Sparc AI Inc.

Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

smythe

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SPARC AI INC.

Opinion

We have audited the consolidated financial statements of SPARC AI Inc. and its subsidiaries (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity (deficiency) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information.

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

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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits 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 consolidated financial statements, which indicates that the Company incurred a net loss of $315,969 for the year ended December 31, 2024 and as at that date had an accumulated deficit of $2,591,624. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that the are no other key audit matters to be communicated in our auditor's report.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hervé Leong-Chung.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 10, 2025

Contents

For the years ended December 31, 2024 and 2023

Sparc AI Inc.
Expressed in Canadian Dollars
Consolidated Statements of Financial Position
As at December 31, 2024 and 2023

	Note	2024 $	2023 $
Assets			
Current assets			
Cash		**8,133**	**122,650**
Other receivables		**18,927**	**7,095**
Total current assets		**27,060**	**129,745**
Non-current assets			
Equipment	8	**18,515**	**-**
Intangibles	10	**21,430**	**26,854**
Total non-current assets		**39,945**	**26,854**
Total assets		**67,005**	**156,599**
Liabilities			
Current liabilities			
Trade and other payables		**38,885**	**63,581**
Related party loans	18	**64,918**	**-**
Total current liabilities		**103,803**	**63,581**
Total liabilities		**103,803**	**63,581**
Equity (deficiency)			
Issued capital	14	**2,374,588**	**2,246,032**
Contributed surplus	15, 16	**178,156**	**122,641**
Cumulative translation adjustment		**2,082**	**-**
Accumulated deficit		**(2,591,624)**	**(2,275,655)**
Total equity (deficiency)		**(36,798)**	**93,018**
Total liabilities and equity (deficiency)		**67,005**	**156,599**

Signed on behalf of the board:

"Anoosh Manzoori"
Director

"Justin Hanka"
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Sparc AI Inc.
Expressed in Canadian Dollars
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the years ended December 31, 2024 and 2023

	Note	2024 $	2023 $
Revenue			
Revenue	6	-	201,203
Cost of Sales		-	(134,783)
Gross profit		-	66,420
Expenses			
Administration		(139,394)	(218,876)
Depreciation and amortization expense	8,9,10	(10,105)	(44,173)
Employee salaries and benefits expense		-	(241,666)
Consulting		-	(58,873)
Finance expense	11,12	-	(28,242)
Investor relations		-	(135,000)
Research and development (expense) credits	7	(66,399)	118,855
Share-based payments	16,18	(100,071)	(122,641)
Loss before other income		(315,969)	(664,196)
Profit on sale of subsidiary		-	3,631,331
(Loss) income before other comprehensive income		(315,969)	2,967,135
Other comprehensive income			
Foreign currency translation		2,082	69,218
Other comprehensive income		2,082	69,218
Total comprehensive (loss) income for the year		(313,887)	3,036,353
Basic and diluted income (loss) per share		$(0.02)	$0.16
Weighted average number of common shares outstanding		12,834,124	18,733,652

The above consolidated statement of income (loss) and comprehensive income (loss) should be read in conjunction with the accompanying notes

Sparc AI Inc.
Expressed in Canadian Dollars
Consolidated Statements of Changes in Equity (Deficiency)
For the years ended December 31, 2024 and 2023

	Number of Shares	Issued Capital $	Contributed Surplus $	Equity Component of Convertible note $	Cumulative Translation Adjustment $	Accumulated Deficit $	Total Equity (Deficiency) $
Balance at January 1, 2023	28,045,601	5,779,104	161,417	18,176	(69,218)	(6,395,605)	(506,126)
Net income for the year	-	-	-	-	-	2,967,135	2,967,135
Other comprehensive income for the year	-	-	-	-	69,218	-	69,218
Shares returned and cancelled on sale of subsidiary	(18,951,061)	(3,905,074)	-	(18,176)	-	991,398	(2,931,852)
Options cancelled	-	-	(161,417)	-	-	161,417	-
Share based payments	-	-	122,641	-	-	-	122,641
Private placement	3,389,777	372,002	-	-	-	-	372,002
Balance at December 31, 2023	12,484,317	2,246,032	122,641	-	-	(2,275,655)	93,018
Net loss for the year	-	-	-	-	-	(315,969)	(315,969)
Other comprehensive income for the year	-	-	-	-	2,082	-	2,082
Share based payments	-	-	100,071	-	-	-	100,071
Shares issued on exercise of options and warrants	560,000	128,556	(44,556)	-	-	-	84,000
Balance at December 31, 2024	13,044,317	2,374,588	178,156	-	2,082	(2,591,624)	(36,798)

