (2023 - \$13,945), was included in cost of sales, and \$30,980 (2023 - \$37,955) in selling, general and administrative expenses.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are principally comprised of amounts accrued or outstanding for trade purchases relating to inventory and administrative expenses, interest and other accrued liabilities.

	2024	2023
Accounts payable	\$ 336,782	\$ 629,732
Payroll withholdings	144,055	6,036
Accrued Interest	520,398	357,256
Other accrued liabilities	1,382,876	985,058
	\$ 2,384,111	\$ 1,978,082

7. SHORT-TERM LOANS AND LONG-TERM DEBT

a) Short-term loans

	2024	2023
Demand loans - related parties	\$ 2,700,881	\$ 660,681
Demand loans - other	1,250,000	-
	\$ 3,950,881	\$ 660,681

Demand loans – related parties:

As of December 31, 2024, there were \$2,700,881 of short-term loans owing by the Company to related parties (December 31, 2023 - \$660,681). The loans have an interest rate of 10% per annum and are considered due on demand. Of the loans, \$2,244,881 are unsecured and \$456,000 are secured by a charge on the Company's assets through a promissory note. A total of \$2,206,000

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of short-term loans were advanced to the Company during 2024, \$116,000 were settled through participation in a private placement and \$49,800 was repaid.

In 2023, a total of \$1,140,681 of short-term loans were advanced to the Company, all of which were unsecured. During 2023, loans totaling \$1,010,000 were settled through participation in the issue of secured convertible debentures. In addition, loans amounting to \$480,000 were settled through participation in a private placement of shares and \$50,000 was repaid.

Demand loans - other

The Series I Convertible Notes issued by the Company in 2021 were due for repayment on December 31, 2023, remained unpaid and were considered due on demand. A portion of the Noteholders agreed to extend the terms of their Notes, and holders representing \$1,250,000 of Notes did not agree to an extension. The non-extended loans are unsecured, no longer have conversion privileges, and are due on demand, with the loans bearing interest at 6.0%, payable quarterly.

b) Long-term debt

	December 31	December 31
	2024	2023
Convertible debentures	\$ 2,965,156	\$ 5,033,970
Lease liability	38,229	89,625
Canada Emergency Business Account	60,000	60,000
	3,063,385	5,183,595
Less:		
Current portion of Convertible debentures	(1,949,501)	(4,250,000)
Current portion of lease liability	(38,229)	(51,396)
	(1,987,730)	(4,301,396)
	\$ 1,075,655	\$ 882,199

Convertible Debentures

Convertible Debenture Loan Notes –

Extended Series I Notes –

The Company issued \$4,500,000 of Series I Notes in 2021, of which \$4,250,000 were outstanding when they became due on December 31, 2023, at which time they were considered as due on demand. The Notes were unsecured, had an interest rate of 6.0%, payable quarterly, and were convertible into units at \$0.14, with each unit consisting of one common share and one-half warrant, with a full warrant exercisable at \$0.20 prior to the due date. In 2024, note-holders representing \$3,000,000 of loans agreed to an extension of their notes, on the same terms, until December 31, 2025, for which the Company obtained Final Acceptance from the TSXV for the extension of \$2,700,000 of the loans on October 22, 2024, and the remaining \$300,000 on December 12, 2024.

The original amount of the Equity portion of the \$4,250,000 of debentures, amounting to \$2,149,630 was transferred Contributed surplus. On the extension of the due date of the \$3,000,000 of loans from December 31, 2023 to December 31, 2025, referred to as the Extended Series I Notes, are considered and accounted for as new convertible debentures, and the Company determined the value of the debt to be \$1,661,426 based on the net present value of the loan interest and principal over the extended term of the loans, using a discount rate of 38%, with the remaining \$1,338,574 allocated to the equity portion of the convertible debentures.

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The remaining \$1,250,000 of the Series I loans remain due on demand, and as the conversion privileges are no longer in effect, were removed from Long-term debt and included in Short-term loans.

On May 17, 2024, \$50,000 of the Extended Notes were converted into units, at \$0.14, resulting in the issuance of 357,143 common shares and 178,572 warrants, with each warrant exercisable until December 31, 2025, with an exercise price of \$0.20. In accounting for the conversion, the debt balance was reduced by \$31,063, of which \$17,085 was allocated to share capital and \$13,978 to warrants, based on a relative valuation of those components when the debentures were issued. The equity portion related to these debentures from the issue date was \$22,310, and this amount has been deducted from the equity component of the convertible debentures, of which \$12,271 was allocated to share capital and \$10,039 to warrants, allocated on the same basis.

