# AI/ML INNOVATIONS INC.

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE THREE MONTHS ENDED JULY 31, 2024 AND 2023

**(EXPRESSED IN CANADIAN DOLLARS)**

**(UNAUDITED – PREPARED BY MANAGEMENT)**

## NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of AI/ML INNOVATIONS INC. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

# AI/ML INNOVATIONS INC.

**Condensed Interim Consolidated Statements of Financial Position**
**(Expressed in Canadian Dollars)**
**(Unaudited – Prepared by Management)**

| | | As at July 31, 2024 | | As at April 30, 2024 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash | **$** | **649,251** | $ | 201,452 |
| Marketable securities (Note 5) | | **7,883** | | 15,408 |
| Commodity tax recoverable | | **38,884** | | 50,995 |
| Accounts receivable (Note 11) | | **13,773** | | 21,087 |
| Subscriptions received in advance | | **20,000** | | - |
| Prepaid expenses (Note 6) | | **16,924** | | 37,892 |
| Inventory | | **3,829** | | 2,854 |
| **Total current assets** | | **750,544** | | 329,688 |
| **Non-current assets** | | | | |
| Right of use assets (Note 9) | | **84,017** | | - |
| **Total assets** | **$** | **834,561** | $ | 329,688 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities (Notes 7 and 11) | **$** | **594,140** | $ | 541,207 |
| Notes payable (Note 10) | | **117,000** | | 117,000 |
| Due to related parties (Note 11) | | **112,022** | | 869,228 |
| Loan payable (Note 8) | | **12,220** | | 12,220 |
| Lease liabilities (Note 9) | | **25,594** | | - |
| Total current liabilities | | **860,976** | | 1,539,655 |
| Long term lease liabilities (Note 9) | | **59,375** | | - |
| **Total liabilities** | | **920,351** | | 1,539,655 |
| **SHAREHOLDERS' DEFICIENCY** | | | | |
| Share capital (Note 12) | | **27,801,182** | | 27,118,501 |
| Reserves (Notes 12, 13 and 14) | | **6,978,917** | | 6,517,045 |
| Subscriptions received in advance (Note 19) | | **78,600** | | - |
| Deficit | | **(34,905,892)** | | (34,807,122) |
| **Shareholders' deficiency attributable to the shareholders of the Company** | | **(47,193)** | | (1,171,576) |
| Non-controlling interest (Note 3) | | **(38,597)** | | (38,391) |
| **Total shareholders' deficiency** | | **(85,790)** | | (1,209,967) |
| **Total shareholders' deficiency and liabilities** | **$** | **834,561** | $ | 329,688 |

Nature of operations and going concern (Note 1)
Subsequent events (Note 19)

**Approved on behalf of the Board on October 1, 2024:**

(Signed) "Tim Daniels" Director

(Signed) "Nick Watters" Director

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

## AI/ML INNOVATIONS INC.

**Condensed Interim Consolidated Statements of Operations and Comprehensive Loss**
**(Expressed in Canadian Dollars)**
**(Unaudited – Prepared by Management)**

| | Three Months Ended July 31, 2024 | Three Months Ended July 31, 2023 |
|---|---|---|
| **Revenue** | | |
| Goods | $ - | $ 10 |
| License fee | 41,098 | 39,855 |
| Services | - | 132,812 |
| | 41,098 | 172,677 |
| Cost of goods sold | (1,176) | (106) |
| **Gross Profit** | 39,922 | 172,571 |
| **Operating expenses** | | |
| Advertising and promotion | 40,755 | 64,674 |
| Consulting | 321,778 | 66,153 |
| Depreciation (Note 9) | 2,577 | 10,513 |
| Office expenses | 98,079 | 58,638 |
| Management and director fees (Note 11) | 302,681 | 34,500 |
| Professional (Note 11) | 109,393 | 70,827 |
| Research and development (Note 17) | 874 | 62,158 |
| Salaries and benefits (Note 11) | 24,424 | 125,531 |
| Share-based payments (Notes 11 and 13) | 11,348 | - |
| Total operating expenses | (911,882) | (492,994) |
| **Other income (expense)** | | |
| Foreign exchange gain (loss) | 1,388 | (2,638) |
| Impairment (recovery) of investment in associate (Note 4) | 23,571 | - |
| Interest expense (Notes 9, 10 and 11) | (8,918) | (15,902) |
| Derecognition of accounts payable (Note 7) | - | (5,250) |
| Gain on settlement of debt (Note 7) | 756,845 | - |
| Share of loss on investment in associate (Note 4) | (23,571) | (23,659) |
| Unrealized loss on marketable securities (Note 5) | (7,525) | (358) |
| Total other expense | 741,790 | (47,807) |
| **Net loss and comprehensive loss for the period** | $ (130,170) | $ (368,230) |
| **Net loss and comprehensive loss for the period attributed to:** | | |
| Shareholders of the Company | $ (130,376) | $ (334,841) |
| Non-controlling interest | (206) | (33,389) |
| | $ (130,170) | $ (368,230) |
| **Basic and diluted net loss per share** | $ (0.00) | $ (0.01) |
| **Weighted average number of common shares outstanding – basic and diluted** | 85,045,790 | 50,698,008 |

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

# AI/ML INNOVATIONS INC.

**Condensed Interim Consolidated Statements of Changes in (Deficiency) Equity**
**(Expressed in Canadian Dollars)**
**(Unaudited – Prepared by Management)**

