Legible Inc.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Legible Inc.

Opinion

We have audited the consolidated financial statements of Legible Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' deficiency for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

April 29, 2024

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Entity has incurred a net loss and negative cash flows from operations for the year ended December 31, 2023.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity'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 financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the “Material Uncertainty related to Going Concern” section of the auditor’s report, we have determined that there are no other key audit matters to communicate in our auditor’s report.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

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

We obtained the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor’s report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the 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 auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Alexandre Farrell.

Vancouver, Canada
April 29, 2024

Legible Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
For the years ended December 31, 2023, and 2022
(Expressed in Canadian dollars)

	Note	**December 31, 2023 $**	December 31, 2022 $
Assets			
Current assets			
Cash and cash equivalents		**74,831**	**150,439**
Amounts receivable	4	**2,864**	**58,433**
Prepaid expenses	5	**63,427**	**110,000**
Total current assets		**141,122**	**318,872**
Non-current assets			
Computer equipment		**-**	**12,302**
Total non-current assets		**-**	**12,302**
Total assets		**141,122**	**331,174**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**2,099,254**	**2,044,667**
Credit facility	6	**446,610**	**418,244**
Loans payable	7	**450,279**	**232,264**
Due to related parties	10	**11,130**	**29,130**
Deferred revenue		**1,152**	**-**
Total current liabilities		**3,008,425**	**2,724,305**
Non-current liabilities			
Convertible debentures	8	**99,933**	**1,266,719**
Total non-current liabilities		**99,933**	**1,266,719**
Total liabilities		**3,108,358**	**3,991,024**
Shareholders' deficiency			
Share capital	9	**20,956,541**	**15,881,125**
Shares to be issued		**120,000**	**263,000**
Reserves	9	**3,296,856**	**2,282,529**
Equity component of convertible debentures	8	**24,511**	**480,903**
Deficit		**(27,365,144)**	**(22,567,407)**
Total shareholders' deficiency		**(2,967,236)**	**(3,659,850)**
Total liabilities and shareholders' deficiency		**141,122**	**331,174**

Basis of preparation and going concern (note 2)
Subsequent events (note 14)

Approved and authorized for issue by the Board of Directors on April 29, 2024:

"David Van Seters" — Director

"Shannon Kaustinen" — Director

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

Legible Inc.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended December 31, 2023, and 2022

(Expressed in Canadian dollars)

	Note	**December 31, 2023 $**	December 31, 2022 $
Revenues		**53,445**	20,606
Cost of sales		**35,757**	10,914
Gross margin		**17,688**	9,692
Operating expenses			
Amortization		**12,302**	563,084
Consultants		**652,487**	341,392
Directors' fees	10	**60,000**	67,000
General and administrative		**332,444**	380,915
Interest	6,7,8	**419,318**	434,215
Investor relations		**261,301**	500,625
Marketing		**178,431**	446,096
Professional fees		**399,175**	403,635
Salaries, wages, and benefits		**1,435,951**	3,411,085
Share-based compensation	9	**912,403**	490,627
Software development		**303,361**	39,513
Software subscriptions and hosting fees		**302,174**	285,030
Transfer agent and filing fees		**30,387**	36,415
Total operating expenses		**5,299,734**	7,399,632
Loss from operations		**5,282,046**	7,389,940
Other expenses (income)			
Debt waived by related parties	10	**-**	(147,000)
Loss on disposition of computer equipment		**-**	13,468
Impairment		**-**	1,709,709
R&D tax recovery	11	**(484,309)**	-
Total other expenses (income)		**(484,309)**	1,576,177
Net loss before income taxes		**4,797,737**	8,966,117
Income tax recovery	11	**-**	(183,907)
Net loss and comprehensive loss		**4,797,737**	8,782,210
Basic and diluted loss per share		**0.04**	0.13
Weighted average shares outstanding		**110,273,015**	67,041,676

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

Legible Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
For the years ended December 31, 2023, and 2022
(Expressed in Canadian dollars)