On December 12, 2024, \$300,000 of the Extended Notes were converted into units, at \$0.14, resulting in the issuance of 2,142,857 common shares and 1,071,428 warrants, with each warrant exercisable until December 31, 2025, with an exercise price of \$0.20. In accounting for the conversion, the debt balance was reduced by \$220,697, of which \$121,383 was allocated to share capital and \$99,314 to warrants, based on a relative valuation of those components when the debentures were issued. The equity portion related to these debentures from the issue date was \$133,857, and this amount has been deducted from the equity component of the convertible debentures, of which \$73,621 was allocated to share capital and \$60,236 to warrants, allocated on the same basis.

Series II Notes –

As of December 31, 2024, there are \$1,000,000 (December 31, 2023 - \$1,000,000) of Series II Notes owing by the Company. The Series II Notes were issued in 2022 in a private placement, with gross proceeds of \$1,000,000 (\$901,151 net of cash expenses). The Notes are unsecured, bear interest at 8% per annum, payable in cash semi-annually, and are due on December 31, 2026 (“Maturity Date”). The Series II Notes may be converted at the option of the holder, into units at \$0.10 per unit, at any time until the Maturity Date. Each unit will be comprised of one fully paid common share and one-half of a share purchase warrant. Each whole share purchase warrant will be exercisable to purchase one further common share at the price of \$0.15, exercisable for a period expiring on the Maturity Date. After January 1, 2025, under certain circumstances as described in the terms of the Notes, the Company may have the right to force redemption of any Notes then outstanding. In connection with this placement, \$64,000 of cash commissions were paid to agents, and 177,778 agent’s warrants were issued, which expired on March 21, 2024.

Series III Notes –

As of December 31, 2024, there are \$850,000 (December 31, 2023 - \$850,000) of Series III Notes owing by the Company. Series III Notes totaling \$1,100,000 (\$1,081,578 net of expenses) were issued during 2022, as a result of a private placement, are unsecured, have an interest rate of 8.0%, payable semi-annually, and are due on December 31, 2026. They were convertible into units at \$0.07 until June 30, 2023, and \$0.10 thereafter, with each unit consisting of one common share and one warrant exercisable at \$0.07 until December 31, 2026. Under certain circumstances, the Company may be able to force conversion after January 1, 2025.

During 2023, \$250,000 of the Series III Notes were converted into units, and as the conversion was prior to June 30, 2023, the conversion was at \$0.07, resulting in the issuance of 3,571,430 common shares and 3,571,430 warrants, with each warrant exercisable until December 31, 2026, with an exercise price of \$0.07. In accounting for the conversion, the debt balance was reduced by the \$98,944 liability related to the debentures at the conversion date, of which \$69,261 was allocated to share capital and \$29,683 to warrants. The proportion allocated to share capital and warrants was estimated based on a relative valuation of those components when the debentures were

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issued. The equity portion related to these debentures from the issue date was \$160,623, and this amount has been deducted from the equity component of the convertible debentures, of which \$112,436 was allocated to share capital and \$48,187 to warrants, allocated on the same basis.

Secured Convertible Debentures

In 2023, the Company raised \$2,965,000 (\$2,918,462, net of expenses) by the issuance of Secured Convertible Debentures, which closed in three phases: \$1,500,000 on January 6, 2023, \$765,000 on February 15, 2023, and \$700,000 on March 17, 2023. On November 17, 2023, the total \$2,965,000 of the Secured Convertible Debentures were converted by the holders.

While outstanding, the Secured Convertible Debentures were secured by a registered charge over all the assets of the Company, bore Interest at 8% per year payable quarterly, and were to mature on December 31, 2027. Holders of the Debentures had the right to convert into Units, at a conversion price of \$0.05 per Unit until November 18, 2023, and \$0.10 thereafter. Each Unit was comprised of one fully paid common share and one share purchase warrant ("Warrant"); each Warrant was exercisable to acquire one common share at the price of \$0.20, valid from the date of issue until December 31, 2027. All holders of the Secured Convertible Debentures had entered into Intercreditor Agreements with each other and the Company, pursuant to which their rights to participate in the security were treated on a *pari passu* basis, which agreement ended on the conversion of the debentures.

In accounting for issuance of the debentures, the Company determined the value of the debt to be \$970,670, based on the net present value of the loan interest and principal over the term of the loans using a discount rate of 38%, with the remaining \$1,994,330 allocated to the equity portion of the convertible debentures. Cash related issue costs of \$46,538 were allocated to the debt and equity, reducing the amounts recorded as long-term debt by \$18,738 and the equity portion of the debentures by \$27,800.