The above consolidated statement of changes in equity (deficiency) should be read in conjunction with the accompanying notes

Sparc AI Inc.
Expressed in Canadian Dollars
Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023

	Note	2024 $	2023 $
Cash flows from operating activities			
Net income (loss) for the year		(315,969)	2,967,135
Adjustments for items not affecting cash			
Depreciation and amortization	8,10	10,105	44,173
Accretion expense	11	-	22,925
Interest on lease obligations	12	-	5,318
Share-based payments	16	100,071	122,641
Foreign exchange gain loss		-	69,218
Profit on sale of subsidiary	19	-	(3,631,331)
		(205,793)	(399,921)
Net changes in non-cash working capital balances			
Other receivables		(11,833)	(45,788)
Prepayments		-	(388)
Research and development tax credits receivable		-	260,619
Trade and other payables		(24,695)	(52,063)
Related party loan		-	65,280
Contract liabilities		-	(39,431)
Employee benefit provisions		-	18,802
Net cash used in operating activities		(242,321)	(192,890)
Cash flows from investing activities			
Cash disposed with sale of subsidiary	20	-	(15,376)
Purchase of equipment	8	(23,196)	-
Net cash used in investing activities		(23,196)	(15,376)
Cash flows from financing activities			
Net proceeds from private placement	15	-	237,002
Lease payments	12	-	(42,832)
Exercise of options and warrants	15,1 6	84,000	-
Net proceeds from related party loans	18	64,918	-
Net cash provided by financing activities		148,918	194,170
Net decrease in cash		(116,599)	(14,096)
Cash at the beginning of the year		122,650	146,979
Effects of exchange rate changes		2,082	(10,233)
Cash at the end of the year		8,133	122,650

Supplemental disclosure of cash flow information

Debt settled with shares from private placement	-	135,000
Interest paid	-	-
Taxes paid	-	-
Total	-	135,000

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Nature of operations and going concern

Sparc AI Inc. ("Sparc AI" or the "Company") was incorporated under the laws of the Province of British Columbia, Canada on October 17,2018. The Company's registered office and principal place of business are: Registered office #800-1281 W Georgia Street Vancouver, BC, V6E 3J7 Canada, Principal office 91 Collins Street Melbourne, Australia. The Company became a Reporting Issuer on November 10, 2020. On December 4, 2020, the Company was listed on Canadian Stock Exchange and trades under the symbol "SPAI". On July 22, 2024, the Company listed on the OTCQB market under ticker "SPAIF".

The Company's principal business activity is a software and engineering entity that has developed, patented and commercialised innovative spatial, predictive, approximation and radial convolution technology called SPARC and an associated product suite that turns any sensor, camera or smartphone device (fixed, mobile, airborne, portable or handheld) into a target co-ordinate acquisition system by calculating the geolocation of any object.

The Company's consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities in the normal course of operations. The Company incurred a net loss of $315,969 (2023 - income of $2,967,135) and had an accumulated deficit of $2,591,624 (2023 - $2,275,655) as at December 31, 2024. To date, the Company has funded operations through external financing and revenue from operations. The Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations in the future or to obtain sufficient funding to continue in operation. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. The consolidated financial statements do not reflect adjustments that would be necessary if the going assumption was not appropriate. These adjustments could be material.

The Company disposed of its subsidiary company, EYEfi Pty Ltd., effective June 29, 2023 (note 19).

The Board of Directors approved the consolidated financial statements on April 10, 2025.

Note 2. Basis of preparation

Statement of compliance
These audited consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB").

Historical cost convention
The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Critical accounting estimates
The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Basis of consolidation
The consolidated financial statements include the consolidated results of all entities considered to be part of the consolidated entity due to their underlying common shareholding interest. These entities include Sparc AI Inc Inc. which operates in Canada, and its wholly owned subsidiaries, EYEfi Pty Ltd. ("EYEfi") and Sparc AI Pty Ltd. ("Sparc AUS"), which operate in Australia. Subsidiaries are consolidated from the date upon which control is acquired by the Company. All intercompany transactions and balances have been eliminated on consolidation.