| | Share capital | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Number of shares** | **Amount** | **Subscriptions received in advance** | **Reserves** | **Deficit** | **Total attributed to shareholders of the Company** | **Non-controlling interest** | **Total** |
| **Balance, April 30, 2023** | **44,205,518** | **$25,794,801** | **$ -** | **$ 5,697,185** | **$ (31,739,445)** | **$ (247,459)** | **$ (32,828)** | **$ (280,287)** |
| Private placement units | 17,941,879 | 834,600 | - | 620,034 | - | 1,454,634 | - | 1,454,634 |
| Share issuance costs | - | (114,300) | - | 59,060 | - | (55,240) | - | (55,240) |
| Warrants exercised | 775,000 | 77,500 | - | - | - | 77,500 | - | 77,500 |
| Options expired/cancelled | - | - | - | (159,400) | 159,400 | - | - | - |
| Net loss and comprehensive loss | - | - | - | - | (334,841) | (334,841) | (33,389) | (368,230) |
| **Balance, July 31, 2024** | **62,922,397** | **26,592,601** | **-** | **6,216,879** | **(31,914,886)** | **894,594** | **(66,217)** | **828,377** |
| Private placement units | 12,576,666 | 453,956 | - | 300,644 | - | 754,600 | - | 754,600 |
| Share issuance costs | - | (70,310) | - | 26,600 | - | (43,710) | - | (43,710) |
| Warrants exercised | 450,000 | 45,000 | - | - | - | 45,000 | - | 45,000 |
| Shares issued for services | 1,131,134 | 73,524 | - | - | - | 73,524 | - | 73,524 |
| Shares issued for debt | 339,000 | 23,730 | - | - | - | 23,730 | - | 23,730 |
| Share-based payments | - | - | - | 30,710 | - | 30,710 | - | 30,710 |
| Options expired/cancelled | - | - | - | (57,788) | 57,788 | - | - | - |
| Net loss and comprehensive loss | - | - | - | - | (2,950,024) | (2,950,024) | 27,826 | (2,922,198) |
| **Balance, April 30, 2024** | **77,419,197** | **27,118,501** | **-** | **6,517,045** | **(34,807,122)** | **(1,171,576)** | **(38,391)** | **(1,209,967)** |
| Private placement units | 19,430,000 | 546,576 | - | 424,924 | - | 971,500 | - | 971,500 |
| Share issuance costs - cash | - | (71,328) | - | - | - | (71,328) | - | (71,328) |
| Share issuance costs - warrants | - | (57,000) | - | 57,000 | - | - | - | - |
| Warrants exercised | 393,334 | 39,333 | - | - | - | 39,333 | - | 39,333 |
| Shares issued for services | 5,333,333 | 225,100 | - | - | - | 225,100 | - | 225,100 |
| Share-based payments | - | - | - | 11,348 | - | 11,348 | - | 11,348 |
| Options expired/cancelled | - | - | - | (31,400) | 31,400 | - | - | - |
| Subscriptions received in advance | - | - | 78,600 | - | - | 78,600 | - | 78,600 |
| Net loss and comprehensive loss | - | - | - | - | (130,170) | (130,170) | (206) | (130,376) |
| **Balance, July 31, 2024** | **102,575,864** | **$27,801,182** | **$ 78,600** | **$ 6,978,917** | **$ (34,905,892)** | **$ (47,193)** | **$ (38,597)** | **$ (85,790)** |

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

## AI/ML INNOVATIONS INC.

**Condensed Interim Consolidated Statements of Cash Flows**
**(Expressed in Canadian Dollars)**
**(Unaudited – Prepared by Management)**

| Three months ended July 31, | | 2024 | | 2023 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Net loss for the period | **$** | **(130,376)** | $ | (368,230) |
| Items not involving cash: | | | | |
| Interest expense | | **52,296** | | 10,405 |
| Depreciation | | **2,577** | | 10,513 |
| Foreign exchange (gain) loss | | **-** | | - |
| Gain on settlement of debt | | **(756,845)** | | - |
| Share of loss on investment in associate | | **23,571** | | 23,659 |
| Shares for services | | **225,100** | | - |
| Share-based payments | | **11,348** | | - |
| Impairment of intangible asset | | **-** | | - |
| Impairment (recovery) of investment in associate | | **(23,571)** | | - |
| Unrealized loss on marketable securities | | **7,525** | | 358 |
| Changes in non-cash working capital items: | | | | |
| Accounts payable and accrued liabilities | | **909** | | (253,316) |
| Receivables (commodity tax recoverable and accounts receivable) | | **19,425** | | (11,837) |
| Due to related parties | | **-** | | (15,326) |
| Inventory | | **(975)** | | - |
| Prepaid expenses | | **20,968** | | 14,088 |
| **Net cash used in operating activities** | | **(548,048)** | | (584,436) |
| **Investing activity** | | | | |
| Investment in Tech2Heal | | **-** | | (325,980) |
| Lease payments | | **(2,258)** | | - |
| **Net cash used in investing activity** | | **(2,258)** | | (325,980) |
| **Financing activities** | | | | |
| Loan repayment | | **-** | | (2,500) |
| Payment of lease liabilities | | **-** | | (14,065) |
| Proceeds from exercise of warrants | | **39,333** | | 77,500 |
| Proceeds from private placement | | **951,500** | | 1,454,634 |
| Share issuance costs | | **(71,328)** | | (55,240) |
| Subscriptions received in advance | | **78,600** | | - |
| **Net cash provided by financing activities** | | **998,105** | | 1,460,329 |
| **Net change in cash** | | **447,799** | | 549,913 |
| **Cash, beginning of period** | | **201,452** | | 4,530 |
| **Cash, end of period** | **$** | **649,251** | $ | 554,443 |
| **Supplemental Information:** | | | | |
| Fair value of options exercised/expired | **$** | **31,400** | $ | 159,400 |
| Fair value of share purchase warrants issued as part of private placement units | | **-** | | - |
| Fair value of broker's warrants | | **57,000** | | 59,060 |
| Relative fair value of warrants as part of a private placement unit | | **424,924** | | - |

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

## 1. Nature of Operations and Going Concern

AI/ML Innovations Inc. (the "Company") was incorporated under the British Columbia Business Corporations Act and having its registered and records office at 850 – 2nd Street SW, 15th Floor, Bankers Court, Calgary, Alberta, T2P 0R8 and head office at Suite 203, 645 Fort Street, Victoria, BC, V8W 1G2.

