FORM 51-102F4
BUSINESS ACQUISITION REPORT

Item 1 Identity of Company

1.1 Name and Address of Company

HYTN Innovations Inc. (the "**Company**")
303 – 890 Clement Ave.
Kelowna, British Columbia
V1Y 7E4

1.2 Executive Officer

The following individual is knowledgeable about the significant acquisition and this business acquisition report:

Elliot McKerr
Chief Executive Officer
866-590-9289

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

On July 16, 2024, the Company acquired all of the issued and outstanding Class A Voting Common shares in the authorized share structure of Prism Scientific Labs Inc. ("**Prism**") pursuant to a share purchase agreement entered into with each of the former shareholders of Prism (the "**Acquisition**").

The Acquisition granted HYTN exclusive access to Prism's suite of intellectual property, including, most significantly, its license (the "**License**") with respect to the technologies of Lux Sit Systems Inc. ("**Lux Sit**") relating to the cultivation of psilocybin-containing mushrooms (the "**Licensed IP**"). The Licensed IP is currently undergoing patent review, and is actively being deployed in connection with the cultivation of psilocybin-containing mushrooms at the Company's Kelowna facility.

The Acquisition and the respective businesses of each of the Company and Prism are described in further detail in the Company's News Release dated, July 18, 2024 which can be viewed on the Company's SEDAR+ profile at www.sedarplus.ca.

2.2 Date of Acquisition

July 16, 2024.

2.3 Consideration

On the closing of the Acquisition, the Company acquired 100% of the Prism Shares, being 12,100,100 Prism Shares, in exchange for 12,100,100 common shares in the authorized share structure of the Company (the "**Consideration Shares**"). The Consideration Shares are subject to a hold period of four months.

2.4 Effect on Financial Position

As a result of the Acquisition, the Company acquired control of Prism. Please see Schedule "A" and Schedule "B" of this Business Acquisition Report for further information regarding the financial position of Prism as at and for the year ended June 30, 2024.

At this time, the Company has no other plans or proposals for any other material changes in its business affairs or the affairs of Prism which may have a significant effect on the financial performance or position of the Company.

2.5 Prior Valuations

Prism engaged Sequeira Partners to prepare an independent valuation report (the "**Report**") with respect to the fair market value of the Licensed IP as at May 31, 2024. The Report states the fair market value of 100% of the Licensed IP is in the range of $10.34 million to $12.64 million with a mid-point of $11.49 million. The details of the Report may not be disclosed to third parties without the written permission of Sequeira Partners.

2.6 Parties to Transaction

The counterparties to the Acquisition (being the former Prism shareholders) were not informed persons (as such term is defined in section 1.1 of National Instrument 51-102 *Continuous Disclosure Obligations* ("**51-102**")), associates or affiliates of the Company.

2.7 Date of Report

September 27, 2024

Item 3 Financial Statements

Pursuant to Part 8 of 51-102, the audited annual financial statements of Prism as at and for the year ended June 30, 2024, together with the notes thereto and the auditor's report thereon, are attached hereto as Schedule "A". The financial statements attached hereto as Schedule "A" form part of this Business Acquisition Report.

Schedule “A”

See attached.

PRISM SCIENTIFIC LABS INC.
(formerly 1313420 B.C. Ltd.)

FINANCIAL STATEMENTS

JUNE 30, 2024 and 2023

(Expressed in Canadian Dollars)

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of:
PRISM SCIENTIFIC LABS INC.
(formerly 1313420 B.C. Ltd.)

Opinion
We have audited the accompanying financial statements of Prism Scientific Labs Inc. (formerly 131420 B.C. Ltd.) (the "Company"), which comprise the statement of financial position as at June 30, 2024 and the statements of loss and comprehensive loss, changes in shareholders 'equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2024 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 report. We are independent of the Company 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.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $63,473 during the year ended June 30, 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2024. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

Valuation of contingent consideration payable
Key Audit Matter Description
As at June 30, 2024, the Company had contingent consideration payable of $20,770. The Company acquired a license to Intellectual Property and recognized a provision for contingent consideration at fair value in relation to this transaction on acquisition. The recognition and subsequent measurement of contingent consideration is a key audit matter, because the fair value measurement of the contingent consideration requires extensive use of management's judgement of outcomes of future events, estimation methodologies, discount rates as well as the continued revisions and refinements of these inputs to estimates. Contingent consideration payable is remeasured at fair value at each reporting date and may be affected by changes in the estimation inputs. Any resulting gain or loss is recognized in the profit or loss. The Company recorded $Nil in contingent consideration revaluation for the year ended June 30, 2024. Further disclosure is described in Note 6 to the financial statements.