The subsidiary company, EYEfi, was sold effective June 29, 2023 and upon loss of control, the subsidiary is no longer consolidated.

In December 2023, a Sparc AUS was incorporated in Australia. This entity is consolidated from the date of incorporation.

Note 2. Basis of preparation (continued)

Functional and presentation currency
These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of the Company's subsidiary is Australian dollar ("AUD").

Foreign currency transactions
Foreign currency transactions are translated into the consolidated entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. For the purpose of the consolidated financial statements, assets and liabilities of the entities that have functional currencies other than the Canadian dollar are translated to Canadian dollars at the reporting date using the closing exchange rate. Revenue and expenses are translated at yearly average exchange rates that approximate those in effect at the transaction dates. Differences arising from these foreign currency translations are recognized in Cumulative Translation Adjustment ("CTA") and presented within equity.

Note 3. Summary of material accounting policies

The following accounting policies are the most relevant to the Company:

Revenue from Contracts with Customers
Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised, and collection is reasonably assured. Cash received in advance for customer contracts for which services are yet to be performed is recorded as contract liabilities.

Hardware sales are recognized upon delivery to the customer, and software solution and professional services are recognized as the services are provided.

Income tax
Income tax expense, consisting of current and deferred tax, is recognized in the consolidated statements of income (loss) and comprehensive income (loss). Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjustment for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Note 3. Summary of material accounting policies (continued)

Government grants

Government grants towards current expenses are included in the profit or loss for the same period the related expenditure is incurred. Government grants towards property and equipment purchases are deducted from the cost of the asset to which it relates. Government program credits are recognized only when there is reasonable assurance that the Company has complied with all conditions necessary to receive the credits and collectability is reasonably assured.

Equipment

Equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation is calculated on a declining balance basis to write off the net cost of each item of equipment as follows:

Equipment	40%

Financial Instruments

The Company classifies financial assets as follows: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). Classification of financial assets under IFRS 9 is generally based on a business model and its contractual cash flow characteristics.

The following table shows the classification categories for each class of the Company's financial assets and financial liabilities.

Asset/Liability	Measurement Category	Subsequent Measurement
Cash	FVTPL	FVTPL
Trade and other payables	Amortized cost	Amortized cost
Related party loans	Amortized cost	Amortized cost

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at FVTPL, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at FVTPL are expensed in profit or loss when incurred.

Classification and subsequent measurement

Financial assets are subsequently measured based on their classification as measured at amortized cost, FVTPL, or FVOCI. The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Note 3. Summary of material accounting policies (continued)

Financial assets (continued)

Classification and subsequent measurement (continued)

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost, using the effective interest method, and net of any impairment allowances. Gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade and other receivables and lease bond.

- Fair value through other comprehensive income - For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. Under this category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. The Company does not have any financial assets designated as FVOCI.

- Fair value through profit or loss - Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded in profit or loss.

Business model assessment
The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment
The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company’s claim to cash flows, and any features that modify consideration for the time value of money.

Derecognition of financial assets
The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement
The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value less transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Classification and subsequent measurement
Subsequent to initial recognition, all of the Company's financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities
The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Note 3. Summary of material accounting policies (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognized at cost. Indefinite life intangible assets are not amortized and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortization and any impairment. The gains or losses recognized in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The amortization method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortization method or period.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortized over their remaining useful life, based on their expiry.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Share-based payments

The Company grants equity-settled share-based awards to directors, officers, employees, and consultants. Share-based payments to directors, officers and employees are measured at the fair value of the equity instrument on grant date. The fair value of stock options is measured using the Black-Scholes option pricing model, and share-based payments expense is recognized over the vesting period using the graded vesting method.

Fair value of share-based payments to non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If the fair value of goods and services received cannot be reliably measured, the share-based payment are measured at the fair value of the equity instrument issued.

For both employees and non-employees, the fair value of share-based payments is recognized in profit or loss, with a corresponding increase to contributed surplus. The amount recognized as expense is adjusted to reflect the number of stock options or warrants expected to vest. Consideration received on the exercise of stock options and warrants is recorded in issued capital and the related share-based payments in contributed surplus is transferred to issued capital. Upon forfeiture or expiry of stock options and warrants, any previously recorded share-based payments included in contributed surplus is transferred to deficit.

Issued capital

Common shares are classified as equity.