On conversion, as the conversion date was prior to November 18, 2023, the conversion price was \$0.05, the Company issued 59,300,000 common shares and 59,300,000 warrants, with each warrant exercisable until December 31, 2027, with an exercise price of \$0.20. In accounting for the conversion, the debt balance was reduced by the \$1,086,026 liability related to the debentures at the conversion date, and \$760,213 was allocated to share capital and \$325,813 to warrants. The proportion allocated to share capital and warrants was estimated based on a relative valuation of those components when the debentures were issued. The equity portion related to these debentures from the issue date was \$1,966,530 and this amount has been deducted from the equity component of the convertible debentures, of which \$1,376,571 was allocated to share capital and \$589,960 to warrants, allocated on the same basis.

The balance of Convertible debentures as of December 31 is as follows:

	December 31 2024	December 31 2023
Face value	\$ 4,500,000	\$ 6,100,000
Balance to be accreted	1,534,844	1,066,030
	\$ 2,965,156	\$ 5,033,970

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The change in the balance of the Convertible debentures in 2024 and 2023, is as follows:

	2024	2023
Balance, beginning of year	\$ 5,033,970	\$ 3,743,479
Issuances of Notes	-	2,965,000
Costs of issue	-	(46,554)
Maturity of Convertible debentures	(1,250,000)	-
Amount allocated to equity	(1,338,574)	(1,966,530)
Conversion of Convertible debt	(251,760)	(1,184,970)
Interest Expense	1,113,581	2,121,897
Contractual interest repayment	(342,061)	(598,352)
Balance, end of year	\$ 2,965,156	\$ 5,033,970

Unpaid interest accrued for short term debt and convertible debentures is included within accounts payable and accrued liabilities (Note 6).

Lease liability

The Company leases premises consisting of its office and manufacturing facilities. The Company signed a lease in 2020, and at that time a liability of \$214,893 was recognized; the balance as of December 31, 2024, is \$38,229 (December 31, 2023 - \$89,625).

Canada Emergency Business Account (CEBA)

During 2020, the Company received \$60,000 under a line of credit from the Government of Canada CEBA program, administered through the Company's bank. The loan was non-interest bearing until December 31, 2023, after which interest of 5% per annum is payable, and the loan is due on December 31, 2026.

8. SHARE CAPITAL

Common Shares

Authorized - Unlimited number of common shares

Issued and outstanding

	Number of shares	Stated Capital
Outstanding at January 1, 2023	183,799,459	\$ 23,958,413
Issued for cash (a)	14,571,428	609,161
Issued on conversion of convertible debentures (b)	62,871,430	2,318,481
Issued on exercise of warrants (c)	714,286	65,801
Outstanding at December 31, 2023	261,956,603	26,951,856
Issued for cash (a)	7,857,142	312,291
Issued on conversion of convertible debentures (b)	2,500,000	224,360
Outstanding at December 31, 2024	272,313,745	\$ 27,488,507

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a) Shares issued for cash

On June 3 and July 24, 2024, the Company raised net proceeds of \$541,983 from a private placement, summarized as follows:

Date	# of Units	Unit Price	Gross Proceeds	Issue Costs	Net Proceeds	Allocation to Shares	Allocation to Warrants
June 3	7,142,856	\$ 0.07	\$ 500,000	\$ 8,017	\$ 491,983	\$ 283,531	\$ 208,452
July 24	714,286	\$ 0.07	50,000	-	50,000	28,760	21,240
	7,857,142		\$ 550,000	\$ 8,017	\$ 541,983	\$ 312,291	\$ 229,692

The placement consisted of the sale of 7,857,142 units for \$0.07 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant will be exercisable to acquire one common share at any time up to December 31, 2026, at an exercise price of \$0.12. In accounting for the placement, the Company allocated the gross proceeds between the shares and the warrants issued, based on the relative value of the components. The value of the shares was based on the closing trading value of the Company's shares on the closing date. The value of the warrants was based on a calculation using the Black-Scholes model, as of the date of closing. Cash related issue costs were allocated in the same manner as the proceeds, reducing the amounts recorded as share capital and warrants. See note 8(d) with respect to the calculation of the value of the warrants.

During 2023, the Company raised net proceeds of \$1,008,142 from a private placement, summarized as follows:

Date	# of Units	Unit Price	Gross Proceeds	Issue Costs	Net Proceeds	Allocation to Shares	Allocation to Warrants
September 29	13,857,142	\$ 0.07	\$ 970,000	\$ 11,858	\$ 958,142	\$ 580,641	\$ 377,501
November 9	714,286	\$ 0.07	50,000	-	50,000	28,520	21,480
	14,571,428		\$ 1,020,000	\$ 11,858	\$ 1,008,142	\$ 609,161	\$ 398,981