In December 2020, the Company completed a share purchase agreement with Health Gauge Inc. ("Health Gauge"), which is a private technology company based in Edmonton, Alberta. Health Gauge holds the rights to intellectual property in the area of wearable technologies, and the application and methods associated with the applied AI/ML (artificial intelligence/machine learning) software using accelerometers, ECG (electrocardiogram), PPG (photoplethysmogram – used to measure blood volume changes in tissue), and other forms of physiological sensors to measure heart rate, heart rate variability, pulse oximetry, pulse wave velocity, pulse transit time, blood pressure, and activity. Health Gauge's intellectual property also includes proprietary methods and IP relating to behavioral tagging for the purposes of psychometric analysis.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, complete additional equity financing, and generate profitable operations in the future. Management believes it will be successful in raising the necessary funding to continue operations; however, there is no assurance that these funds will be available on terms acceptable to the Company or at all. There is a material uncertainty related to these conditions that may cast significant doubt on the Company's ability to continue as a going concern. The condensed interim consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company incurred a net loss and comprehensive loss of $130,170 during the period ended July 31, 2024 (2023 - $368,230). As at July 31, 2024, the Company had a deficit of $34,905,892 (April 30, 2024 - $34,807,122).

## 2. Material Accounting Policies

### Statement of Compliance and Basis of Presentation

The Company applies IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRICs"). The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value, and on an accrual basis except for cash flow information, and are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

## 2. Material Accounting Policies (continued)

### Basis of Consolidation

The condensed interim consolidated financial statements include the financial statements of AI/ML Innovations Inc. and its subsidiaries, Health Gauge Inc., Neuralcloud Solutions Inc. and AI RX Inc. The financial statements of the subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. All intercompany balances and transactions have been eliminated.

| Name of Subsidiary | Country of Incorporation | Principal Activity | Proportion of Ownership Interest | |
|---|---|---|---|---|
| | | | July 31, 2024 | April 30, 2024 |
| Health Gauge Inc. | Canada | Digital health software and wearable technologies | 98.56% | 98.56% |
| AI RX Inc. | Canada | Holding company | 70% | 70% |
| Neuralcloud Solutions Inc. | Canada | Technology company | 100% | - |

### Estimates and Judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the condensed interim consolidated financial statements and related notes. Although these judgments, estimates and assumptions are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

*Judgments*

i) Significant influence and impairment in investment in associate
Management applied judgment in determining if the Company has significant influence over Tech2Heal SAS. Pursuant to the assessment it was determined that the Company has significant influence by way of a common director and officer (Note 4). Also, Management applied judgment in determining if the Company has indicators of impairment in its investment in associate. Pursuant to the assessment of indicators, it was determined that the Company has indicators of impairment. The carrying amounts exceed the recoverable amount and the significant investment was impaired to Nil.

ii) Asset acquisition versus business combination
Management applied judgment in determining whether the transaction with Health Gauge was considered an asset acquisition or business combination. Management assessed the inputs, processes and outputs of the company acquired at the time of acquisition. Pursuant to the assessment, the transaction was considered to be a business combination (Note 3).

## 2. Material Accounting Policies (continued)

### Estimates and Judgments (continued)

*Estimates*

i) Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. These estimates include the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such estimates are inherently uncertain. Changes in these estimates affect the fair value of share-based compensation.

ii) Performance warrants
The Company recognizes the fair value of performance warrants using the Black-Scholes option pricing model at the date of grant and applies an estimated percentage of the likelihood of the completion of the performance event.

### Cash

Cash is comprised of cash on deposit with major banks in Canada.

### Foreign Currency Translation

The functional currency of the Company and each subsidiary is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the period end date exchange rates. Income and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

### Inventory

Inventories are valued at the lower of cost or net realizable value. Costs comprise direct materials and where applicable, direct labor and overhead that has been incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in first-out method.

### Government Grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all conditions associated with the grant are met.

### Forgivable Loans

A forgivable loan from the government is treated as government assistance when there is reasonable assurance that the Company will meet the terms for forgiveness of the loan. The government assistance is presented in profit or loss as other income. If there is no reasonable assurance that the Company will meet the terms for forgiveness of the loan, the loan is recognized as a liability in accordance with IFRS 9 – Financial Instruments. The liability would become a government grant (forgivable loan) when there is reasonable assurance that the Company will meet the terms for forgiveness. Refer to Note 10.

## 2. Material Accounting Policies (continued)

### Research and Development and Investment Tax Credits

The Company incurs costs on activities that relate to research and development of new products. Research and development costs are expensed except in cases where development costs meet certain identifiable criteria for deferral. The Company has not capitalized any such development costs to date. Related refundable investment tax credits are recorded as a reduction of the related research and development expense when the Company has reasonable assurance that the credit will be realized.

### Business Combination

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree or assumed and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is a liability is recognized either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the fair value of consideration transferred over the fair value of identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

### Call Option over Non-Controlling Interest

As part of the business acquisition agreement with Health Gauge Inc., the Company had an option to acquire the remaining outstanding shares from non-controlling shareholders which expired during the year ended April 30, 2024. The call option did not give the Company present access to returns associated with the ownership interest in the shares subject to the call. Accordingly, the call option was accounted for in accordance with IFRS 9 – Financial Instruments as a derivative asset and has a value of $Nil as of April 30, 2024 and July 31, 2024.

### Impairment of Non-Financial Assets

At the end of each reporting period the carrying amounts of the Company's long-lived assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

## 2. Material Accounting Policies (continued)

### Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the 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. Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affects neither accounting nor taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

### Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease liabilities are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right of use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures the right of use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability Right of use assets are depreciated over the shorter of the asset's useful life or the lease term, except where the lease contains a bargain purchase option a right of use asset is depreciated over the asset's useful life.

## 2. Material Accounting Policies (continued)

### Financial Instruments

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flows characteristics of the financial asset.

The Company classifies its financial assets into one of the categories described below, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest.

If the business model is not to hold the debt instrument, it is classified as fair value through profit or loss ("FVTPL"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at fair value through other comprehensive income ("FVTOCI").

FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the profit or loss in the period in which they arise. Derivatives are categorized as FVTPL unless they are designated as hedges.

FVTOCI - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of cumulative fair value gains to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method, less any impairment. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial asset, or where appropriate, a shorter period.

The following table shows the classification and measurement of the Company's financial instruments:

| Financial assets/liabilities | Classification and measurement |
|---|---|
| Cash | Fair value through profit or loss |
| Marketable securities | Fair value through profit or loss |
| Accounts receivable | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Notes payable | Amortized cost |
| Due to related parties | Amortized cost |
| Loan payable | Amortized cost |

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified at FVTPL are treated as part of the carrying value of the asset or liability.