Proceeds received from the exercise of stock options and warrants are recorded as issued capital, and the related fair value included in contributed surplus is transferred to issued capital. Shares issued for non-monetary consideration is value at the closing market price at the date of issuance. Proceeds received from the issuance of new shares are recorded as issued capital. When units are issued comprising common shares and warrants, the Company uses the appropriate option pricing model to apportion the fair value of consideration received between share capital and warrants. Upon expiry, any previously recorded amounts in warrant reserve are transferred to issued capital.

Incremental costs directly attributable to the issue of shares are shown in equity as a deduction, net of tax, from the proceeds.

Note 3. Summary of material accounting policies (continued)

Goods and Services Tax ("GST") and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Basic and diluted earnings (loss) per share

Basic earnings (loss) per share
Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of common shares outstanding during the financial period.

Diluted earnings (loss) per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential common shares; and
- The weighted average number of additional common shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Research and development

The Company incurs cost on activities that relate to research and development of new and existing products. Research and development costs are expensed, except in cases where development costs meet certain identifiable criteria for deferral. Development costs are capitalized only if the expenditures can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. As at December 31, 2024 and 2023, the Company has not capitalized any research and development costs.

Note 4. Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 4. Critical accounting judgments, estimates and assumptions (continued)

Critical accounting estimates
Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amounts of assets and liabilities within the next financial year. Critical accounting estimates include, but are not limited to, the following:

- **Equipment and intangible assets – useful lives**

  The Company estimates the useful lives and selects methods used to allocate amortization amounts of equipment on a systematic basis. Technical obsolescence of equipment could significantly impact estimated residual useful lives and in turn, carrying values being over or understated.

  The Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value.

  The estimates are reviewed annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of equipment and intangible assets resulting in a change in related amortization expense.

- **Share-based payments**

  The fair value of stock options granted, and compensatory warrants are measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option or warrant, expected volatility, expected life of the option or warrant , expected dividends and the risk-free rate. The Company estimates volatility based on its historical share price or historical share price of comparable companies, excluding specific time frames in which volatility was affected by specific transactions that are not considered to be indicative of the entities' expected share price volatility. The expected life of the option or warrant is based on historical experience and general holder behaviour. Dividends were not taken into consideration as the Company does not expect to pay dividends.

- **Fair value of equity consideration**

  As discussed in note 19, the Company disposed of its subsidiary effective June 29, 2023. The deemed proceeds for the disposition were represented by a surrender and subsequent cancellation of shares of Sparc AI. Management has estimated that the fair value of the shares cancelled is represented by the market price of those shares at the date the terms were negotiated and agreed upon.

Critical accounting judgments

- **Intangible assets**

  The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which is based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

  The Company assesses at each reporting date if the intangible assets have indicators of impairment. In determining whether the intangible assets are impaired, the Company assesses certain criteria, including observable decreases in value, significant changes with an adverse effect on the entity, a change in market interest rates, evidence of technological obsolescence and plans.

Expressed in Canadian Dollars

Note 4. Critical accounting judgments, estimates and assumptions (continued)

Critical accounting judgments (continued)

- **Recognition of research and development tax credits**

  Recognition of government grant income in relation to research and development expenditure credits is made when the Company has reasonable assurance that all unfulfilled conditions and contingencies attached to those grants will be complied with. In making this assessment, management has considered the following matters:

  - The research and development expenditure is permitted research and development expenditure as established by AusIndustry, the Australian government body who reviews and approves research and development claims; and

  - The expenditure is claimable through the Australian Taxation Office ("ATO"), which requires the submission of annual taxation returns. The Company has consistently met filing deadlines for submitting those tax returns in previous financial years and has no reason to expect this condition will not continue to be met in future reporting periods.

- **Going concern assumption**

  The assessment of whether the going concern assumption is appropriate requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

- **Functional currency determination**

  The functional currency of the Company and its subsidiary is the currency of the primary economic environment and the Company reconsiders the functional currency if there is a change in events and conditions which determined the primary economic environment.

Note 5. Operating segments

The Company has one operating segment: software development for geospatial targeting. The Company has developed a Target Acquisition System, a software platform that can determine the location of any distant object. The Company has also developed an autonomous flight module. The software operates without GPS, Lidar, Radar, or image recognition software.

