



ALPHAGEN INTELLIGENCE CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2024

Unaudited - In Canadian Dollars, unless noted

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of AlphaGen Intelligence Corp. have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the six months ended December 31, 2024, have not been reviewed or audited by the Company's independent auditors.

AlphaGen Intelligence Corp.
Condensed Consolidated Interim Statements of Financial Position

As at December 31, 2024 and June 30, 2024

Unaudited - In Canadian Dollars, unless noted

As at	Notes	December 31, 2024	June 30, 2024 <i>(audited)</i>
ASSETS			
Current Assets			
Cash		\$ 5,552	\$ 17,125
GST receivable		17,190	11,000
TOTAL ASSETS		22,742	28,125
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	8	402,172	416,363
Related party loans	8	155,000	115,000
Government loan – current	5	23,636	23,636
		580,808	554,999
Non-current Liabilities			
Government loan – long term	5	24,244	32,728
TOTAL LIABILITIES		605,052	587,727
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	6	16,003,927	15,950,678
Shares to be issued	6	-	12,149
Reserves		4,712,964	4,712,964
Accumulated other comprehensive loss		(37,858)	(37,858)
Deficit		(21,261,343)	(21,197,535)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		(582,310)	(559,602)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		\$ 22,742	\$ 28,125

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

Nature of operations (Note 1)

Going concern (Note 2)

Contingencies (Note 11)

Subsequent events (Note 12)

Approved on behalf of the Board of Directors:

"Eli Dusenbury", Director

"Jonathan Anastas", Director

AlphaGen Intelligence Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the Six Months Ended December 31, 2024 and 2023

Unaudited - In Canadian Dollars, unless noted

	For the Three Months ended December 31, 2024	For the Three Months ended December 31, 2023 <i>(restated)</i>	For the Six Months ended December 31, 2024	For the Six Months ended December 31, 2023 <i>(restated)</i>
REVENUES (Note 9)	\$ -	\$ 132,142	\$ -	\$ 726,824
Cost of Sales	-	(43,872)	-	(175,878)
GROSS MARGIN	-	88,270	-	550,946
EXPENSES				
Advertising and marketing	-	8,689	-	10,721
Consulting and payroll	788	200,413	4,340	345,729
Management fees (Note 8)	34,844	68,163	69,164	153,098
Office and miscellaneous	738	11,229	2,910	29,156
Professional fees	35,000	103,149	35,000	103,149
Share-based payments (Note 8)	-	46,862	-	138,640
Transfer agent and filing fees	10,565	7,129	21,219	12,721
OPERATING EXPENSES	(81,935)	(445,634)	(132,633)	(793,214)
TOTAL OPERATING LOSS	(81,935)	(357,364)	(132,633)	(242,268)
Foreign exchange gain (loss)	-	5,480	(2,825)	9,983
Gain on debt settlement	-	-	61,650	-
Gain on sale of assets	10,000	-	10,000	-
	10,000	5,480	68,825	9,983
NET AND COMPREHENSIVE LOSS	(71,935)	(351,884)	(63,808)	(232,285)
Loss per share, basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding – Basic and diluted	95,453,717	91,223,380	93,138,549	91,223,380

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

AlphaGen Intelligence Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)

For the Six Months Ended December 31, 2024 and 2023

Unaudited - In Canadian Dollars, unless noted

	Common shares	Share capital	Shares to be issued	Reserves	Accumulated OCI	Deficit	Total
	#	\$	\$	\$	\$	\$	\$
Balance, June 30, 2023 (restated)	90,823,380	15,886,678	-	4,541,337	(37,858)	(18,007,614)	2,446,543
Share-based payment pursuant to options granted	-	-	-	105,509	-	-	105,509
Share-based payment pursuant to RSUs granted	-	-	-	33,131	-	-	33,131
Income for the period	-	-	-	-	-	(232,285)	(232,285)
Balance, December 31, 2023	91,223,380	15,950,678	-	4,679,977	(37,858)	(18,239,899)	2,352,898
Balance, June 30, 2024	91,223,380	15,950,678	12,149	4,712,964	(37,858)	(21,197,535)	(559,602)
Shares issued to settle debt	2,662,444	53,249	(12,149)	-	-	-	41,100
Income for the period	-	-	-	-	-	(63,808)	(63,808)
Balance, December 31, 2024	93,485,824	16,003,927	-	4,712,964	(37,858)	(21,261,343)	(582,310)