	Share capital			Reserves			
	Number of common shares	Share capital $	Shares to be issued $	Share options and compensatory warrants $	Equity component of convertible debentures $	Deficit $	Total $
Balance, December 31, 2021	**62,948,000**	**14,552,581**	**120,500**	**1,775,995**		**(13,785,197)**	**2,663,879**
Warrants exercised ($0.10 - $0.20)	1,230,000	241,000	(500)	-	-	-	240,500
Issuance of convertible debentures, net of deferred tax of $183,907	4,451,130	181,150	-	-	571,947	-	753,097
Issuance of shares ($0.10)	6,945,656	694,566	-	-	-	-	694,566
Issuance of shares regarding debt conversions ($0.10)	2,200,000	220,000	-	-	(80,424)	-	139,576
Less: share-issuance costs	-	(8,172)	-	15,907	(10,620)	-	(2,885)
Share-based compensation	-	-	-	490,627	-	-	490,627
Obligation to issue shares	-	-	143,000	-	-	-	143,000
Net loss and comprehensive loss for the year	-	-	-	-	-	(8,782,210)	(8,782,210)
Balance, December 31, 2022	**77,774,786**	**15,881,125**	**263,000**	**2,282,529**	**480,903**	**(22,567,407)**	**(3,659,850)**
Issuance of shares ($0.09 - $0.12)	36,511,464	3,551,088	(143,000)	-	-	-	3,408,088
Issuance of debt settlement (0.135)	250,000	33,750	-	-	-	-	33,750
Warrants exercised ($0.10)	42,472	6,981	-	(2,734)	-	-	4,247
Issuance of share regarding debt conversions, net of taxes	18,829,000	1,710,241	-	-	(456,392)	-	1,253,849
Less: share-issuance costs (note 9)	-	(226,644)	-	104,658	-	-	(121,986)
Share-based compensation (note 9)	-	-	-	912,403	-	-	912,403
Net loss and comprehensive loss for the year	-	-	-	-	-	(4,797,737)	(4,797,737)
Balance, December 31, 2023	**133,407,722**	**20,956,541**	**120,000**	**3,296,856**	**24,511**	**(27,365,144)**	**(2,967,236)**

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

Legible Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023, and 2022
(Expressed in Canadian dollars)

	Note	**December 31, 2023 $**	December 31, 2022 $
Cash flows from operating activities			
Net loss and comprehensive loss		**(4,797,737)**	**(8,782,210)**
Adjustments for non-cash items:			
Amortization		**12,302**	**563,084**
Income tax payable (recovery)		**-**	**(183,907)**
Interest		**381,331**	**421,422**
Share-based compensation	9	**912,403**	**490,627**
Impairment		**-**	**1,709,709**
Debt waived by related parties		**-**	**(147,000)**
Shares issued for services		**454,127**	**376,265**
Loss on disposition of computer equipment		**-**	**13,468**
Changes in working capital			
Decrease in amounts receivable		**55,569**	**52,806**
Decrease in prepaid expenses		**46,573**	**163,544**
Increase (decrease) in due to related parties		**-**	**29,130**
Increase in accounts payable and accrued liabilities		**90,822**	**1,450,770**
Net cash flows used in operating activities		**(2,844,610)**	**(3,842,292)**
Investing activities			
Proceeds from disposition of computer equipment		**-**	**39,805**
Purchase of computer equipment		**-**	**(22,544)**
Net cash flows from in investing activities		**-**	17,261
Financing activities			
Proceeds from share issuances		**2,499,895**	**509,413**
Proceeds from exercise of warrants	9	**4,247**	**240,500**
Proceeds from loans	7	**820,659**	**852,436**
Reduction of loans	7	**(286,664)**	**(25,000)**
Credit facility proceeds / (repayments)	6	**(147,149)**	**308,000**
Proceeds from convertible debentures		**-**	**1,278,500**
Share issuance costs		**(121,986)**	**(21,047)**
Net cash flows from financing activities		**2,769,002**	**3,142,802**
Net change in cash during the year		**(75,608)**	**(682,229)**
Cash, beginning of year		**150,439**	**832,668**
Cash, December 31, 2023		**74,831**	**150,439**
Non-cash investing & financing activities:			
Fair value of broker warrants	*9*	*104,658*	*15,908*
Loans payable settled with convertible debentures	*7*	*436,065*	*567,800*
Loans payable settled with common shares		*-*	*202,653*
Debt payables settled through issuance of common shares		*93,750*	*125,500*
Conversion of convertible debt to shares		*1,710,242*	*-*
Interest paid		*-*	*12,793*

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

1. CORPORATE INFORMATION

Legible Inc. (“Legible”) is an eBook entertainment and media company that has developed a browser-first, globally distributed reading and publishing platform that offers a sophisticated and immersive reading experience to anyone with an internet-enabled device anywhere in the world, while solving key challenges faced by readers, publishers, and authors. This includes providing planned global access to literature without the need for e-readers and apps, improving the capacity to showcase marginalized voices, opening new device-agnostic markets, and innovating new digital publishing formats.

The Company and its wholly owned subsidiary, Legible Media Inc., were incorporated under the Alberta Business Corporations Act and the British Columbia Business Corporations Act, respectively. The head office is located at Suite 250 – 997 Seymour St., Vancouver, B.C. V6B 3M1. The Company’s common shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “READ” and trading commenced on December 1, 2021. On January 10, 2022, the Company’s common shares commenced trading on the Frankfurt Stock Exchange (FSE) under the trading symbol D0T (D/zero/T). On January 25, 2023, the Company began trading on the U.S. based OTCQB Venture Market under the symbol LEBGF.

2. BASIS of PREPARATION and GOING CONCERN

Statement of compliance

These consolidated financial statements, including comparatives, of the Company and its subsidiaries are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Certain comparative figures have been reclassified to conform to the presentation used in the current year.