Note 6. Revenue

	December 31, 2024 $	December 31, 2023 $
Spatial Video Platform	-	201,170
Interest	-	33
	-	201,203

Spatial Video Platform and other consulting revenue has been recognised over the time the services have been rendered.

Major customer revenue contribution

	December 31, 2024 $	December 31, 2023 $
The following customers contributed more than 10% of total revenue:		
Telstra	-	165,641
Melbourne Water	-	35,529
	-	201,170

Expressed in Canadian Dollars

Note 6. Revenue (continued)

Major customers

Telstra is an Australian telecommunications company that builds and operates telecommunications networks and markets voice, mobile, internet access, pay television, and other products and services.

Melbourne Water is a statutory authority owned by the State of Victoria in Australia. It manages and protects Melbourne's major water resources, including the water storage reservoirs and how drinking water is supplied.

These customers are no longer with the consolidated group.

Note 7. Research and development tax credits receivable

	Total $
Balance at December 31, 2022	376,113
Amounts received	(376,113)
Recoverable credit for the year	118,855
Sale of subsidiary company	(118,855)
Balance at December 31, 2023 and 2024	-

Note 8. Equipment

Reconciliations
Reconciliations of the values at the beginning and end of the current and previous financial year are set out below:

	Equipment $
Balance at December 31, 2022	5,523
Depreciation expense	(1,073)
Sale of subsidiary company	(4,740)
Exchange difference	290
Balance at December 31, 2023	-
Purchase of equipment	23,196
Depreciation expense	(4,681)
Balance at December 31, 2024	18,515

Note 9. Right-of-use assets

On December 21, 2020, the Company signed a new lease at 17/71 Victoria Crescent, Abbotsford VIC 3067, Australia with a commencement date of February 1, 2021 and a term of four years.

The right-of-use asset is depreciated over four years and a lease liability is measured at the present value of the lease payments unpaid at commencement date, discounted using the consolidated entity’s incremental borrowing rate of 6%.

Expressed in Canadian Dollars

Note 9. Right-of-use assets (continued)

This asset was sold with the subsidiary company in June 2023.

	Total $
Balance at December 31, 2022	157,410
Exchange differences	(5,943)
Depreciation expense	(37,647)
Sale of subsidiary company	(113,820)
Balance at December 31, 2023 and 2024	-

Note 10. Intangibles

	Patents $	Trademarks $	Total $
Balance at December 31, 2022	31,776	3,570	35,346
Sale of subsidiary Company	(81)	-	(81)
Amortization expense	(1,884)	(3,570)	(5,454)
Exchange differences	(2,957)	-	(2,957)
Balance at December 31, 2023	26,854	-	26,854
Amortization expense	(5,424)	-	(5,424)
Balance at December 31, 2024	21,430		21,430

Note 11. Facility loan payable

On November 29, 2022, the Company entered into an unsecured loan facility agreement with a shareholder Atom Jack Pty Ltd. (the "Lender") and was advanced $225,000. The loan bears interest of 10% per annum, due upon receipt of principal. Included in interest expense is $22,500 paid to the Lender ($Nil during the year ended December 31, 2023 and $22,500 during the year ended December 31, 2022). The maturity date on the loan facility is November 29, 2023.

The principal amount of $225,000, was convertible into 592,105 common shares of the Company at a price of $0.38 per share. If the conversion option is not exercised by the Lender, the principal is repayable on the first anniversary of the loan facility agreement.

Expressed in Canadian Dollars

Note 11. Facility loan payable (continued)

The terms of the loan facility agreement also include the issuance of 592,105 bonus warrants to the Lender. Each bonus warrant grants the Lender the option to purchase one common share of the Company at an exercise price of $0.40, expiring on November 25, 2024.

The facility loan contained both a financial liability component and an equity component given the conversion feature and the bonus warrants grant the Lender the option to acquire an equity interest in the Company and meet the fixed-for-fixed criteria. The Company bifurcated the loan facility using a discounted cash flow model and recognized a financial liability of $200,000, representing the fair value of the liability component discounted at a rate of 12.5%. The equity component consisted of the conversion feature and the bonus warrants and was assigned a fair value of $25,000.

	Total **$**
Balance at December 31, 2022	202,076
Accretion interest	22,924
Sale of the subsidiary company	(225,000)
Balance at December 31, 2023 and 2024	-

This loan facility was disposed of with the sale of the subsidiary company.