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

AlphaGen Intelligence Corp.
Condensed Consolidated Interim Statements of Cash Flow
For the Six Months Ended December 31, 2024 and 2023
Unaudited - In Canadian Dollars, unless noted

For the Six Months Ended December 31,	Notes	2024	2023
			<i>(Restated)</i>
OPERATING ACTIVITIES			
Net Income for the period		\$ (63,808)	\$ (232,285)
Items not affecting cash:			
Gain on settlement of debt	6,8	(61,650)	
Foreign exchange		2,825	(9,983)
Share-based payments		-	138,640
Change in non-cash working capital items:			
Accounts receivable		-	249,581
GST receivable		(6,190)	10,246
Deferred revenues		-	3,187
Accounts payable and accrued liabilities		85,734	164,218
Cash used in operating activities		(43,089)	317,230
INVESTING ACTIVITY			
Acquisition of Shape		-	(65,000)
Cash used in investing activity		-	(65,000)
FINANCING ACTIVITIES			
Proceeds from loans from related parties	8	40,000	-
Repayment of government loan	5	(8,484)	-
Cash provided by financing activities		31,516	-
Net change in cash		(11,573)	252,230
Cash, beginning of period		17,125	154,356
Cash, end of period		5,552	406,586

There was no interest or taxes paid during the six months ended December 31, 2024 and 2023.

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

AlphaGen Intelligence Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2024 and 2023

Unaudited - In Canadian Dollars, unless noted

1. NATURE OF OPERATIONS

AlphaGen Intelligence Corp. (Formerly: Alpha Metaverse Technologies Inc.) (the “Company” or “Alpha”) was incorporated under the laws of British Columbia on March 1, 2019. The Company’s registered office is 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

On April 13, 2020, the Company completed the Share Exchange Agreement (“Agreement”) with eSports Enterprises Inc. (“eSports”), a private company. Pursuant to the terms of the Agreement, the shareholders of eSports transferred all of their issued and outstanding shares to the Company in exchange for a pro-rata number of shares of the Company. Consequently, the transaction constituted control of eSports by the Company, with eSports representing a wholly-owned subsidiary of the Company for accounting and reporting purposes.

On May 14, 2021, the Company’s shares began trading on the Canadian Securities Exchange (“CSE”) and now trade under the symbol, “AIC”.

The Company is a technology-driven organization specializing in the creation of immersive content for the metaverse and augmented reality landscapes. The Company’s expertise extends to various domains, including gaming and gaming-as-a-service (“GaaS”) applications, as well as the implementation of generative artificial intelligence (“AI”). The Company is dedicated to metaverse development and offer services aimed at enhancing the profitability and engagement within eSports and gaming ecosystems.

These condensed consolidated interim financial statements (the “financial statements”) were approved by the Board of Directors on February 28, 2025.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. During the six months ended December 31, 2024, the Company realized net loss of \$63,808 (2023 - \$232,285), and as of December 31, 2024, has an accumulated deficit of \$21,261,343 (June 30, 2024 - \$21,197,535) and working capital deficiency of \$558,066 (June 30, 2024 - \$526,874). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. If for any reason, the Company is unable to continue as a going concern, this could result in adjustments to the amounts and classifications of assets and liabilities in the Company’s consolidated financial statements and such adjustments could be material. As a result, these circumstances comprise a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. 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.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

AlphaGen Intelligence Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2024 and 2023

Unaudited - In Canadian Dollars, unless noted

3. BASIS OF PRESENTATION

a) Basis of preparation

These financial statements have been prepared using IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). 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, except for cash flow information.