## 2. Material Accounting Policies (continued)

**Impairment of financial assets at amortized cost**

The Company utilizes the expected credit losses ("ECL") model on a forward-looking basis on financial assets that are measured at amortized cost, contract assets and debt instruments carried at FVTOCI.

At each reporting date, the Company measures the ECL for the financial asset at an amount equal to the lifetime ECL if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the ECL for the financial asset at an amount equal to the twelve month ECL. The Company applies the simplified method and measures a loss allowance equal to the lifetime ECL for trade receivables.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. The loss allowance was $25,000 as at July 31, 2024 and $25,000 as at April 30, 2024.

**Derecognition of Financial Assets and Financial Liabilities**

A financial asset is derecognized when the contractual right to the asset's cash flows expire; or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

The Company derecognizes a financial liability when its obligations are discharged, cancelled or expired.

**Revenue recognition**

The Company recognizes revenue in accordance with IFRS 15 – Revenue from Contracts with Customers. Revenue represents the fair value of consideration received or receivable from customers for the transfer of control of goods or services by the Company, net of discounts and sales taxes. The Company generates revenue from goods, services and licensing technology. Revenue is recognized when persuasive evidence of an arrangement exists, the fee is fixed or determinable, and collectability is reasonably assured.

For each contract with a customer, the Company applies the following five step model:
1. Identify the contract with a customer;
2. Identify the performance obligation in the contract;
3. Determine the transaction price which takes into account estimates of variable consideration and the time value of money;
4. Allocate 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
5. Recognize revenue when the performance obligation is satisfied and in a manner that depicts the transfer of the goods or services promised to the customer.

Services income is recognized in profit or loss over time when the services have been provided and control of the deliverable has been transferred to the customer. Payments received prior to the transfer of control of the deliverable are recorded as deferred revenue and recognized in profit or loss as the related services are provided. Management estimates the pace of revenue recognition based on contract milestones. The Company's arrangements with customers are evidenced by contracts with customers. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the service is distinct from some or all of the other services in the arrangement. A service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct services are combined with other services until they are distinct as a bundle and therefore form a single performance obligation. The Company earns revenues from the provision of consulting services that include one distinct performance obligation. The customer is simultaneously receiving and consuming the economic benefits arising from the Company's performance and the right to payment for work performed to date plus a reasonable profit to deliver services that do not have an alternative use to the Company. Based on the nature of these contractual arrangements, control is transferred over time and revenue is recognized in profit or loss over time.

The Company will recognize revenue by measuring progress toward completion of that performance obligation. Revenue from fixed billing rate and cost reimbursable contracts is recognized in profit or loss using the input method with reference to costs incurred.

## 2. Material Accounting Policies (continued)

### Revenue recognition (continued)

Licensing income is recorded in deferred revenue upon invoicing and is recognized in profit or loss ratably over the contract term, and begins when the customer has the right-to-use the software. Revenue from usage-based fees is recognized in profit or loss in the period in which the customer incurs the usage, at a point in time.

Goods income is recognized in profit or loss when control of the product has been transferred to the customer.

### Loss Per Share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute diluted loss per share, whereby the dilutive effect of options, warrants and similar instruments are added to the weighted average number of common shares outstanding during the year. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the current and prior fiscal year this calculation proved to be anti-dilutive.

### Share-Based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized in share-based payment reserve over the vesting period. On exercise of stock options, consideration paid for the shares along with the fair value recorded in reserves at the date of grant is credited to share capital. When vested options are cancelled, forfeited, or are not exercised by the expiry date, the amount previously recognized in reserves is reclassified to deficit. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

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

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

### Share Capital and Reserves

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering financing using the relative fair value method. Under this method, the fair values of the shares and share purchase warrants are determined separately and prorated to the actual proceeds received. The fair value of the shares is determined using the quoted share price at the issue date. The fair value of share purchase warrants is measured using the Black-Scholes option pricing model at the issue date.

## 2. Material Accounting Policies (continued)

### Share Issuance Costs

Share issuance costs are deferred and charged directly to share capital on completion of the related financing. If the financing is not completed, share issuance costs are included in profit or loss.

### Investments in associates

Associates are entities over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. The Company accounts for associates using the equity method of accounting. Interests in associates are initially recognized at cost. Subsequent to initial recognition, the carrying value of the Company's interest in an associate is adjusted for the Company's share of comprehensive income and distributions of the investee. The carrying value of associates is assessed for impairment at each statement of financial position date whether there is any objective evidence that the investment in associate is impaired and determine if necessary, to recognize any impairment loss.

### Adoption of new and future accounting standards

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has not yet completed its assessment on the potential impact of adopting these accounting standards on its financial statements.

These future amendments are effective for reporting periods beginning on or after January 1, 2027.

IFRS 18 - Presentation and Disclosure in Financial Statements.

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its condensed interim consolidated financial statements.

## 3. Health Gauge Inc. Acquisition

During the year ended April 30, 2023, the Company acquired an additional 28.5647% interest in Health Gauge by issuing 1,712,808 performance warrants which are exercisable into 1,712,808 common shares, free of cost, if Health Gauge generated $526,250 of revenue from designated contracts by October 15, 2023. Of the 1,712,808 warrants 1,272,114 were issued to individuals who are also key management personnel of the Company. During the year ended April 30, 2024, the warrants had expired since the Company was not able to meet the revenue target by the agreed upon date.

The fair value of the performance warrants was estimated using the Black-Scholes option pricing model on the following assumptions: forfeiture rate of 0% as management expects the revenue target to be achieved, dividend yield of 0%; annual volatility 144%; risk-free interest rate of 3.89%; and an expected life of 0.9 years.

Effective November 15, 2022, the Company's ownership interest in Health Gauge was 98.5647%.