Note 12. Lease liabilities

	$
Balance at December 31, 2022	172,923
Payment toward lease	(42,832)
Accretion	5,318
Exchange differences	946
Sale of subsidiary company	(136,355)
Balance at December 31, 2023 and 2024	-

Note 13. Income tax

For the years ended December 31, 2024 and 2023, the reconciliation of the expected income tax at the Canadian statutory income tax rate of 27% (2023 - 27%) to the actual income tax is as follows:

	December 31, 2024 **$**	**December 31, 2023** **$**
Net income (loss) before tax	(315,969)	2,967,135
Statutory tax rate	27%	27%
Expected income tax expense (recovery)	(85,312)	801,126
Differences between Canadian and foreign tax rates	4,210	3,313
Items not taxable	27,019	(947,346)
Effect of change in tax rates	-	-
Impact of foreign exchange on tax assets and liabilities	-	-
Under provided in prior years	-	-
Unused tax losses and tax offsets not recognized	50,548	199,891
Origination and reversal of temporary differences	3,535	(56,984)
Income tax recovery	-	-

Expressed in Canadian Dollars

Note 13. Income tax (continued)

The Company recognizes tax benefits on losses or other deductible amounts where it is probable future taxable income for the recognition of deferred tax assets has been met.

Additionally, the Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	December 31, 2024 $	**December 31, 2023 $**
Non-capital losses carried forward	759,966	554,170
Share issuance costs	229,470	229,470
Accruals and provisions	-	13,094
	989,436	796,734

Note 14. Issued capital

Ordinary shares

Ordinary shares entitle the holder voting rights and to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

During the 2023 financial year, the subsidiary company EYEFi Pty Ltd. was sold to some shareholders of the listed entity. Part of the terms of the sale was that these shareholders would hand back their shares in the listed entity to treasury, and that these shares would be cancelled. The total number of shares cancelled was 18,951,061, representing 67.57% of shares on issue at the time. This attributed a value of $3,905,074 in share capital being cancelled. The difference between the estimated fair value of those shares using the market price and the attributed value of $991,398 has been recorded to equity as this represents a transaction with individuals in their capacity as shareholders.

Exercised options

During the year ended December 31, 2024, 300,000 options were exercised at $0.15 per share (2023 - $Nil).

Refer to Note 16 for further details.

Private placement

On December 5, 2023, the Company completed a private placement where it raised $372,002 for the issue of 3,389,777 shares. Part of the share issue was used to settle a $135,000 debt that the Company owed a third party, so the actual cash raised was $237,002.

Note 15. Warrants

Warrants totaling 520,000 were issued as at June 30, 2023 and have an exercise price of $0.15 each with an expiry date of June 30, 2025. In June 2024, 260,000 warrants were exercised at 0.15 per share. The Company issued 260,000 shares and received gross proceeds on exercise of $39,000. The following fair value assumptions were used to estimate the fair value of the warrants:

Stock price	$0.15
Exercise price	$0.15
Term	2 years
Risk-free interest rate	3.35%
Dividend yield	-%
Volatility	98.57%

Expressed in Canadian Dollars

Note 15. Warrants (continued)

As part of the loan agreement with the related parties, 400,000 warrants were issued at August 26, 2024. The warrants have an exercise price of $0.26 and expire August 26, 2026. The following fair value assumptions were used to estimate the fair value of the warrants:

Stock price	$0.31
Exercise price	$0.26
Term	2 years
Risk-free interest rate	3.12%
Dividend yield	-%
Volatility	171.74%

Warrants outstanding as at December 31, 2024 are as follows:

	Number of Warrants	
Balance of warrants at December 31, 2022	592,105	
Expired warrants	(592,105)	
Issued	520,000	
Balance of warrants at December 31, 2023	520,000	
Exercised	(260,000)	
Issued	400,000	**Refer to Note 18*
Balance at December 31, 2024	660,000	

Expiry date	Weighted average exercise price $	Weighted average remaining life (Years)	Warrants outstanding
June 30, 2025	$0.15	0.50	260,000
August 31, 2026	$0.26	1.62	400,000

Note 16. Stock options

On October 13, 2022, the Company issued 500,000 options each (1,000,000 in total) to Polygon fund Pty Ltd. ATF Polygon Fund Unit Trust, controlled by Anoosh Manzoori, and Accelerative Investments Pty Ltd., controlled by Justin Hanka, in connection with their appointment as directors of the Company, announced December 15, 2022. The options have an exercise price of $0.50 per share and expiry date of December 31, 2024. The shares issuable upon exercise of the options will have a four-month holding period and one day. The options have a fair value of $161,419.