The placement consisted of the sale of 14,571,428 units for \$0.07 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant will be exercisable to acquire one common share at any time for a period expiring on December 31, 2026, at an exercise price of \$0.12. In accounting for the placement, the Company allocated the gross proceeds between the shares and the warrants issued, based on the relative value of the components. The value of the shares was based on the closing trading value of the Company's shares on the closing date. The value of the warrants was based on a calculation using the Black-Scholes model, as of the date of closing. Cash related issue costs were allocated in the same manner as the proceeds, reducing the amounts recorded as share capital and warrants. See note 8(d) with respect to the calculation of the value of the warrants.

b) Shares issued on conversion of Convertible debentures

The company issued 2,142,875 shares on December 12, 2024, on the conversion of \$300,000 of Extended Series I Notes. The balances of the debt and equity component of the debentures as of the conversion date were transferred to share capital and warrants, with \$195,004 being added to share capital as a result.

The company issued 357,143 shares on May 17, 2024, on the conversion of \$50,000 of Extended Series I Notes. The balances of the debt and equity component of the debentures as of the conversion date were transferred to share capital and warrants, with \$29,356 being added to share capital as a result.

The company issued 59,300,000 shares on November 17, 2023 on the conversion of \$2,965,000 of Secured Convertible Debentures. The balances of the debt and equity component of the

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debentures as of the conversion date were transferred to share capital and warrants, with \$759,121 of the debt and \$1,374,150 of the equity component added to share capital.

The company issued 3,571,430 shares with respect to the conversion of \$250,000 of Series III Notes in June 2023. The balances of the debt and equity component of the debentures as of the conversion date were transferred to share capital and warrants, with \$69,261 of the debt and \$112,436 of the equity component added to share capital.

c) Shares issued on exercise of warrants

The Company issued 714,286 common shares on June 16, 2023, on the exercise of 714,286 warrants which had been issued on June 15, 2023. The warrants had an exercise price of \$0.07 resulting in proceeds of \$50,000. In addition, the warrant value originally allocated to the warrants of \$15,801 was reclassified from warrants to common shares.

d) Warrants

The Company has issued subscriber warrants in connection with share and debt offerings and has issued broker warrants in connection with certain offerings. Subscriber warrants are exercisable to acquire common shares of the Company, whereas the particular terms of broker warrants varies depending on the offering. The value of warrants has been estimated in each case using the Black-Scholes pricing model as of the date of the transaction.

<i>(WAEP - Weighted-Average Exercise Price)</i>	Number of Subscriber Warrants	WAEP \$
Outstanding at January 1, 2023	23,980,550	0.22
Warrants expired	(6,485,078)	0.24
Warrants issued	77,442,858	0.18
Warrants exercised	(714,286)	0.07
Outstanding at December 31, 2023	94,224,044	0.17
Warrants expired	(17,495,472)	0.14
Warrants issued	9,107,142	0.13
Outstanding at December 31, 2024	85,835,714	0.18

As a result of the conversion of Extended Series I Notes on May 17, 2024, and December 12, 2024, 178,572 and 1,071,428 warrants were issued, respectively, with each warrant exercisable to purchase one common share for \$0.20, up to December 31, 2025. The value of the warrants issued of \$24,017 and \$159,550, respectively, resulted from allocation of the reduction of the debt and equity portion of the Notes at the dates of conversion.

In connection with the private placement of equity in June and July 2024, 7,857,142 warrants were issued, with each warrant exercisable to purchase one common share for \$0.12, up to December 31, 2026. The value of the warrants issued was determined to be \$229,692 using the Black-Scholes option pricing model, using a risk-free interest rate of 3.35%, volatility of 148.7% (based on historical stock price volatility), expected life of 2.5 years, and no expected dividend yield was used.

In connection with the private placement of equity in 2023, 14,571,428 warrants were issued, with each warrant exercisable to purchase one common share for \$0.12, up to December 31, 2026. The value of the warrants issued was determined to be \$398,981 using the Black-Scholes option pricing model, using a risk-free interest rate of 4.5%, volatility of 127.5% (based on historical stock price volatility), expected life of 3 years, and no expected dividend yield was used.

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The company issued 59,300,000 warrants on November 17, 2023, in connection with the conversion of \$2,965,000 of Secured Convertible Debentures. The warrants are exercisable to acquire one common share at a price of \$0.20 up to December 31, 2027. The balances of the debt and equity component of the debentures as of the conversion date were transferred to share capital and warrants, with \$325,813 of the debt and \$589,959 of the equity component added to warrants.

The Company issued 3,571,430 warrants in connection with the conversion of \$250,000 of Series III Notes in 2023. The warrants are exercisable to acquire one common share at a price of \$0.07, expiring on December 31, 2026. This resulted from conversion of notes with face value of \$250,000. The balances of the debt and equity component of the debentures as of the conversion date were transferred to share capital and warrants, with \$29,683 of the debt and \$48,187 of the equity component reclassified to warrants.