**(Expressed in Canadian Dollars)**

## 3. Health Gauge Inc. Acquisition (continued)

Summary statement of financial position of Health Gauge as at July 31, 2024 and April 30, 2024:

| | As At July 31, 2024 | As At April 30, 2024 |
|---|---|---|
| Cash | $ 6,278 | $ 42,277 |
| Other current assets | 33,096 | 37,201 |
| Non-current assets | - | - |
| Total assets | 39,374 | 79,478 |
| Current liabilities | (174,761) | (246,086) |
| Non-current liabilities | (3,496,992) | (3,479,455) |
| Net assets | $ (3,632,379) | $ (3,646,063) |

Summary statement of loss of Health Gauge for the period ended July 31, 2024 and the year ended April 30, 2024:

| | For the period ended July 31, 2024 | For the year ended April 30, 2024 |
|---|---|---|
| Loss from operations attributed to shareholders of the Company | | |
| Shareholders of the Company | $ (14,171) | $ (380,469) |
| Non-controlling interest | (187) | (36,371) |
| Net loss and comprehensive loss | $ (14,358) | $ (416,840) |

Summary statement of cash flow of Health Gauge for the period ended July 31, 2024 and the year ended April 30, 2024:

| | For the period ended July 31, 2024 | For the year ended April 30, 2024 |
|---|---|---|
| Net cash used in operating activities | $ (53,536) | $ (385,778) |
| Net cash provided by financing activities | 17,537 | 428,452 |
| Net change in cash | (35,999) | 42,674 |
| Cash (cash indebtedness), beginning of period/year | 42,277 | (397) |
| Cash (cash indebtedness), end of period/year | $ 6,278 | $ 42,277 |

**(Expressed in Canadian Dollars)**

## 4. Investment in Associate

On September 22, 2021, the Company entered into a share purchase agreement with Tech2Heal SAS ("Tech2Heal"), an arm's length, private technology company based in Paris, France, to acquire a 22.22% interest in Tech2Heal's common shares equity in consideration of €2,000,000 as follows:

| | Percentage Interest (%) |
|---|---|
| €750,000 ($1,086,975) upon closing of the transaction (paid) | 8.333% (acquired) |
| €250,000 on or before March 23, 2022 (paid) | 2.778% (acquired) |
| €500,000 on or before September 23, 2022 | 5.555% |
| €500,000 on or before March 23, 2023 | 5.555% |
| €2,000,000 | 22.22% |

During the period ended July 31, 2024, the Company had an 11.11% (April 30, 2024 – 11.11%) interest in Tech2Heal, a company engaged in developing health based technology. As a result of the Company holding a seat on the Board it was determined that the Company exercises significant influence over Tech2Heal and has accounted for its investment in Tech2Heal using the equity method. At April 30, 2024, the Company performed an assessment of indicators of impairment in the investment and recorded impairment loss of $1,510,668 as a result of the significant financial difficulty of Tech2Heal. The Company further impaired the investment at July 31, 2024.

| | | Investment in associate |
|---|---|---|
| Balance as at April 30, 2022 | $ | 1,060,497 |
| Share of loss on investment in associate (8.333% of net loss) | | (32,614) |
| Partial payment towards 2.778% additional interest | | 210,637 |
| Balance as at April 30, 2023 | | 1,238,520 |
| Share of loss on investment in associate (11.11% of net loss) | | (125,391) |
| Remaining payment towards 2.778% additional interest | | 325,979 |
| Impairment | | (1,439,108) |
| Balance as at April 30, 2024 | | - |
| Share of loss on investment in associate (11.11% of net loss) | | (23,571) |
| Impairment | | 23,571 |
| Balance as at July 31, 2024 | $ | - |

Summary statement of financial position of Tech2Heal as at July 31, 2024 and April 30, 2024:

| | | July 31, 2024 | | April 30, 2024 |
|---|---|---|---|---|
| Cash | $ | 34,723 | $ | 54,692 |
| Other current assets | | 146,064 | | 132,943 |
| Non-current assets | | 119,986 | | 156,256 |
| Total assets | | 300,773 | | 343,891 |
| Current liabilities | | (1,288,779) | | (1,175,605) |
| Net assets (liabilities) | $ | (988,006) | $ | (831,714) |

**(Expressed in Canadian Dollars)**

## 4. Investment in Associate (continued)

Summary statement of loss of Tech2Heal for the period ended July 31, 2024 and the year ended April 30, 2024:

| | | For the period ended July 31, 2024 | | For the year ended April 30, 2024 |
|---|---|---|---|---|
| Loss from operations | $ | (212,165) | $ | (1,128,634) |
| Net loss and comprehensive loss | | (212,165) | | (1,128,634) |

**Purchase of shares in AI RX Inc.**

During the year ended April 30, 2023, the Company issued 1,762,500 common shares with a fair value of $79,313 to purchase 70% of AI Rx Inc., a corporation that has been granted the exclusive commercial use of all products, brands, and trademarks of Tech2Heal in North America in perpetuity. The transaction was recorded as an asset acquisition. At the date of acquisition, AI RX Inc. had net assets consisting of intangible assets of $113,304 offset by non-controlling interest of $33,991. At April 30, 2023, the Company did an assessment and determined that the intangible asset was impaired. During the period ended July 31, 2024 and the year ended April 30, 2024 there was no activity in the subsidiary.

## 5. Marketable Securities

On May 20, 2016, the Company received 71,666 common shares of Carolina Rush Corporation (formerly Pancontinental Gold Corporation), a publicly traded company listed on the TSX Venture Exchange, with a fair value of $53,750.

The common shares are held-for-trading and as of July 31 2024, the fair value of the common shares was $15,408 (April 30, 2024 - $15,408). During the period ended July 31, 2024, the Company recorded an unrealized loss of $7,525 which has been recorded in profit or loss.

## 6. Prepaid Expenses

As at July 31, 2024, prepaid expenses included prepayments of $16,924 (April 30, 2024 - $27,406) towards future advertising and promotion and operating costs.

## 7. Accounts Payable and Accrued Liabilities

| | | July 31, 2024 | | April 30, 2024 |
|---|---|---|---|---|
| Trade payables | $ | 436,554 | $ | 368,450 |
| Accrued liabilities | | 95,000 | | 60,000 |
| Interest payable | | 115,716 | | 112,757 |
| Total accounts payable and accrued liabilities | $ | 647,270 | $ | 541,207 |

During the period ended July 31, 2024, the Company entered into a debt settlement agreement with a former CFO whereby $70,000 was paid to extinguish all remaining debt. As a result, a gain on settlement of $756,845 was recorded.

During the year ended April 30, 2024, the Company derecognized $5,250 of payables that passed the British Columbia term for statute of limitations.