As agreed in the share sale agreement for the sale of EYEfi, 1,000,000 of these options were cancelled as at June 30, 2023. The cancelled options have been released from contributed surplus to accumulated deficit at the date of sale of EYEfi.

On February 2, 2023, 200,000 fully vested options were issued to a consultant for services rendered. The options have a three-year term with an exercise price of $0.50.

The following table presents a reconciliation of stock options outstanding:

	Weighted average exercise price.	Number of stock options outstanding.
Balance at December 31, 2022	$0.50	1,000,000
Granted	$0.15	900,000
Cancelled	$0.50	(1,000,000)
Balance at December 31, 2023	$0.15	900,000
Exercised	$0.15	300,000
Balance at December 31, 2024	$0.15	600,000

Expressed in Canadian Dollars

Note 16. Stock options (continued)

As at December 31, 2024, the Company had the following stock options outstanding and exercisable:

Expiry date	Weighted average exercise price $	Weighted average remaining life (Years)	Options outstanding and exercisable
February 2026	$0.50	1.09	200,000
June 30, 2025	$0.15	0.50	400,000

As at December 31, 2023, the Company had the following stock options outstanding and exercisable:

Expiry date	Weighted average exercise price $	Weighted average remaining life (Years)	Options outstanding and exercisable
February 2, 2026	$0.50	2.09	200,000
June 30, 2025	$0.15	1.50	700,000

Note 17. Financial instruments and risk management

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern, in order to provide returns for the shareholders and benefits for other stakeholders. The Company includes equity, comprised of share capital and deficit, in the definition of capital.

The Company's primary objective, with respect to its capital management, is to ensure that it has sufficient cash resources to fund the operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

There were no changes to the Company's approach to capital management during the year ended December 31, 2024.

Fair value of financial assets and financial liabilities

Fair value
Fair value represents the price at which an asset and liability could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of assets and liabilities according to the following hierarchy based on the number of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Expressed in Canadian Dollars

Note 17. Financial instruments and risk management (continued)

Fair value of financial assets and financial liabilities (continued)

Fair value (continued)
The Company's financial instruments consist of cash, related party loan payable, and trade and other payables.

The Company's financial instruments classified as level 1 in the fair value hierarchy is cash. Related party loan payable, and trade and other payables are short term which approximate their fair value.

Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The cash at bank is subject to credit risk where the bank cannot repay the principal and interest to the Company. The Company mitigates this risk by using the major banks in Australia and Canada. The Company believes it has no significant credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company will achieve this by maintaining sufficient cash and seeking equity financing when needed.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of undiscounted financial assets and liabilities. As at December 31, 2024, the Company had trade and other payables of $38,885 (2023 - $63,581) that were outstanding for less than 30 days. In addition, related party loans payable amounted to $64,918 (2023 - $Nil), with a maturity of less than one year.

Currency risk

The Company's main operating business is in Australia. As such, the Company is exposed to some foreign currency risk. Fluctuations in the exchange rate between the Canadian dollar and Australian dollar may have an adverse effect on the Company's business. The Company may mitigate its foreign currency risk by substituting Canadian vendors for certain services. Foreign currency risk is considered low relative to the overall financial operating plan. A change of 10% in the exchange rate at December 31, 2024 would increase or decrease net loss by $1,663.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company currently has no interest-bearing financial instruments.

Note 18. Related party transactions

Key management personnel

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	December 31, 2024 $	**December 31, 2023 $**
Salaries	-	108,240
Post-employment benefits	-	18,099
	-	126,339

Expressed in Canadian Dollars

Note 18. Related party transactions (continued)

Transactions with related parties

The transactions with related parties were in the normal course of operations and were measured at their fair values.

On August 16, 2024, the Company entered into a loan agreement with Polygon Fund Pty, controlled by Anoosh Manzoori, Chief Executive Officer and Accelerative Investments Pt Ltd., controlled by Justin Hanka, Director, for a facility of $200,000 in total ($100,000 each). There are 200,000 warrants to be issued to each party in connected with the loan. The expiry date of the warrants is August 16, 2026. As of December 31, 2024, this payable to facility loan is $64,918. The loan bears zero interest and is due on demand.