These consolidated financial statements were approved and authorized for issue by the directors of the Company on April 29, 2024.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not achieved scalable commercialization of its products.

As of December 31, 2023, the Company had limited revenue and generated negative cash flows from operating activities. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. The Company had a working capital deficit of $2,867,303 (2022 - working capital of $2,405,433) and an accumulated deficit of $27,365,144 (2022 - $22,567,407) since inception. Management has determined, in making its assessment, that these events or conditions create a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern.

The Company’s ability to continue as a going concern depends on its ability to generate product sales, complete additional financings, and ultimately, attain and maintain profitable operations. While the Company is striving to act on these initiatives, there is no assurance that these and other strategies will be successful or sufficient to permit the Company to continue as a going concern.

Basis of preparation and going concern: (continued)

Going concern (continued)

These consolidated financial statements do not reflect adjustments to the carrying values of the Company's assets and liabilities, revenue and expenses, and the statement of financial position that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Significant judgments made by management in the process of applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the application of the going concern assumption and the discount rates used in valuing the liability component of convertible debentures.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Legible Media Inc. A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company balances and transactions between the Company and its subsidiary have been eliminated in preparing the consolidated financial statements.

Functional and presentation currency

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

Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES

Financial instruments

Financial assets and financial liabilities, except for cash, amounts receivable, are recognized on the statement of financial position when the Company becomes a party to the financial instrument.

a. Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories:

i) those to be measured subsequently at fair value through profit or loss (“FVTPL”);
ii) those to be measured subsequently at fair value through other comprehensive income (“FVOCI”); and
iii) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

b. Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Material accounting policies: (continued)

Financial instruments (continued)

Cash and amounts receivable are classified and subsequently measured at amortized cost. The Company's financial liabilities consist of accounts payable and accrued liabilities, credit facility, loans payable, due to related parties and convertible debentures, which are classified and measured at amortized cost using the effective interest method.

The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable information.

Fair value measurement

The Company's financial instruments carried at fair value are measured consistently with the hierarchy below:

- Level 1– Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value of the measurement is directly or indirectly observable; and
- Level 3 – Fair values based on inputs for the asset or liability that are not based on observable market data.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between the levels during the years ended December 31, 2023, and 2022.

Material accounting policies: (continued)

Financial instruments (continued)

Income taxes

Income tax on the profit or loss for the periods presented comprises current tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Loss per share

Basic loss per share is calculated by dividing the earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is calculated by the treasury stock method. Under the treasury stock method, the diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options and warrants outstanding that may add to the total number of common shares. For the years ended December 31, 2023, and 2022, the Company's diluted loss per share was the same as the basic loss per share as the outstanding options and warrants would be anti-dilutive.

Revenue recognition

To determine whether to recognize revenue, the Company follows a 5-step process:

(i) Identifying the contract with a customer. (ii) Identifying the performance obligations.
(iii) Determining the transaction price.
(iv) Allocating the transaction price to the performance obligations.
(v) Recognizing revenue when/as performance obligation(s) are satisfied.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers based on information or payment received from relevant counterparties.

The Company's revenue is derived from the sale of ebooks and audiobooks and the provision of services ("Subscription of ebooks and Publishing services"). Contract liability relates to amounts received in advance for the Company's Subscription of ebooks.

Material accounting policies: (continued)

Revenue recognition (continued)

Ebook and audiobook sales

Sales are recognized when online access to the ebooks and audiobooks has been provided and are available to the Company's readers. There is no unfulfilled obligation that could affect the readers' acceptance of the products. Once online access to ebooks and audiobooks is provided to the Company's readers, the risks of obsolescence and loss have been transferred to the readers, and either the readers have accepted the products in accordance with the sales order, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Publishing services

Revenue from publishing services is recognized in the period in which the converted ebook has been delivered and accepted by the customer.

Share capital

Common shares, options, and warrants are classified as equity. Transaction costs directly attributable to the issue of common shares, options, and warrants are recognized as a deduction from equity, net of any tax effects, if applicable.

The Company recognizes units, when it engages in unit financings, which consist of common shares and share purchase warrants which are accounted for in share capital. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments. Warrants that are issued as part of a convertible debenture are accounted for as part of the equity component of convertible debentures. Commissions paid to agents and other related share issue costs are charged directly to share capital.

Share-based compensation

The fair value of share options granted to employees, officers, directors, consultants, or advisors is measured at the date of grant and recognized as an expense over the vesting period. The fair value of share-based compensation awards is determined at the grant date using the Black-Scholes option pricing model. The fair value of the award is charged to profit or loss (unless they are considered to be share issuance costs in which case they are booked as a reduction to share capital) and credited to reserves over the vesting period, after adjusting for the number of awards that are expected to vest. The expense for forfeited awards previously recognized is reversed. For awards that are cancelled, any expense not yet recognized is recognized immediately in profit or loss. Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized for any modification which increases the total fair value of the share-based compensation arrangement as measured at the date of modification, over the remainder of the vesting period.