**(Expressed in Canadian Dollars)**

## 8. Loan Payable

As at July 31, 2024, the Company owes the amount of $12,220 (April 30, 2024 - $12,220) to an unrelated party, which is non-interest bearing, unsecured, and with no fixed repayment terms.

## 9. Right-of-use Assets and Lease Liabilities

During the three-month period ended July 31, 2024, the Company entered into a building office lease in the province of British Columbia. The right-of-use asset and corresponding lease liability relates to this office building lease. The lease has an end date of July 7, 2027. The Company used an 9.00% interest rate, its estimated incremental borrowing rate, to calculate the present value of the lease payments on initial measurement.

| | | |
|---|---|---|
| Right of use asset, April 30, 2024 | $ | - |
| Additions | | 86,594 |
| Depreciation of right of use asset | | (2,577) |
| Right of use asset, July 31, 2024 | $ | 84,017 |

As at July 31, 2024, the Company is committed to minimum lease payments as follows:

| | | July 31, 2024 |
|---|---|---|
| **Maturity analysis – contractual undiscounted cash flows** | | |
| Less than one year | $ | 32,084 |
| One to five years | | 64,169 |
| More than five years | | - |
| **Total undiscounted lease labilities** | **$** | **96,253** |
| | | |
| **Lease labilities** | **$** | **84,969** |
| Current | $ | 25,594 |
| Non-current | $ | 59,375 |

During the three months ended July 31, 2024, the Company recognized total interest expense of $633 in connection with its lease liability.

## 10. Notes Payable

i) During the year ended April 30, 2021, the Company received $40,000 from the Government of Canada sponsored Canada Emergency Business Account (CEBA) in the form of a line of credit. This loan was a two-year, interest free loan, to be repaid by January 18, 2024. If the Company repaid the CEBA loan on or before January 18, 2024, the Company may repay only $30,000 of the principal balance. Any unpaid principal portion of the CEBA loan after January 18, 2024 would be converted into a three-year loan with an annual interest rate of 5%. During the year ended April 30, 2024 the Company repaid $30,000 and the $10,000 forgivable portion was included in profit and loss as other income.

ii) As at July 31, 2024, the Company owed $117,000 (April 30, 2024 - $117,000) to an unrelated company, which is unsecured, bears simple interest at 10% per annum, and is due on demand. Total interest accrued during the period ended July 31, 2024 was $2,949.

## 11. Related Party Transactions

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers and directors.

**(Expressed in Canadian Dollars)**

## 11. Related Party Transactions (continued)

Remuneration of directors and key management personnel of the Company was as follows:

| | For the period ended July 31, 2024 | For the period ended July 31, 2023 |
|---|---|---|
| Management and director fees | $ 262,639 | $ 34,500 |
| Professional fees | - | 9,000 |
| Salaries and benefits | 23,759 | 56,308 |
| | $ 286,398 | $ 99,808 |

As at July 31, 2024, the Company owed:

i) During the period ended July 31, 2024, the Company entered into a debt settlement agreement with a former CFO whereby $70,000 was paid to extinguish all remaining debt. As a result, a gain on settlement of $756,845 was recorded.

ii) $12,750 (April 30, 2024 - $15,750) to the Chief Financial Officer and director of the Company, which is unsecured, non-interest bearing, with no fixed terms of repayment.

iii) $62,554 (April 30, 2024 - $23,157) to the Chief Executive Officer and director of the Company, which is unsecured, non-interest bearing, with no fixed terms of repayment.

iv) $1,620 (April 30, 2024 - $Nil) owing to the spouse of the CFO and director, which is unsecured, non-interest bearing, with no fixed terms of repayment.

v) $Nil (April 30, 2024 - $8,142) to the former Chief Technology Officer and former director of the Company, which is unsecured, non-interest bearing, with no fixed terms of repayment.

vi) $35,098 (April 30, 2024 - $78,674) to a director of the Company and his spouse, which is unsecured, non-interest bearing, with no fixed terms of repayment.

During the period ended July 31, 2024, the Company earned $41,098 of license fee revenue from a former related company which has a former common officer and a former common former director and is therefore considered to be a related party. As at July 31, 2024, $13,773 of this amount was included in accounts receivable.

During the period ended July 31, 2024, the Company entered into an independent contractor agreement with Moonshot Inc. (the "Contractor") to set out the terms and conditions of the Contactor's ongoing services as Chief Executive Officer of the Company. In consideration of performing the services to the Company, payable to or as directed by the executives as follows:

- $125,000 payable in common shares in the capital of the Company on the effective date of the agreement (issued 3,333,333 common shares)
- $125,000 payable in common shares on the second anniversary of the effective date of the agreement.

In addition to monthly fees, the Company will also pay annual retention fees of $250,000 (issued 1,250,000 common shares for $62,500, remaining $187,500 outstanding) and $300,000 over the first 2 years of the agreement, payable quarterly in common shares.

Upon signing of the agreement, the Company granted to the Contractor options to purchase up to 1,500,000 common shares with an exercise price of $0.20 per share and a term of five years (Note 12). The options will vest in three equal installments contingent on the Company achieving given milestones.

**(Expressed in Canadian Dollars)**

## 12. Share Capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value.

b) Common shares issued

***For the period ended July 31, 2024, the Company:***

i) closed a non-brokered private placement and issued 9,200,000 units at a price of $0.05 per unit, for gross proceeds of $460,000 of which $197,270 was allocated to the warrant portion of the unit and recorded in reserves. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.10 expiring July 1, 2027, subject to the Company's right to accelerate expiry upon 30 days' notice if the shares trade at $0.25 for a 10 day period. Securities issued on this closing are subject to a statutory hold period until November 2, 2024. The Company paid share issuance costs of $29,850 and issued 417,000 broker warrants, which are on the same terms as the warrants forming part of the units.

ii) closed a non-brokered private placement and issued 10,230,000 units at a price of $0.05 per unit, for gross proceeds of $511,500 of which $227,654 was allocated to the warrant portion of the unit and recorded in reserves. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.10 expiring July 17, 2027, subject to the Company's right to accelerate expiry upon 30 days' notice if the shares trade at $0.25 for a for a period of at least 30 consecutive trading days. The Company paid share issuance costs of $26,478 and issued 529,550 broker warrants, which are on the same terms as the warrants forming part of the units.

iii) entered into a finder's agreement with Wonderful Ventures LLC to assist the Company in the search of a new Chief Executive Officer for the Company. The Company paid cash of $30,000 and issued 750,000 common shares of the Company (fair valued at $37,600).

iv) issued 393,334 common shares pursuant to exercise of $0.10 warrants.