These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2024.

b) Basis of consolidation

These financial statements include the operations of the Company and its subsidiaries, as follows:

Subsidiary	Country	Ownership Percentage	
		2024	2023
eSports Enterprises Inc. ("eSports")	USA – Delaware	100%	100%
GamerzArena LLC ("GamerzArena")	USA – Delaware	100%	100%
Shape Immersive Entertainment Inc. ("Shape")	Canada – British Columbia	100%	100%

Consolidation of an investee begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All significant intercompany transactions and balances have been eliminated.

c) Foreign currencies

The Company's presentation currency is the Canadian dollar. The Company and Shape's functional currency is the Canadian dollar, while eSports and GamerzArena's functional currency is the US dollar.

Foreign currency transactions occurring in the Company's subsidiaries that have the same functional currency as the Company's presentation currency are translated as follows:

Monetary assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the date of the statement of financial position. Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

The results and financial position of the Company's subsidiaries that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the year;
- Equity is translated using historical rates; and
- All resulting exchange differences are recognised in other comprehensive income as foreign currency translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income (loss). When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive loss.

AlphaGen Intelligence Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2024 and 2023

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d) Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, contingent assets, contingent liabilities, at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Management has identified the following material estimates:

i) Share-based payments

Management determines fair value for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Similar calculations are made to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

ii) Impairment considerations

Goodwill impairment testing requires management to make critical estimates within the impairment testing model. On an annual basis, the Company tests whether goodwill is impaired. The recoverable value of goodwill is determined using discounted cash flow models, which incorporate assumptions about future events including future cash flows, growth rates and discount rates.

In the preparation of these financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. The following critical judgments can have an effect on the amounts recognized in the consolidated financial statements:

i) Functional currency

Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to each individual entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which each entity operates and is re-evaluated when facts and circumstances indicate that conditions have changed.

ii) Reversal of liabilities

In determining whether to reverse certain liabilities, management is required to make judgements about whether a sufficient period of time has passed since the specified vendors have requested payment. After a sufficient amount of time has passed without contact, the Company elects to reverse the associated liabilities and record a recovery on the statement of comprehensive loss.

iii) Revenue recognition – performance obligations

Performance obligations promised in a contract are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct, (i.e., the customer can benefit from the goods or services either on its own or together with other resources that are readily available), and are distinct in the context of the contract (i.e., it is separately identifiable from other goods or services in the contract). To the extent a contract includes multiple promises, we must apply judgment to determine whether those promises are separate and distinct performance obligations. If these criteria are not met, the promises are accounted for as a combined performance obligation.

AlphaGen Intelligence Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2024 and 2023

Unaudited - In Canadian Dollars, unless noted

e) Restatement

During the year ended June 30, 2024, it was determined that there was an overstatement of revenues and accounts receivables of \$205,000 during the year ended June 30, 2023. Based on the Company's accounting policy for recognizing revenues, the \$205,000 was instead recognized during the year ended June 30, 2024.

As a result, the Company's December 31, 2023 numbers were restated as follows:

- In the condensed consolidated interim statement of loss and comprehensive loss, revenues increased to \$726,824, gross margin increased to \$550,946, and income and comprehensive income decreased to \$232,285.
- The condensed consolidated interim statement of shareholders' equity (deficiency) reflects the amended income for the year and the total deficit.
- In the condensed consolidated interim statement of cash flows, there was no impact on the operating, investing, or financing activity balances.

4. GOODWILL

The Company had previously recognized goodwill of \$2,425,425 on the acquisition of Shape, due to the benefit of expected revenue growth and future market developments on the acquisition date. As at June 30, 2024, the goodwill was determined to be fully impaired and written off. During the year ended June 30, 2024, the Company's sole customer cancelled its ongoing contract with the Company and the Company was unable to secure any additional customer contracts. Although the Company continues to look for new contracts, it has yet to secure any new contracts and has determined that the goodwill balance will not be recoverable.