(Expressed in Canadian Dollars)

Material accounting policies: (continued)

The fair value of warrants granted to consultants and advisors at the date of grant is recognized as an expense. The fair value of the warrants granted is measured using the Black-Scholes option pricing model and is charged to profit or loss and credited to reserves.

4. AMOUNTS RECEIVABLE

A breakdown of amounts receivable for the years ended December 31, 2023, and 2022, follows:

	December 31, 2023	December 31, 2022
GST receivable	**$ 2,402**	$ 57,960
Trade accounts receivable	**462**	473
Total amounts receivable	**$ 2,864**	$ 58,433

5. PREPAID EXPENSES

A breakdown of prepaid expenses for the years ended December 31, 2023, and 2022, follows:

	December 31, 2023	December 31, 2022
Insurance	**$ 25,000**	$ -
Investor relations events	**36,575**	110,000
Software licensing	**1,852**	-
Total prepaid expenses	**$ 63,427**	$ 110,000

6. CREDIT FACILITY

On March 29, 2022, the Company entered into a credit facility arrangement, secured by a general security agreement, for principal of $308,000, for a term of 12 months with a monthly interest rate of 1.5% per month compounded monthly. Since the Company was in breach of the loan agreement, additional monitoring fees of 2.0% per month compounded monthly along with administration fees of $1,000 per month were assessed. As of December 31, 2023, total repayments of $147,149 (2022 - nil) were made against the outstanding obligation. The Company accrued $68,931 (2022 - $44,378) in interest, $1,332 (2022 - nil) in administration costs, and $105,252 (2022 - $65,866) in monitoring fees for a total of $175,515 (2022 - 110,244). The total amount outstanding, as at December 31, 2023, was $446,610 (2022 - $418,244).

(Expressed in Canadian Dollars)

7. LOANS PAYABLE

A continuity schedule for loans payable for the years ended December 31, 2023, and 2022, follows:

Loans payable - December 31, 2021	**$**	**-**
Additions		852,436
Commitment fees		127,865
Accrued interest		47,416
Reduction of loans		(25,000)
Conversion of loans to equity		(567,800)
Conversion of loans at $0.10 per share		(202,653)
Loans payable - December 31, 2022	**$**	**232,264**
Additions		820,659
Commitment fees		87,255
Accrued interest		32,830
Reduction of loans		(286,664)
Conversion of loans		(436,065)
Loans payable - December 31, 2023	**$**	**450,279**

For the year ended December 31, 2023, the Company received bridge loans for $820,695 (2022 - $852,436), of which $21,000 pertained to a director, with a $nil commitment fee and interest of 10% per annum; the balance of $799,695, with commitment fees ranging from nil to 20% and annual interest rates ranging from 0% to 15%. An aggregate of $286,664 (2022 - $25,000) of loans were repaid for the year ended December 31, 2023.

In 2023, the Company received directions from debt holders' to convert an aggregate of $436,065 (2022 - $567,800) into an equity private placement at a price between $0.09 and $0.12 per unit. Each unit consisted of one common share and one common share purchase warrant.

8. CONVERTIBLE DEBENTURES

During the year ended December 31, 2022, the Company completed the closing of the first and second tranches of a private placement by issuing 222.5565 debenture units at a price of $10,000 per debenture unit for gross proceeds of $2,225,565 (less finder fees of $17,600 for net proceeds of $2,207,965; $947,065 of which was the settlement of outstanding indebtedness). All securities issued in connection with the private placement are subject to a hold period which expired on October 9, 2022 for the first tranche and January 21, 2023 for the second and final tranche.

Each debenture unit consisted of: (i) a 15% unsecured convertible debenture of the Company in the principal amount of $10,000; and (b) 50,000 common share purchase warrants. The debentures mature on June 8, 2025 (the "Maturity Date") and are convertible at the holder's option, at any time after October 9, 2022 and January 21, 2023, into common shares of the Company at a conversion price of $0.10 per share. The debentures bear interest at a rate of fifteen (15%) percent per annum calculated annually.

The full amount of the interest owed until June 8, 2024 and September 20, 2024 was pre-paid at the respective closing by the issuance of 20,000 common shares (at the contractual price of $0.15 per share) per debenture unit, and thereafter interest shall be due and payable in cash on the earlier of: (i) the Maturity Date; and (ii) in the event of conversion of the debentures prior to the Maturity Date of the entire principal amount, 30 days following the conversion date.

Each warrant entitles the holder to purchase one common share at a price of $0.15 for a period of two (2) years; provided that if, at any time after October 9, 2022, for the first tranche and January 21, 2023 for the second and final tranche, the volume weighted average trading price of the common shares on the CSE is at least $0.40 per share for a period of 5 consecutive trading days, the expiry date of the warrants may be accelerated by the Company to a date that is not less than 21 days after the date that notice of such acceleration is provided to the warrant holders, which notice may be by way of general press release.