The Company issued 714,286 common shares on June 16, 2023, on the exercise of 714,286 warrants which had been issued from the converted Series III debentures. The warrants had an exercise price of \$0.07, and warrant value originally allocated to the warrants of \$15,801 was reclassified from warrants to common shares.

Warrants expired include:

On June 30, 2024, 17,495,472 warrants with an exercise price of \$0.14 expired. These warrants were valued at \$452,423 which was transferred to Contributed surplus. On September 21, 2023, the Company had obtained regulatory acceptance for amendment of the terms of these warrants to extend the expiry date from December 31, 2023 to June 30, 2024 and exercise price was amended from \$0.20 to \$0.14.

On March 21, 2024, 177,778 broker warrants with an exercise price of \$0.09 expired. These warrants were valued at \$15,143 which was transferred to Contributed surplus.

On December 31, 2023, 892,857 warrants, with an exercise price of \$0.20, expired. These warrants were valued at \$234,504, which amount was transferred to Contributed surplus. On December 31, 2023, 985,719 broker warrants, with an exercise price of \$0.14, expired.

On May 14, 2023, 5,592,221 warrants with an exercise price of \$0.25 expired. These warrants were valued at \$216,245, which amount was transferred to Contributed surplus.

Date Issued	Expiry Date	Exercise Price	# of Warrants	\$
June 29, 2023	December 31, 2026	\$0.07	2,857,144	62,070
September 7, 2023	December 31, 2026	\$0.12	12,214,285	329,644
September 29, 2023	December 31, 2026	\$0.12	1,642,857	47,856
November 9, 2023	December 31, 2026	\$0.12	714,286	21,480
November 17, 2023	December 31, 2027	\$0.20	59,300,000	915,773
May 17, 2024	December 31, 2025	\$0.20	178,572	24,017
June 3, 2024	December 31, 2026	\$0.12	7,142,856	208,452
July 24, 2024	December 31, 2026	\$0.12	714,286	21,240
December 12, 2024	December 31, 2025	\$0.20	1,071,428	159,550
			85,835,714	1,790,082

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e) Stock options

In accordance with the Company's amended 2014 Incentive Stock Option Plan there are 30,000,000 options available under the plan.

Under the terms of the plan, directors, officers, employees and consultants, subject to certain conditions, may be granted options to purchase common shares of the Company. As at December 31, 2024 there were 15,100,000 options that have been granted and are outstanding, with 14,900,000 options available to be granted under the plan. The exercise period and vesting provisions with respect to options being granted are set by the Board when options are granted, within the terms of the Plan.

Activity in the Company's stock option plan for the years ended December 31, 2024, and 2023 is summarized as follows:

<i>(WAEP - Weighted-Average Exercise Price)</i>	Number of Options	WAEP \$
Outstanding, January 1, 2023	24,735,000	0.16
Granted	6,200,000	0.10
Expired/forfeited	(13,815,000)	0.17
Outstanding, December 31, 2023	17,120,000	0.12
Granted	2,700,000	0.10
Expired/forfeited	(4,720,000)	0.17
Outstanding, December 31, 2024	15,100,000	0.10

The outstanding options have exercise prices in the range of \$0.10 and \$0.17, an average remaining life of 3 years, and as of December 31, 2024, 13,737,500 options are exercisable. The exercisable options have a weighted average remaining life of 3 years and a weighted average exercise price of \$0.10.

On February 14, 2024, 2,700,000 options were granted to consultants and employees. These options have an exercise price of \$0.10, with 500,000 of the options expiring on December 31, 2026, and the remaining 2,200,000 have expiry dates ranging between July 31 and December 31, 2028. Of these options, 500,000 vested immediately, 550,000 vested within four months of the grant date, with 550,000 vesting on each of 6, 12 and 18 months from their initial vesting date. The options were valued at \$95,523, of which \$80,978 was expensed in 2024. The value of the 500,000 and 2,200,000 options, respectively, was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 3.92%, volatility of 148.2% and 125.6% (based on historical stock price volatility), expected life of two years and four years, and no expected dividend yield.

On June 26, 2023, 5,850,000 options were granted to consultants and employees. The options have an exercise price of \$0.10 and expire on June 26, 2028. Of these options, 3,450,000 vested immediately and 2,350,000 options vesting 25% every six months from July 1, 2023. The options were valued at \$258,050 of which \$178,305 was expensed in 2023, and \$79,745 in 2024. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 4.50%, volatility of 127.5% (based on historical stock price volatility), expected life of two years, and no expected dividend yield.