The following is a continuity of the Company's goodwill:

	\$
Balance, June 30, 2022 and 2023	2,425,425
Impairment	(2,425,425)
Balance, June 30, 2024, and December 31, 2024	-

5. GOVERNMENT LOAN

Prior to its acquisition by the Company, Shape entered into an agreement with Western Economic Diversification Canada to receive a term loan of \$60,000 under the Regional Relief and Recovery Fund program (the "Government Loan"). The Government Loan was used to pay for operating costs during a period where the Company's revenues were temporarily reduced due to economic impacts of the COVID-19 virus. The outstanding amount of the Government Loan that is not repaid by March 28, 2024 becomes immediately repayable in 33 consecutive monthly instalments beginning April 30, 2024. The Company has begun making monthly payments towards the Government Loan.

The following is a continuity of the Company's Government Loan:

	\$
Balance, June 30, 2024	56,364
Repayments	(8,484)
Balance, December 31, 2024	47,880
Current portion	23,636
Long term portion	24,244

AlphaGen Intelligence Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2024 and 2023

Unaudited - In Canadian Dollars, unless noted

6. SHARE CAPITAL

a) Authorized and Issued Share Capital

The authorized capital of the Company consists of an unlimited number of voting Class A common shares (without par value) and an unlimited number of non-voting Class B common shares (without par value).

During the six months ended December 31, 2024, the Company had the following common shares transactions:

- On July 24, 2024, the Company issued 2,055,000 common shares to settle \$102,750 in unpaid fees to the Company's former CEO. The shares were measured at a grant date fair value of \$41,100 resulting in a gain on settlement of debt of \$61,650 (2023 - \$nil). Further, the Company issued 607,444 common shares pursuant to milestones reached by the CEO, recorded at the grant date fair value of the shares of \$12,149, recognized within Reserves as of June 30, 2024 and reclassified to share capital on the date the shares were issued.

b) Share Purchase Warrants

As of December 31, 2024, there were no warrants outstanding.

c) Options

The Company has a stock option plan which allows the Board of Directors to grant stock options, RSUs, and deferred share units to employees, directors, officers, and consultants. The exercise price is determined by the Board of Directors provided the minimum exercise price is set at the Company's closing share price on the day before the grant date. The options can be granted for a maximum term of five years and vesting terms are determined by the Board of Directors at the date of grant. The common shares reserved for issuance cannot exceed 20% of the issued and outstanding common shares of the Company.

A summary of the changes in the Company's stock options is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, June 30, 2024	1,485,000	0.18
Expired	(300,000)	0.34
Balance, December 31, 2024	1,185,000	0.14

As at December 31, 2024, the Company held the following options:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price
June 21, 2026	1,185,000	1,185,000	\$ 0.14
	1,185,000	1,185,000	

On October 7, 2024, 300,000 options at an exercise price of \$0.34 expired unexercised.

At December 31, 2024, the weighted-average remaining life of the options was 1.47 years.

AlphaGen Intelligence Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2024 and 2023

Unaudited - In Canadian Dollars, unless noted

d) Restricted Share Units

A summary of the changes in the Company's RSUs is as follows:

	Number of Units
Balance, June 30, 2024 and December 31, 2024	5,075,000

7. REVENUES AND SEGMENTED DISCLOSURES

During the six months ended December 31, 2024 and 2023, the Company recognized revenue from the following segmented revenue streams:

For the Six Months Ended December 31,	2024	2023
	\$	\$
Product development – United States based	-	724,811
Monthly online subscriptions	-	2,013
Total	-	726,824

The Company's major customers for its product development revenues are as follows:

For the Six Months Ended December 31,	2024	2023
	\$	\$
Customer 1	-	724,811

The Company's cost of sales consists of cost of direct labour related to the creation of product development. All of the Company's assets and labour is located in Canada.

8. RELATED PARTY TRANSACTIONS AND BALANCES

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

All transactions with related parties have occurred in the normal course of operations and have been measured at the exchange amount, which the amount agreed to by the related parties.