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Audit Response
We responded to this matter by performing procedures evaluating management's key assumptions, valuation methodologies applied in determining the fair value of the contingent consideration on initial recognition and as at June 30, 2024. Our audit work in relation to this included, but was not limited to, the following:

- We obtained and examined the conditions of the relevant underlying agreement.
- We assessed the appropriateness of the recognition criteria used and the methods applied to calculate the provision and assessed whether these are in alignment with the underlying agreements.
- We evaluated and challenged management's key assumptions used in the contingent consideration payable calculation.
- We tested the mathematical accuracy of the underlying calculation of consideration payable.
- We have assessed the events and circumstances emerging for the remeasurement of the contingent consideration payable as at year end.
- Scrutinized the appropriateness, accuracy and completeness of the disclosures ensuring that users of the financial statements are provided with reliable information in the notes to the financial statements.

Other Information
Management is responsible for the other information. The other information obtained at the date of the auditor's report includes Management's Discussion and Analysis. Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

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

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

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

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

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

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

As part of an audit in accordance with Canadian 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Mike Kao.

WDM

Chartered Professional Accountants

Vancouver, B.C.
September 13, 2024

PRISM SCIENTIFIC LABS INC. (formerly 1313420 B.C. Ltd.)
STATEMENT OF FINANCIAL POSITION
As at June 30, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	June 30, 2024	June 30, 2023 (Unaudited)
		$	$
ASSETS			
CURRENT			
Cash		182,808	1
Intellectual property	6	57,770	-
TOTAL ASSETS		240,578	1
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		41,280	-
Contingent consideration payable	6	20,770	-
		62,050	-
SHAREHOLDERS' EQUITY			
Share capital	7	242,001	1
Deficit		(63,473)	-
Total shareholders' equity		178,528	1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		240,578	1

Nature and continuance of operations (Note 1)
Subsequent event (Note 12)

Approved on behalf of the Board of Directors and authorized for issuance on September 13, 2024:

"*Elliot Mckerr*"
Elliot Mckerr, Director

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

PRISM SCIENTIFIC LABS INC. (formerly 1313420 B.C. Ltd.)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars)

	June 30, 2024	June 30, 2023 (Unaudited)
	$	$
EXPENSES		
General and administrative	93	-
Consulting	26,131	-
Professional fees	37,249	-
NET LOSS AND COMPREHENSIVE LOSS	(63,473)	-
Loss per share		
Basic and diluted	(0.06)	-
Weighted average number of common shares outstanding		
Basic and diluted	1,121,958	100

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

PRISM SCIENTIFIC LABS INC. (formerly 1313420 B.C. Ltd.)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	Number of common shares	Share capital	Deficit	Total shareholders' equity
		#	$	$	$
Balance, June 30, 2022 and 2023 (Unaudited)		100	1	-	1
Common shares issued for cash	7	12,000,000	240,000	-	240,000
Common shares issued for intellectual property	6, 7	100,000	2,000	-	2,000
Net loss and comprehensive loss		-	-	(63,473)	(63,473)
Balance, June 30, 2024		12,100,100	242,001	(63,473)	178,528

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

PRISM SCIENTIFIC LABS INC. (formerly 1313420 B.C. Ltd.)
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars)

	June 30, 2024	June 30, 2023 (Unaudited)
	$	$
Operating activities		
Net loss	(63,473)	-
Changes in non-cash working capital items		
Accounts payable and accrued liabilities	41,280	-
Cash used in operating activities	(22,193)	-
Investing activities		
Intellectual property	(35,000)	-
Cash used in investing activities	(35,000)	-
Financing activities		
Common shares issued for cash	240,000	-
Cash provided by financing activities	240,000	-
Change in cash	182,807	-
Cash, beginning of year	1	1
Cash, end of year	182,808	1
Supplemental cash flow information:		
Issuance of shares for intellectual property	2,000	-

No cash was paid for interest or income taxes for the period presented.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Prism Scientific Labs Inc. (the "Company") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on June 30, 2021. The Company's registered and records office address is 602-777 Richards Street, Vancouver BC, V6B 0M6.

The Company is in the business of research and development of pharmaceutical grade products incorporating certain controlled substances such as psilocybin and psilocin for use in regulated therapeutic settings.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. As at June 30, 2024, the Company incurred a loss of $63,473 for the year then ended (2023 - $Nil) and had a working capital of $120,758 (2023 - $Nil). The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These financial statements were approved and authorized for issue by the Board of Directors on September 13, 2024.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Presentation and functional currency

The financial statements of the Company are presented in Canadian dollars. The functional currency of the Company. is the Canadian dollar.