## 13. Stock Options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees, and consultants of the Company to a maximum of 10% of the then issued and outstanding common shares, and not exceeding 5% granted to any individual. The stock options have a maximum term of ten years and cannot be assigned or transferred.

The following table summarizes the continuity of the Company's stock options:

| | Number of stock options | Weighted average exercise price | |
|---|---|---|---|
| Balance, April 30, 2023 | 2,500,000 | $ | 0.30 |
| Issued | 1,700,000 | | 0.20 |
| Cancelled/Expired | (1,100,000) | | 0.42 |
| Balance, April 30, 2024 | 3,100,000 | | 0.20 |
| Issued | 1,600,000 | | 0.20 |
| Cancelled/Expired | (500,000) | | 0.20 |
| Balance, July 31, 2024 | 4,200,000 | $ | 0.20 |

The weighted average fair value of options granted during the period ended July 31, 2024 was $0.03 (April 30, 2024 - $0.03) .The weighted average remaining life of the options outstanding as at July 31, 2024 was 3.29 years (April 30, 2024 – 3.33 years).

**(Expressed in Canadian Dollars)**

## 13. Stock Options (continued)

*During the period ended July 31, 2024, the Company:*

- granted an aggregate of 1,500,000 stock options to the CEO of the Company at an exercise price of $0.20 per share, exercisable for a period of 5 years. The options vest when certain conditions are met. The estimated fair value of these options at the grant date was $46,690 using the Black-Scholes option pricing model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes option pricing model are as follows: expected dividend yield of 0%; share price of $0.06; expected volatility of 125% based on historical 5-year trends; risk-free interest rate of 3.76%; and an expected average life of 5 years. During the period ended July 31, 2024, $1,970 was expensed.

- granted an aggregate of 100,000 stock options to a consultant of the Company at an exercise price of $0.20 per share, exercisable for a period of 1 year. The options vested immediately. The estimated fair value of these options at the grant date was $2,400 using the Black-Scholes option pricing model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes option pricing model are as follows: expected dividend yield of 0%; share price of $0.06; expected volatility of 108% based on historical 1-year trends; risk-free interest rate of 3.01%; and an expected average life of 1 year. During the period ended July 31, 2024, $1,800 was expensed.

*During the year ended April 30, 2024, the Company:*

- granted an aggregate of 300,000 stock options to a consultant of the Company at an exercise price of $0.20 per share, exercisable for a period of one year. The options vested immediately. The estimated fair value of these options at the grant date was $19,600 using the Black-Scholes option pricing model. The underlying assumptions used in the estimation of fair value in the Black-Scholes option pricing model are as follows: expected dividend yield of 0%; share price of $0.12; expected volatility of 181% based on historical one-year trends; risk-free interest rate of 3.74%; and an expected average life of one year.

- granted an aggregate of 1,400,000 stock options to directors and officers of the Company at an exercise price of $0.20 per share, exercisable for a period of one year. 300,000 options vested immediately, 100,000 options will vest 50% every six months over one year period and 1,000,000 options will vest 12.5% every three months over 24 months period. The estimated fair value of these options at the grant date was $54,300 using the Black-Scholes option pricing model. The underlying assumptions used in the estimation of fair value in the Black-Scholes option pricing model are as follows: expected dividend yield of 0%; share price of $0.065; expected volatility of 162% based on historical two-year trends; risk-free interest rate of 3.19%; and an expected average life of two years. During the year ended April 30, 2024, $30,710 was expensed.

As at July 31, 2024, the following stock options were outstanding:

| Expiry date | Exercise price | Number of options outstanding | Exercisable |
|---|---|---|---|
| November 29, 2025 | $0.20 | 1,400,000 | 475,000 |
| May 15, 2026 | $0.20 | 100,000 | 100,000 |
| April 30, 2027 | $0.20 | 700,000 | 700,000 |
| March 12, 2028 | $0.20 | 500,000 | 500,000 |
| May 15, 2029 | $0.20 | 1,500,000 | - |
| | | 4,200,000 | 1,775,000 |

At July 31, 2024, the weighted average remaining contractual life (years) of 4,200,000 options was 3.33 years.

**(Expressed in Canadian Dollars)**

## 14. Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

| | Number of warrants | Weighted average exercise price | |
|---|---|---|---|
| Balance, April 30, 2023 | 13,425,556 | $ | 0.05 |
| Issued | 31,575,845 | | 0.12 |
| Expired | (7,782,808) | | 0.01 |
| Exercised[(1)] | (1,225,000) | | 0.10 |
| Balance, April 30, 2024 | 35,993,593 | | 0.12 |
| Issued | 20,376,550 | | 0.10 |
| Exercised[(2)] | (393,334) | | 0.10 |
| Balance, July 31, 2024 | 55,976,809 | $ | 0.14 |

[(1)]The weighted average trading price on the exercise date was $0.06.
[(2)]The weighted average trading price on the exercise date was $0.08.

The weighted average remaining life of the warrants outstanding as at July 31, 2024 was 1.49 years (April 30, 2024 – 0.88 years).

As at July 31, 2024, the following share purchase warrants were outstanding:

| Number of warrants outstanding | Exercise price | Expiry date |
|---|---|---|
| 4,124,414 | 0.10 | March 14, 2025 |
| 3,141,087 | 0.20 | July 12, 2025 |
| 13,195,166 | 0.12[(3)] | December 19, 2025 |
| 9,617,000 | 0.10 | July 1, 2027 |
| 10,759,550 | 0.10 | July 17, 2027 |
| 3,983,500 | 0.20[(1)] | June 8, 2028 |
| 11,156,092 | 0.20[(2)] | July 4, 2028 |
| 55,976,809 | $ 0.14 | |

1) $0.10 on or before June 8, 2024, $0.20 on or before June 8, 2025, $0.30 on or before June 8, 2026, $0.40 on or before June 8, 2027, and $0.50 on or before June 8, 2028.
2) $0.10 on or before July 4, 2024, $0.20 on or before July 4, 2025, $0.30 on or before July 4, 2026, $0.40 on or before July 4, 2027, and $0.50 on or before July 4, 2028.
3) Subject to the Company's right to accelerate expiry upon 30 days' notice if the shares trade at $0.30 for a 10 day period.