Convertible debentures are compound financial instruments, consisting of a debt instrument and an equity conversion and warrant feature. The debt instrument was measured at fair value using a rate applicable to a non-compound debt instrument and is carried at amortized cost. The excess of the proceeds over the value assigned to the debt instrument was allocated as the fair value of the equity component of the convertible debentures.

(Expressed in Canadian Dollars)

Convertible debentures: (continued)

Finders acting in connection with the private placement received fees in the aggregate of $17,600 and 176,000 finder warrants with terms consistent with the warrants above.

A continuity schedule for convertible debentures for the years ended December 31, 2023, and 2022, follows:

Convertible debentures - December 31, 2021	**$**	**-**
Proceeds from debt holders		1,278,500
Conversion of loans (note 9)		567,800
Conversion of debt settlements		351,265
Conversion of directors' fees		28,000
Proceeds from convertible debentures		**2,225,565**
Allocation to equity component, net of issuance costs		(745,234)
Allocation to prepayment in common shares, net of issuance costs		(178,674)
Transaction costs		(31,259)
Conversion to shares at $0.10 per share		(139,576)
Interest accretion		135,897
Convertible debentures - December 31, 2022	**$**	**1,266,719**
Conversion to shares at $0.10 per share		(1,253,849)
Interest accretion		87,063
Convertible debentures - December 31, 2023	**$**	**99,933**

9. SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of Class A voting common shares and B non-voting common shares and an unlimited number of Preferred non-voting shares, all of which are without par value, with holders of Class A common shares each entitled to one vote per share and to dividends, when declared.

Issued and outstanding:

As at December 31, 2023, the Company had 133,407,722 issued and outstanding (2022 - 77,774,786) class A common shares.

No Class B common shares or preferred shares are issued and outstanding.

Share transactions for the year ended December 31, 2022

In January and February 2022, certain warrant holders exercised their warrants to purchase Class A common shares of the Company that resulted in the issuance of 1,230,000 Class A common shares and aggregate proceeds of $241,000.

In June and September 2022, the Company issued 222.5565 debenture units (note 10) at a price of $10,000 per debenture unit for gross proceeds of $2,225,565. The Company issued a total of 4,451,130 common shares for two years of pre-paid interest to debenture unit holders with an assigned value of $181,150 and 11,127,825 warrants were issued with an exercise price of $0.15 and an expiry of two years. Finders received fees in the aggregate of $17,600 and 176,000 finder warrants. Each finder's warrant may be exercised to acquire one common Share at a price of $0.10 per share for a period of two years from the closing.

In November 2022, the Company issued 6,945,656 units at a price of $0.10 per unit for gross proceeds of $694,566. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.15 for a period of one year from closing. Regarding finders' fees, the Company paid an aggregate of $3,447 and issued 34,472 finder's warrants. Each finder's warrant may be exercised to acquire one common share at a price of $0.10 per share for a period of one (1) year from the closing.

In October and November 2022, an aggregate of 2,200,000 common shares were issued as part of a debt conversion for $220,000 at $0.10 per share.

In December 2022, the Company received $143,000 in advance to purchase 1,300,000 units at a price of $0.11 per unit with each unit including one common share and one purchase warrant of the Company. The Company's common shares were issued in February 2022.

Share capital: (continued)

Issued and outstanding (continued)

Share transactions for the year ended December 31, 2023

On February 2, 2023, the Company issued 3,982,727 units at a price of $0.11 per unit with each unit including one common share and one purchase warrant, for gross proceeds of $438,100, less a finder's fee of $2,420 for net proceeds of $435,680; $18,000 of which was the settlement of outstanding indebtedness [note 10]. Each purchase warrant entitles the holder to purchase one common share at a price of $0.15 for a period of one year from closing. The Company paid a finder's fee of $2,420 and issued 22,000 warrants with a fair market value of $1,100, with an exercise price of $0.11, expiring in one year.

On June 6, 2023, the Company closed the first tranche of a private placement for gross proceeds of $758,603, $481,553 of which was the settlement of outstanding indebtedness. Legible issued 8,428,921 units at $0.09 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.12, expiring in one year.

On July 14, and July 28, 2023, the Company closed the second and third tranches, respectively, of its non-brokered private placement for aggregate gross proceeds of $1,612,780, $279,990 of which was for the settlement of outstanding indebtedness. Legible issued 17,919,775 units at $0.09 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.12, expiring in one year. Finders acting in connection with the private placement received fees in the aggregate amount of $90,168 in cash and 1,001,867 finders warrants with a fair market value of $84,644; each finder's warrant entitles the holder to purchase one common share at a price of $0.12.

On October 20, 2023, the Company closed its non-brokered equity private placement for aggregate gross proceeds of $741,605, $128,650 of which was for the settlement of outstanding payables. Legible issued 6,180,041 units at $0.12 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.15, expiring in one year. Finders acting in connection with the private placement received fees in the aggregate amount of $29,398 in cash and 286,640 finders warrants with a fair market value of $18,914, each finders warrants entitle the holder to purchase one common share at a price of $0.15.