On June 30, 2023, 400,000 options were granted to consultants; these options have an exercise price of \$0.10, vested immediately, and expire on June 30, 2026. The options were valued at \$20,475, which was expensed in 2023. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 3.75%, volatility of 103.5% (based on historical stock price volatility), expected life of three years, and no expected dividend yield.

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On November 17, 2022, 1,200,000 share options were granted to consultants. The options have an exercise price of \$0.10 and expire on November 17, 2027, of which 50% of the options vested immediately, and 50% vested on November 17, 2023. The options were valued at \$53,929, which has been expensed. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 2.95%, volatility of 91% (based on historical stock price volatility), expected life of 5 years, and no expected dividend yield.

On June 9, 2022, 8,550,000 share options were granted to consultants, employees and directors. The options have an exercise price of \$0.10 and expire on June 8, 2027, of which 50% of the options vested when granted, and 50% vested on June 8, 2023. The options were valued at \$324,725, which has been expensed. The value was determined using the Black-Scholes option pricing model based on a risk-free interest rate of 2.95%, volatility of 91% (based on historical stock price volatility), expected life of 5 years, and no expected dividend yield.

9. INCOME TAXES

a) Income taxes

	2024	2023
Net loss before income tax	(3,652,971)	(4,580,548)
Combined federal and provincial statutory income tax rate	26.50%	26.50%
Expected recovery at statutory rate	(968,037)	(1,213,845)
Non-deductible expenses and other permanent differences	372,137	348,782
Change in deferred tax assets not recognized	(690,971)	731,285
Other	1,286,871	133,778
	-	-

b) Deferred tax assets and liabilities

The tax effects of temporary differences that give rise to the deferred income tax assets at December 31, 2024 and 2023 are as follows:

	2024	2023
Non-capital losses	6,695,269	6,872,437
Capital loss	360,312	1,109,497
Accrued liabilities	103,416	(121,890)
AR allowance	-	30,870
Share issuance costs	128,415	82,187
PPE, intangibles and CEC	72,063	75,322
	7,359,475	8,050,446
Deferred tax assets not recognized	(7,359,475)	(8,050,446)
Net expected deferred income tax recovery	-	-

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c) Tax losses

As of December 31, 2024, the Company had non-capital losses, carried forward of \$28,372,458 available to reduce future years' taxable income. These losses expire as follows:

Expiry	
2029 - \$ 170,336	2037 - \$ 1,525,829
2030 - \$ 360,312	2038 - \$ 2,943,543
2031 - \$ 324,117	2039 - \$ 2,859,474
2032 - \$ 392,684	2040 - \$ 2,637,975
2033 - \$ 638,392	2041 - \$ 4,822,274
2034 - \$ -	2042 - \$ 4,250,047
2035 - \$ 494,759	2043 - \$ 3,338,675
2036 - \$ 1,175,296	2044 - \$ 2,438,745
	\$28,372,458

10. LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the years ended December 31, 2024 and 2023 was based on the loss attributable to common shareholders of \$3,652,9716 (2023 - \$4,480,548) and the weighted average number of common shares outstanding of 266,720,459 (2023 - 196,764,391). Diluted loss per share for each of the periods did not include the effect of stock options, warrants or debenture conversions, as they were anti-dilutive.

11. REVENUE

The Company has two main product lines; SIAscopy™, a medical device technology that is used to scan skin for suspicious moles and lesions, and including DermSecure™, its telemedicine software application, and phototherapeutic medical devices, which use light energy in lower-level laser and LED to provide effective treatment of pain and tissue damage in the rehabilitation market. Currently, SIAscopy™ products are sold in Canada, the United States, and Europe while the phototherapeutic products are sold in Canada and the United States.

Sales of the products for the year ended December 31, 2024, and 2023 were as follows:

	2024	2023
SIAscopy	\$ 27,814	\$ 162,556
Phototherapeutic lasers	461,884	293,532
	\$ 489,698	\$ 456,088

Sales for the year ended December 31, 2024, were made to customers in the following geographic regions: Canada 71%, United States 25%, Europe 1% and Rest of the World 3% (year ended December 31, 2023 - Canada 66%, United States 9%, Europe 19%, Rest of World 6%).

Approximately 48% of the Company's revenue for the year ended December 31, 2024, was from three customers (Year ended December 31, 2023 - 16% from one customer).

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12. FINANCIAL INSTRUMENTS

The Company is exposed through its operations to a number of financial risks, including credit risk, interest rate risk, foreign currency risk and liquidity risk, arising from its use of financial instruments. The Company has in place processes to manage these risks, as described more fully below.

Fair Value Measurement

The accounting guidance for fair value measurements prioritizes the inputs used in measuring fair value into the following hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are directly or indirectly observable.