## 15. Capital Management

The Company's policy is to maintain a strong capital base as to maintain investor and creditor confidence, safeguard the Company's ability to support the development of its projects and to sustain future development of the business. The capital structure of the Company consists of shareholders' deficiency of $48,777 (April 30, 2024 – deficiency of $1,171,576). There are no external restrictions on the Company's capital. There were no changes in the Company's approach to capital management during the period.

## 16. Financial Instruments and Risk Management

*Fair value*

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

**(Expressed in Canadian Dollars)**

## 16. Financial Instruments and Risk Management (continued)

Level 1 - Fair value measurements are derived from quoted prices in active markets or identical assets or liabilities;

Level 2 - Fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

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

The fair value of the Company's accounts receivable, and accounts payable and accrued liabilities, notes payable, due to related parties and loan payable approximate their carrying value, due to their short-term maturities. The Company's cash and marketable securities are measured at fair value in accordance with level 1 of the fair value hierarchy. The Company's call option is measured at fair value in accordance with level 2 of the fair value hierarchy and at $Nil.

*Risks*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's management team approves and monitors the risk management processes, with guidance from the Audit Committee under policies approved by the Board of Directors. There were no changes in the Company's approach to risk management during the year. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and accounts receivable. The majority of cash is maintained at a major financial institution with reputable credit and the therefore management believes credit risk to be minimal. The maximum exposure to credit risk is the aggregate carrying amount of accounts receivable and the Company has recorded an expected credit loss of $Nil.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure it has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements, option exercises and warrant exercises to meet its working capital requirements, after taking into account existing cash and expected exercise of share purchase warrants and options.

Management believes that it will be successful in raising the necessary funds however, given the current market conditions, management believes that the raising of the required funds will take longer than is normal and will be at prices that may be less than desirable. There are no assurances that additional funds will be available on terms acceptable to the Company or at all. The Company have a significant liquidity risk as the Company has a working capital deficiency of $110,432 (April 30, 2024 - $1,209,967). The ability of the Company to continue its activities relies upon the support of its suppliers and obtaining additional financing.

The following is an analysis of the contractual maturities of the Company financial liabilities as at July 31, 2024:

| | | Within one year |
|---|---|---|
| Accounts payable and accrued liabilities | $ | 594,140 |
| Notes payable | | 117,000 |
| Loan payable | | 12,220 |
| | $ | 723,360 |

## 16. Financial Instruments and Risk Management (continued)

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of July 31, 2024, the Company had notes payable of $117,000 that bears interest at fixed rates. Management considers this risk to be immaterial.

ii) Currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency rates or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At July 31, 2024 and April 30, 2024, the Company's major purchases are transacted in Canadian dollars.

The Company has cash and accounts payable and accrued liabilities denominated in US dollars (USD). The carrying value of these items may change due to fluctuations in foreign exchange rates. As at July 31, 2024, the Company did not have any significant monetary assets or liabilities in foreign currencies. Management estimates that the effect of a 10% change in the US dollar against the Canadian dollar would be immaterial.

iii) Other price risk

Other Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. There is price risk associated with the Company's marketable securities. A 10% change in the market price of the Company's marketable securities would have an immaterial impact on profit or loss.

## 17. Research and Development

| | For the period ended July 31, 2024 | For the year ended April 30, 2024 |
|---|---|---|
| Consultants/developers/other | $ 874 | $ 172,369 |

## 18. Segmented Reporting

*Geographic information*
The Company operates in one reportable segment in Canada, being the research and development of health and wearable technologies, and the sale of licenses and consulting services related to those technologies.

*Economic dependence*
100% of the Company's sales for the period ended July 31, 2024 were from one customer, MedWatch Technologies Inc., a related corporation in which the COO is also an officer.

## 19. Subsequent events

Subsequent to July 31, 2024, the Company:

i) in August 2024, completed the acquisition of technology from Naiad Lab Inc. The terms of the definitive agreement signed on June 4, 2024 were as follows:

- issued of 6,700,000 common shares of the Company.

- incorporated a new operating subsidiary to hold the newly acquired assets.

- agreed to a streaming royalty (the "Royalty") to Naiad Lab Inc for up to a 20-year period, as per the following terms:
    i. a 2% Royalty which is payable on gross revenue of not less than $1,500,000 and not greater than $5,000,000 inclusive per fiscal year, if and only if such revenue is directly attributable to third-party licensing of the Long ECG Neural Net.
    ii. a 3% Royalty which is payable on all gross revenue above $5,000,000 per fiscal year, if and only if such revenue is directly attributable to third-party licensing of the Long ECG Neural Net.
    iii. the Company, at its sole discretion, may purchase the royalty from Naiad at any time for $1,000,000.

- granted 700,000 stock options for 5 years at a $0.20 exercise price to management members of Naiad.

- entered into consulting/management agreements with certain key members of Naiad Labs.

- issued 3,000,000 Contingent Payment Shares to Naiad Labs for a 12-month period, which are convertible into 3,000,000 common shares from Treasury at a cost of $0.00 per share, subject to the following terms:
    i. the Long ECG Neural Net has formally entered the US FDA approval process;
    ii. the Long ECG Neural Net generates gross revenue of not less than $1,000,000.

The acquisition will be accounted for as an asset acquisition.

ii) issued 949,200 common shares pursuant to a share for debt agreement to settle indebtedness of $47,460 of services with an arm-length vendor.

iii) closed a non-brokered private placement and issued 7,845,000 units at a price of $0.05 per unit, for gross proceeds of $392,250. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.10 expiring August 19, 2026, subject to the Company's right to accelerate expiry upon 30 days' notice if the shares trade at $0.25 for a for a period of at least 20 consecutive trading days. The Company paid share issuance costs of $18,200 and issued 364,000 broker warrants, which are on the same terms as the warrants forming part of the units. As at July 31, 2024, $78,600 of subscriptions had been received.