On October 23, 2023, the Company issued 250,000 common shares at $0.135 per share regarding the settlement of $33,750 in outstanding indebtedness. All common shares are subject to a 4-month hold period.

For the year-end of December 31, 2023, the Company issued an aggregate of 42,472 common shares from the exercise of brokers' warrants at an exercise price of $0.10 for proceeds of $4,247.

For the year-end ended December 31, 2023, an aggregate of 18,829,000 common shares were issued regarding convertible debenture conversions that totaled $1,882,900 at a conversion price of $0.10 per share.

(Expressed in Canadian Dollars)

WARRANTS AND STOCK OPTIONS

Warrants

As of December 31, 2023, the Company had a total of 50,617,796 (2022 - 19,783,953) warrants outstanding, which was comprised of the following:

- 47,639,289 purchase warrants (2022 - 18,073,481);
- 1,500,000 compensation warrants (2022 - 1,500,000); and
- 1,478,507 broker warrants (2022 - 210,472).

Continuity schedule of the Company's share purchase warrants issued and outstanding for the years ended December 31, 2023, and 2022, follows:

	Number of warrants	Weighted average exercise price $
Outstanding - December 31, 2021	**11,875,976**	**0. 74**
Warrant repricing valuation adjustment	-	(0.41)
Issued	18,283,953	0.15
Exercised	(1,230,000)	0.20
Expired	(9,145,976)	0.23
Outstanding - December 31, 2022	**19,783,953**	**0.22**
Issued	37,821,971	0.13
Exercised	(42,472)	
Expired	(6,945,656)	0.15
Outstanding – December 31, 2023	**50,617,796**	**0.16**

Regarding the repricing of warrants, with an effective date of September 1, 2022, the Company amended the terms of an aggregate of 5,888,576 outstanding common share purchase warrants to amend the original exercise prices, ranging from $0.60 to $1.25 per share to $0.20 per share, originally issued between December 22, 2020, and November 17, 2021. In connection with the repricing, the change in the fair value was nominal. All of the repriced warrants expired on December 1, 2022.

(Expressed in Canadian Dollars)

Warrants and stock options (continued)

Warrants (continued)

As at December 31, 2023, the following warrants were outstanding, and the weighted average remaining life of warrants outstanding was 0.58 years (2022 - 1.37 years).

Exercise price $	Expiry date	December 31, 2023
0.10	June 9, 2024	120,000[(1)]
0.15	June 9, 2024	5,031,500[(1)]
0.10	September 21, 2024	48,000[(1)]
0.15	September 21, 2024	6,096,325[(1)]
1.00	December 1, 2024	1,000,000[(2)]
1.25	December 1, 2024	500,000[(2)]
0.15	February 2, 2024	3,982,727[(3)]
0.11	February 2, 2024	22,000[(3)]
0.12	June 5, 2024	8,428,921[(4)]
0.12	July 13, 2024	7,088,753[(4)]
0.12	July 28, 2024	11,832,889[(4)]
0.12	October 20, 2024	6,466,681[(4)]
0.16		**50,617,796**

(1) The purchase and broker warrants have a term of 2 years. If the volume weighted average trading price of the common shares is at least $0.40 per share for a period of 5 consecutive trading days, the expiry date of the warrants may be accelerated by the Company to a date that is not less than 21 days after the date that notice of such acceleration is provided to the warrant holders.

(2) Compensation warrants have a term of three years expiring on December 1, 2024. If the closing price of the common shares is $1.80 or higher per share for a period of 10 consecutive trading days, the expiry date of the compensation warrants may be accelerated by the issuer to a date that is not less than 30 days after the date that notice of such acceleration is provided to warrant holders, which notice may be by way of general press release.

(3) The purchase and broker warrants have a term of 1 year. If the volume weighted average trading price of the common shares is at least $0.45 per share for a period of 5 consecutive trading days, the expiry date of the warrants may be accelerated by the Company to a date that is not less than 21 days after the date that notice of such acceleration is provided to the warrant holders.

(4) The purchase and broker warrants have a term of 1 year. If the volume weighted average trading price of the common shares is at least $0.25 per share for a period of 5 consecutive trading days, the expiry date of the warrants may be accelerated by the Company to a date that is not less than 21 days after the date that notice of such acceleration is provided to the warrant holders.