Level 3 – Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

The carrying value of accounts receivable, accounts payable and accrued liabilities and demand loans approximates fair value due to the relatively short-term maturity of these financial instruments. Convertible debt, lease liabilities and other long-term debt were initially recognized at fair value and categorized as level 2. Subsequent to initial recognition they are carried at amortized cost.

The main risks the Company's financial instruments are exposed to are discussed below.

Credit Risk -

Credit risk is the risk on financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to risk on its trade receivables balances. The risk for the Company is reduced, as for a majority of its revenue, individual transactions are relatively small, are normally to established customers, and often include a deposit for a large portion of the sale or payment in full prior to shipment.

The Company measures the loss allowance at an amount equal to the lifetime ECL that results from possible default events over the expected life of accounts receivables, using a simplified impairment model estimating losses with a provision matrix to measure the lifetime ECL. With respect to the Company's phototherapeutic laser business, the Company has experienced minimal losses, and based on the provision matrix developed where a provision is not considered necessary unless account balances exceed 360 days, there is a provision as of December 31, 2024, of \$116,489 (December 31, 2023 - \$116,489).

The Company maintains cash balances with Canadian commercial banks. As such, the Company believes its credit risk is minimal on cash balances.

Interest Rate Risk -

The Company currently has no exposure to risk with respect to interest rate fluctuations, as its interest-bearing debt is at a fixed rate of interest. The Company may increase debt levels depending on the nature of the financing in the future.

Foreign Currency Risk -

The Company has low exposure to foreign exchange fluctuations with respect to cash as the Company invests surplus funds in Canadian dollar accounts. The Company sells its products internationally. Revenues could be impacted positively or negatively if the exchange rates in the currencies in which the Company sells its products fluctuates. The risk is decreased as customers are invoiced only in currencies that are considered to be stable in international markets. A portion of the Company's costs are from international suppliers and could be impacted by currency fluctuations. However, these

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requirements are not material to the business, and alternate sources of supply could be utilized if required. There is an impact on the net loss from the translation of the accounts receivable and accounts payable balances at the end of the period that are denominated in currencies other than the Canadian dollar. A 5% change in the exchange rate of those currencies relative to the Canadian Dollar would impact the net loss by less than \$1,000.

The objective in managing foreign exchange risk is to monitor expenditure requirements in the short and medium term by currency and convert available cash to match the requirements. The risks are small enough that hedging would not be considered.

Liquidity risk -

Liquidity risk results from an excess of financial liabilities over available financial assets at any point in time. The Company's objective in managing risk is to ensure that it raises the amount of cash required to fund operating losses and to maintain cash to meet its other obligations. In this regard, the Company has had difficulty raising the level of cash required to meet its financial obligations as they have come due, and in some instances has entered into transactions to settle debts through the issuance of shares. Capital and debt was raised in 2023 and 2024, and the Company must raise additional cash to fund its ongoing operating requirements. The Company is in a position where its liabilities are greater than its assets.

The following are the remaining contractual maturities of financial liabilities at the reporting date.

	1 year	2 to 3 years	Total
Accounts payable and accrued liabilities	\$ 2,384,111	\$ -	\$ 2,384,111
Short-term loans	3,950,881	-	3,950,881
Lease liability	38,229	-	38,229
Convertible debentures	2,650,000	1,850,000	4,500,000
Canada Emergency Business Account	-	60,000	60,000
At December 31, 2024	\$ 9,023,221	\$ 1,910,000	\$ 10,933,221
At December 31, 2023	\$ 6,940,159	\$ 1,948,229	\$ 8,888,388

The amounts above reflect the contractual undiscounted cash flows which may differ from the carrying values of the liabilities as of the reporting date. Refer to Notes 7 and 8 for additional discussions regarding the contractual maturities of financial liabilities.

13. CAPITAL MANAGEMENT

The Company defines its managed capital as the total of short-term loans, lease liabilities, convertible loans, long-term debt and shareholders' deficiency including share capital, warrants, equity portion of convertible debt, contributed surplus and deficit. As at December 31, 2024 total managed capital was (\$1,509,834) (December 31, 2023 - (\$1,297,573)).

The Company's objectives when managing capital are:

- To maintain balance sheet strength, ensuring the Company's strategic objectives are met, while retaining an appropriate amount of leverage; and
- To provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The Company manages its capital structure within guidelines approved by the Board of Directors. The Company makes adjustment to its capital structure based on changes in economic conditions and the Company's planned requirements. The Company has the ability to adjust its capital structure by issuing new equity or debt, selling assets to reduce debt, controlling the amount it distributes to shareholders, and adjusting its capital expenditure program. There have been no changes in the Company's approach to capital management during 2023 or 2024. The Company is not subject to externally imposed capital restrictions.