3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. 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. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

4. MATERIAL ACCOUNTING POLICIES

Intangible assets

Intangible assets with finite lives are amortized on a straight-line basis over the useful economic life of the intellectual property and assessed for indicators of impairment at the end of each reporting period. The amortization period is reviewed at least annually.

The Company owns intangible assets consisting of licensed patent rights. The intangible assets will be amortized once commercial operations commence on a straight-line basis over their estimated useful lives as follows:

Intellectual property license – 5 years

Impairment tests on intangible assets with indefinite lives are undertaken annually at the financial year-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Any impairment loss is charged to profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Foreign currencies

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company was determined by conducting an analysis of the consideration factors identified in IAS 21, *"The Effects of Changes in Foreign Exchange Rates"*.

Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Income taxes

Income tax on the profit or loss for the periods presented 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, in which case it is recognized in equity. Current tax expense is the expected tax payable on the 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 by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as 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 statement of financial position 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.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI, are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Contingent consideration payable is classified on the statement of financial position at FVTPL. Accounts payable and accrued liabilities are classified on the statement of financial position at amortized cost.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment and other-non-current assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Assets carried at fair value are excluded from impairment analysis.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs of disposal is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. 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, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Share capital

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and other equity instruments are recognized as a deduction from shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

5. NEW ACCOUNTING PRONOUNCEMENTS

New standards and interpretations not yet adopted

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date later than July 1, 2023. Many of these updates are not currently relevant to the Company and are therefore not discussed herein.

6. INTELLECTUAL PROPERTY

On June 4, 2024, the Company entered into an Intellectual Property License Agreement (the "Agreement") whereby the Company acquired a five-year license to utilize certain intellectual property in exchange for $35,000 in cash and the issuance of 100,000 common shares with a fair value of $2,000 (Note 7).

Should certain milestones be achieved, upon the one-year anniversary of the Agreement the Company is required to pay an additional $30,000 and issue an additional 100,000 shares. The Company determined that the fair value of the milestone payments was $20,770 and recorded the value as contingent consideration payable as at June 30, 2024.

As at the year ended June 30, 2024, a total of $57,770 has been capitalized to the acquired intellectual property.

7. SHARE CAPITAL AND RESERVES

Authorized

Unlimited common shares with no par value.

As of June 30, 2024, there were 12,100,001 (2023 – 1) common shares outstanding.

Issued and Outstanding – Common Shares Fiscal 2024:

During the year ended June 30, 2024, the Company issued common shares as follows:

a) The Company issued 12,000,000 shares at a price of $0.02 per share raising gross proceeds of $240,000.

b) The Company issued 100,000 shares at a price of $0.02 per share with a fair value of $2,000 in relation to the acquisition of intellectual property (Note 6).

8. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons with authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the year ended June 30, 2024, the Company did not enter into any related party transactions.

9. FINANCIAL INSTRUMENTS

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a Level 1 fair value measurement. The recorded values of accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The contingent consideration payable is measured using the discounted cash flow based on Level 2 inputs.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. The Company does not have any customers leading to the exposure to credit risk. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

9. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2024, the Company’s financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at June 30, 2024, the Company did not have any cash denominated in United States dollars (“USD”). As such, the Company was not exposed to any significant foreign currency risk.

10. CAPITAL MANAGEMENT

The Company defines capital as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern and to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. As discussed in Note 1, the Company’s ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, and securing additional financing. Management reviews its capital management approach on an ongoing basis. There were no changes in the Company’s approach to capital management during the years presented. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

11. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	June 30, 2024	June 30, 2023
	$	$
Earnings (loss) for the year	(63,473)	-
Expected income tax (recovery)	(17,138)	-
Change in unrecognized deductible temporary differences	17,138	-
Total income tax expense (recovery)	**-**	**-**

The significant components of the Company's deferred tax assets that have not been included on the consolidated balance sheets are as follows:

	June 30, 2024	June 30, 2023
	$	$
Deferred tax assets (liabilities)		
Non-capital losses available for future period	17,138	-
	17,138	-
Unrecognized deferred tax assets	(17,138)	-
Net deferred tax assets (liabilities)	**-**	**-**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated balance sheets are as follows:

	June 30, 2024	Expiry Date Range	June 30, 2023	Expiry Date Range
	$		$	
Temporary Differences				
Non-capital losses available for future period	63,473	2044	-	n/a

12. SUBSEQUENT EVENT

On July 16, 2024, the Company was acquired by HYTN Innovations Inc. ("HYTN") in exchange for 12,200,000 common shares of HYTN.