(Expressed in Canadian Dollars)

Warrants and stock options: (continued)

Warrants (continued)

Broker Warrants

The following assumptions were used for the Black-Scholes valuation of warrants issued during the years ended December 31, 2023, and 2022:

	December 31, 2023	December 31, 2022
Average risk-free interest rate	**5.37%**	3.77%
Average expected life of warrants	**1.0 year**	1.6 years
Average share price	**$0.15**	$0.13
Average exercise price	**$0.13**	$0.10
Average expected stock price volatility	**130%**	102%
Dividend rate	**0.00%**	0.00%
Fair value per broker warrant issued	**$0.08**	$0.07

For the year ended December 31, 2023, a total of 1,310,507 (2022 - 210,472) broker warrants were issued. The Company recorded share issuance costs of $104,658 during the year ended December 31, 2023 (2022 - $15,908). The expected stock price volatility was developed using management's best estimate and analyzing industry comparables.

Stock Options

On December 30, 2020, the Company adopted a stock option plan whereby the Company may grant employees, officers, directors, consultants, and advisors ("Participants") options with a maximum term of ten years for up to 20% of the Company's issued and outstanding common shares at exercise prices to be determined by the market value on the date of grant. The number of common shares subject to an option may not exceed the maximum number permitted by the CSE and no single Participant may be granted options to purchase a number of shares equal to or more than 5% of the issued common shares of the Company in any 12-month period without shareholder approval and requirements being met with regards to the CSE.

Options shall not be granted to consultants if the exercise of the options would result in the issuance of more than 2% of the issued common shares of the Company in any twelve-month period. Options shall not be granted to persons employed to provide investor relations activities if the exercise of the options would result in the issuance of more than 2% of the issued common shares of the Company in any twelve-month period. Further, any options granted to consultants performing investor relations activities will contain vesting provisions that include vesting periods that occur over at least 12 months where no more than 25% of the options vest in any 3-month period.

(Expressed in Canadian Dollars)

Warrants and stock options: (continued)

Stock options (continued)

Continuity schedule of the Company's stock options granted and outstanding for the years ended December 31, 2023, and 2022, follows:

	Number of options	Weighted average exercise price $
Balance, December 31, 2021	**7,755,500**	**0.98**
Granted	4,203,750	0.36
Forfeited	(7,905,500)	0.77
Balance, December 31, 2022	**4,053,750**	**0.75**
Granted	5,655,000	0.20
Forfeited	(400,000)	0.38
Balance, December 31, 2023	**9,308,750**	**0.43**

As at December 31, 2023, the following stock options were outstanding and exercisable with an average remaining life of 8.92 years (2022 - 9.06 years):

December 31, 2023				
Exercise price per share of option $	**Expiry date**	**Weighted average remaining life (years)**	**Number of options outstanding**	**Number of options exercisable**
0.50	December 30, 2030	7.00	125,000	125,000
1.00	June 29, 2031	7.50	475,000	426,250
1.25	September 30, 2031	7.75	50,000	35,000
1.25	October 29, 2031	7.83	1,450,000	1,105,000
0.40	February 28, 2032	8.16	703,750	462,063
0.27	March 31, 2032	8.25	50,000	27,500
0.20	November 3, 2032	8.85	1,000,000	1,000,000
0.20	January 25, 2033	9.07	1,450,000	1,416,000
0.20	July 19, 2033	9.57	2,325,000	2,325,000
0.20	October 23, 2033	9.82	1,680,000	1,680,000
		8.92	**9,308,750**	**8,601,813**

(Expressed in Canadian Dollars)

Warrants and stock options: (continued)

Stock options (continued)

The fair value of options recognized during the years ended December 31, 2023, and 2022, has been estimated using the Black-Scholes valuation of stock options with the following assumptions:

	December 31, 2023	December 31, 2022
Average risk-free interest rate	**3.40%**	2.28%
Average expected life of options	**6.5 years**	6.5 years
Average share price	**$0.13**	$0.32
Average exercise price	**$0.20**	$0.34
Average expected stock price volatility	**125%**	102%
Dividend rate	**0.00%**	0.00%
Fair value per option granted	**$0.15**	$0.256

For the year ended December 31, 2023, a total of 5,655,000 (2022 - 4,203,750) stock options were issued. The Company recorded share-based compensation of $912,403 during the year ended December 31, 2023 (2022 - $490,627). The expected stock price volatility was developed using management's best estimate and analyzing industry comparables.

10. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. Key management personnel consists of the Company's Board of Directors, corporate officers, and certain members of the senior executive team.

Transactions with related parties that are included in the consolidated statement of loss and comprehensive loss for the years ended December 31, 2023, and 2022, were made in the normal course of operations and are summarized as follows:

	December 31, 2023 $	December 31, 2022 $
Consultants and directors' fees	**60,000**	92,950
General and administrative	**-**	77,559
Salaries, wages, and benefits	**463,006**	758,745
Share-based compensation	**233,084**	479,398
	756,090	1,408,652

(Expressed in Canadian Dollars)

Related party transactions: (continued)

As of December 31, 2023, $11,130 (2022 - $29,130) was outstanding to key management personnel regarding employment and consulting agreement commitments which were recorded in due to related parties. For the year ended December 31, 2023, and 2022, the Board of Directors were issued 746,970 (2022 -296,000) shares for services at $0.09 and $0.12 for an aggregate of $78,000 that covered services for the period of October 2022 to October 2023 (2022 - $52,000).