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14. COMMITMENTS AND CONTINGENCIES

From time to time and in the normal course of business, claims against the Company may be received. The outcome of such claims cannot be determined with certainty, management estimates that any potential payments resulting from outcome is not likely to have a substantial negative impact on the Company's results and financial position.

15. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The noted transactions below are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) The carrying value amounts attributable to related parties as at December 31 were as follows:

	December 31	December 31
	2024	2023
Accounts payable and accrued liabilities	\$ 221,266	\$ 192,880
Convertible debentures	355,819	1,963,248
Short-term loans	615,000	660,681
	\$ 1,192,085	\$ 2,816,809

See notes 7 and 8 for other related party transaction disclosure relating to short-term loans, convertible debt and stock options issuances.

(b) The value of transactions with related parties for the years ended December 31 were as follows:

	December 31	December 31
	2024	2023
Interest expense	\$ 141,608	\$ 325,952
Legal fees	42,583	54,924
	\$ 184,191	\$ 380,876

During the year ended December 31, 2024, \$205,070 of interest was accrued on short-term loans (2023 - \$7,667) and \$294,806 of interest and accretion expensed on convertible debentures (2023 - \$300,497). Amounts for legal fees are based on market rates for such services and were due and payable under normal payment terms.

(c) Remuneration of Directors and key management personnel of the Company was as follows:

	2024	2023
Consulting fees	\$ 243,000	\$ 341,200
Share-based compensation	-	151,723
	\$ 243,000	\$ 492,923

The Directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services.

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16. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Sales and market development	\$ -	\$ 233,115
Sales and marketing programs	5,858	321,443
Expected credit losses	-	61,748
Salaries and benefits, contractors	1,045,231	587,108
Professional fees and public company expenses	253,626	436,178
Software platform operating expenses	268,226	311,715
Amortization	30,980	37,955
Other administrative expenses	367,787	638,643
	\$ 1,971,709	\$ 2,627,905

17. COST OF SALES

Cost of sales is comprised of the following for the years ended December 31, 2024 and 2023:

	2024	2023
Materials, labour and overhead	\$ 163,309	\$ 222,745
Other indirect costs	116,323	33,770
Amortization	15,836	13,945
	\$ 295,468	\$ 270,460

18. SALE OF SUBSIDIARIES

The Company disposed of the shares and all other interests in inactive subsidiaries during 2023, for nil consideration. The subsidiaries had been inactive for a number of years, had no assets, and liabilities of \$597,814. The Company recorded a gain on disposal of \$597,814 in 2023.

19. SUBSEQUENT EVENTS

- On February 24, 2025, 9,800,000 stock options were granted to certain Directors, Officers, Consultants and Employees under the Company's Incentive Stock Option Plan; all such options are exercisable at \$0.10, and, subject to the terms of the Plan, are valid for a period of five years. Of these options, 9,050,000 vested immediately, and 750,000 will vest on December 31, 2025.
- The Company announced a proposed non-brokered private placement to raise up to \$2.5 million through the issuance of up to 35,714,858 units at seven cents per unit. The Company received Conditional Acceptance of this placement from the TSX Venture Exchange on February 25, 2025. Each unit comprises one fully paid common share and one share purchase warrant, exercisable to purchase one further common share at the price of 9 cents, exercisable for a period of one year from the date of issuance. Closing of the placement, which may take place in tranches, is subject to receipt of subscriptions for a minimum of \$500,000 and a number of other conditions, including, without limitation, the receipt of all relevant regulatory and stock exchange approvals or acceptances. Effective April 3, 2025, an Initial Closing took place with the issue of 13,500,000 units for gross proceeds of \$954,000. A cash commission of \$7,280 was paid and 104,000 Agent's Warrants (as described below) were issued in respect of the Initial Closing. Qualified agents will receive a cash commission equal to 8% of the gross proceeds received by the Company from the sale of the Units to subscribers introduced by such agent(s) and agent's warrants ("Agent's Warrant(s)") equal to 8% of subscriptions introduced by

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such agent(s). Each Agent's Warrant, which will be non-transferable, will entitle the holder to acquire, at the price of CAD\$0.07, a unit, comprised of One (1) fully paid Common Share and one (1) non-transferable share purchase warrant ("Agent's Share Purchase Warrant"), entitling the holder to acquire one additional Common Share at the price of CAD\$0.09. The Agent's Warrants and any Agent's Share Purchase Warrants that may be issued pursuant to exercise of an Agent's Warrant, if not exercised, will expire one year following the date of issuance. It is anticipated that further Closings may take place pursuant to this Private Placement