The aggregate value of transactions relating to key management personal during the six months ended December 31, 2024 and 2023 are as follows:

	2024	2023
	\$	\$
Management fees ⁽¹⁾⁽²⁾⁽³⁾	69,164	153,098
Share-based payments	-	78,155
Total	69,164	231,253

Notes for the six months ended December 31, 2024, the Company incurred:

- 1) \$nil (2024 - \$84,535) of management fees in provision of the former CEO services from the former CEO of the Company.
- 2) \$36,000 (2023 - \$36,000) of management fees in provision of CFO services from a company controlled by the CFO and Director of the Company.
- 3) \$33,164 (2023 - \$32,563) of management fees in provision of director services from a company controlled by Director of the Company.

During the six months ended December 31, 2024, the Company issued 2,055,000 common shares to settle \$102,750 in unpaid fees to the Company's former CEO. The shares were measured at a grant date fair value of \$41,100 resulting in a gain on settlement of debt of \$61,650 (2023 - \$nil). Further, the Company issued 607,444 common shares pursuant to milestones reached, recorded at the grant date fair value of the shares \$12,149, recognized within Reserves as of June 30, 2024.

AlphaGen Intelligence Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2024 and 2023

Unaudited - In Canadian Dollars, unless noted

As at December 31, 2024, a balance of \$185,687 (2023 - \$197,814) was owing to key management personnel for fees incurred on behalf of the Company with these amounts all included in accounts payable and accrued liabilities. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

As at December 31, 2024, the Company had a balance of \$40,000 (2023 - \$40,000) of loan payable owing to a director of the Company. The amount is non-interest bearing, unsecured, and has no specific terms of repayment.

As at December 31, 2024, the Company had a balance of \$115,000 (2023 - \$75,000) of loan payable owing to a Company controlled by the brother of a Director of the Company. The amount is non-interest bearing, unsecured, and has no specific terms of repayment. This balance was subsequently settled through the issuance of 3,833,333 units (note 12).

9. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

10. RISK MANAGEMENT

a) Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

i. Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

ii. Credit Risk

Credit risk is the risk that a counterparty will be unable to pay any amounts owed to the Company. The Company is exposed to credit risk on its cash and accounts receivable. The Company manages its credit risk on its cash by holding its cash in large Canadian financial institutions. As at December 31, 2024, the Company's accounts receivable are nominal and as a result, the Company is not exposed to credit risk.

iii. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at December 31, 2024, the Company's working capital deficiency is \$558,066 (June 30, 2024 - \$526,874). The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

AlphaGen Intelligence Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2024 and 2023

Unaudited - In Canadian Dollars, unless noted

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2024, the Company had cash of \$5,552 (June 30, 2024 - \$17,125).

iv. **Market Risk**

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

v. **Currency Risk**

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

The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is not significant, and therefore, does not hedge its foreign exchange risk.

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies, stated at the Canadian dollar equivalent:

	December 31, 2024	June 30, 2024
Accounts payable and accrued liabilities - \$USD	106,000	126,000

Based on the above net exposure and assuming that all other variables remain constant a 10% change in the value of the foreign currencies against the Canadian dollar would result in a \$10,000 increase or decrease in the Company's net loss (2023 – \$17,000).

b) **Fair Values**

The carrying values of cash, accounts receivable, related party loans, accounts payable and accrued liabilities, and government loan, approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have any financial instruments classified as at fair value.

11. CONTINGENCIES

Due to the size and nature of the Company's operations, the Company may, from time-to-time, be subject to threats for potential or actual litigation. During the year end, June 30, 2024, a previous consultant for eSports claimed eSports owes him USD\$26,250 under a previous contract. Although the Company disputes that the services were not provided, the full amount of this claim is recognized within accounts payable and accrued liabilities as of December 31, 2024 and June 30, 2024.

AlphaGen Intelligence Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2024 and 2023

Unaudited - In Canadian Dollars, unless noted

12. SUBSEQUENT EVENTS

Subsequent to period end:

- On February 14, 2024, the Company issued 3,833,333 units at a price of \$0.03 to settle \$115,000 in loans. The units consist of a share and a warrant exercisable at \$0.05 for a period of two years from the date of issuance.