On June 30, 2023, The Company entered into a loan agreement with Polygon Fund Pty, controlled by Anoosh Manzoori, Chief Executive Officer and Accelerative Investments Pt Ltd., controlled by Justin Hanka, Director, for a facility of $200,000 in total ($100,000 each) with a one year term and bears no interest. As of December 31, 2023, the balance of the facility loan is $Nil and it has expired as of December 31, 2024. There are 260,000 warrants to be issued to each party in connected with the loan. The expiry date of the warrants is June 29, 2025.

Issue of options (note 16)

In June 2024, 260,000 warrants to Polygon Fund were exercised at 0.15 per share. The Company issued 260,000 shares and received gross proceeds on exercise of $39,000.

In May 2024, Anoosh Manzoori, Chief Executive Officer, exercised 300,000 options at $0.15 per share. The Company issued 300,000 shares and received gross proceeds on exercise of $45,000. The market price of the Company's shares on the exercise date was $0.20 per share.

On June 30, 2023, 700,000 fully vested options with an exercise price of $0.15 per option with a term of two years were granted to the following:

	Options	**Value**
Anoosh Manzoori (CEO and director)	300,000	23,870
Justin Hanka (Director)	300,000	23,870
Anthony Haberfield (Director)	50,000	3,978
John Dinan (CFO)	50,000	3,978
Total on Issue	700,000	55,696

Issue of warrants (note 15)

The following warrants were issued to related parties on August 16, 2024 with an exercise price of $0.26 per option with a term of two years:

	Warrants	**Value**
	#	**$**
Polygon Fund Pty	200,000	50,036
Accelerative Investment Pty LTD	200,000	50,035
Total on Issue	400,000	100,071

Expressed in Canadian Dollars

Note 18. Related party transactions (continued)

Issue of warrants (note 15) (continued)

260,000 warrants granted to Polygon Fund Pty, controlled by Anoosh Manzoori, Chief Executive Officer, in 2023 were exercised in the year ended December 31, 2024.

The following warrants were issued to related parties on June 30, 2023:

	Warrants #	Value $
Anoosh Manzoori (CEO and director)	260,000	20,687
Justin Hanka (Director)	260,000	20,687
Total on Issue	520,000	41,374

Note 19. Sale of EYEfi Pty Ltd.

The Group consisted of Sparc AI and EYEfi, its 100% owned subsidiary company. EYEfi owned the SPARC patents and Algorithms (the “Assets”). Effective June 29, 2023, Sparc AI entered into a purchase and sale agreement with certain shareholders of Sparc AI (the “Purchasers”) for the sale of all of the shares of EYEfi.

Pursuant to the purchase and sale agreement, the agreed terms of the sale were that the Purchasers would return to treasury their shares in the Company and they would be cancelled. The total number of shares cancelled was 18,951,061. In addition, the agreement includes the payment of deferred consideration of $2,200,000, in the form of a Promissory note, by the Purchasers to the Company upon certain contingent future events. As the contingent events are not probable at the date of the purchase and sale agreement nor at December 31, 2023, the Promissory note meets the definition of a contingent asset and has not been recorded to the Company’s consolidated statement of financial position as at December 31, 2023.

The profit on sale of EYEfi was $3,361,331, calculated as follows:

Number of shares returned to treasury	18,951,061
Share price at time of sale	$0.15
Value of share consideration	$2,842,659
Intercompany loan forgiveness	$39,699
Assets of EYEfi disposed	$(317,795)
Liabilities of EYEfi disposed	$1,020,018
Foreign currency translation recognised	$46,750
Profit on sale	$3,631,331

The disposition of the subsidiary company occurred effective June 29, 2023. Following the sale of EYEfi, the Company does not have any continuing business and will be required to further develop the SPARC technology. The sale of EYEfi has not been presented as a discontinued operation as it represented the entire business of the Company prior to disposition and management has determined that it would be misleading to present the operating results as a single line item as required by IFRS 5 *Assets held for resale and discontinued operations*.

Note 20. Subsequent Events

Subsequent to December 31, 2024, the Company completed a private placement raising $301,000 for the issue of 1,505,000 units at $0.20 per unit, where each unit comprises one common share and one share purchase warrant at $0.30 per warrant expiring January 30, 2026.

The Company also received a notice for exercise of 50,000 options at $0.15 per share.