11. INCOME TAX

The Company is subject to Canadian federal and provincial tax for the estimated assessable profit at a rate of 27.00%. The tax expense at statutory rates for the Company can be reconciled to the reported loss for the years ended December 31, 2023, and 2022, per the consolidated statement of loss and comprehensive loss as follows:

	December 31,	
	2023	2022
	$	$
Net loss before income taxes	(4,797,737)	(8,782,210)
Statutory income tax rate	27%	27%
Income tax recovery	(1,295,389)	(2,371,197)
Non-deductible expenditures	27,150	164,805
True-up	(581,115)	125,832
Change in unrecognized deferred tax assets	1,849,354	1,896,653
Total Income tax recovery	-	(183,907)

	December 31,	
	2023	2022
	$	$
Deferred income tax assets (liabilities) recognized:		
Non-capital loss carry-forwards	11,247	183,907
Convertible debentures	(11,247)	(183,907)
Net deferred income tax assets	-	-
Deferred income tax assets unrecognized:		
Non-capital loss carry-forwards	5,091,647	3,392,996
Share issue costs	302,291	150,248
Equipment	41,744	43,083
Intangible assets	479,882	479,883
Less: Amounts not recognized	(5,915,564)	(4,066,210)
Net deferred income tax assets	-	-

Income tax: (continued)

During the year end of 2023, the Company received Scientific Research and Experimental Development ("SRED") tax refunds in aggregate of $484,309 (2022 - $nil), relating to amounts incurred in the fiscal 2021 and 2020 periods.

The Company has non-capital losses of approximately $18,899,608 (2022 - $13,247,789) that start to expire in fiscal 2040, which have not been recognized as their recovery is not currently estimable. Tax attributes are subject to review and potential adjustment by tax authorities.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES and POLICIES

The risk exposure arising from financial instruments is summarized as follows:

(a) Credit risk - The Company's financial assets are cash and amounts receivable. The maximum exposure to credit risk, as at the period end, is the carrying value of their financial assets. The Company holds its cash in a bank account with a highly rated Canadian financial institution, therefore, minimizing the Company's credit risk in respect to its cash.

(b) Liquidity risk - The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company monitors its projected and actual cash flows as well as any anticipated investing, and financing activities. The Company, currently, does not have recurring revenue, and is working on securing additional funding to meet short-term financial obligations after considering its operating obligations and cash on hand (see note 2).

December 31, 2023	On-Demand $
Accounts payable and accrued liabilities	**2,099,254**
Credit facility	**446,610**
Loans payable	**450,279**
Due to related parties	**11,130**

(c) Market risk - The risk that changes in market prices, such as foreign exchange rates interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments. The Company's major activities have been transacted in Canadian dollars for the year end December 31, 2023 and has minimal market risks.

(d) Concentration risk – The risk occurs when the revenue has a significant exposure to a particular customer contributes more than 10% of total revenues. During the year end December 31, 2023, the Company has three major customers contributing more than 10% as listed below:

	2023	2022
Customer A	47%	41%
Customer B	17%	-
Customer C	12%	-
Customer D	-	22%

13. CAPITAL RISK MANAGEMENT

The Company's primary objective when managing capital is to maintain sufficient resources and raise funding to support current and long-term operating needs. The ability to continue as a going concern is essential to the Company's goal of providing returns to shareholders and other stakeholders. The capital structure of the Company consists of shareholders' equity. The Company manages its capital structure based on the level of funds available to the Company to manage its operations and in light of economic conditions. The Company balances its overall capital through new share or debt issuances or by undertaking other activities as deemed appropriate in the circumstances. The Company is not subject to externally imposed capital requirements. There have been no significant changes in the Company's approach to capital management during the year. These objectives and strategies are reviewed on a continuous basis.

14. SUBSEQUENT EVENTS

On February 2, 2024, 4,004,727 warrants at a weighted average exercise price of $0.15, expired, unexercised.

On February 7, 2024, the Company granted 1,605,000 options to consultants. The options have an exercise price of $0.20; 805,000 have a 10-year term and 800,000 have a 1-year term.

In March 2024, a total of 250,000 options expired, unexercised.

In April 2024, 25,000 options were forfeited.

On April 26, 2024, the Company closed its non-brokered convertible debenture private placement for gross proceeds of $1,103,262, which included $527,262 in settlement of outstanding indebtedness. Legible issued 122.58 convertible debenture units and each debenture unit consists of: (i) a 14% unsecured convertible debenture of the Company in the principal amount of $9,000; and (b) 100,000 common share purchase warrants. Legible paid $2,880 in finder's fees and issued 32,000 Warrants to qualified finders.

As of April 29, 2024, the Company received bridge loans for an aggregate of $603,208, $21,000 of which was from a director, with commitment fees of 10% and interest of 15% per annum.