

MEDBRIGHT AI INVESTMENTS INC.

Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

Unaudited – Prepared by Management

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company for the three months ended May 31, 2024 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

MEDBRIGHT AI INVESTMENTS INC.

Condensed Interim Consolidated Statements of Financial Position

As at May 31, 2024 and February 29, 2024

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	May 31, 2024	February 29, 2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,029,705	1,587,741
Accrued interest receivable (Note 5)	28,554	24,291
Prepaid expenses	114,171	172,065
Total current assets	1,172,430	1,784,097
Non-current assets		
Convertible debenture (Note 5)	147,007	144,083
Investments (Note 6)	3,145,825	3,201,495
Loan receivable (Note 6)	1,436,054	1,043,895
Total non-current assets	4,728,886	4,389,473
Total assets	5,901,316	6,173,570
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Notes 7 and 8)	305,633	260,373
Shareholders' equity		
Share capital (Note 9)	18,908,512	18,900,544
Warrant reserve (Note 9)	1,611,378	1,613,346
Share-based payment reserve (Note 11)	1,173,443	1,173,443
Equity component of convertible debt	176,251	176,251
Deficit	(16,273,901)	(15,950,387)
Total shareholders' equity	5,595,683	5,913,197
Total liabilities and shareholders' equity	5,901,316	6,173,570

Nature of operations and continuance of business (Note 1)

Commitments (Note 15)

Subsequent event (Note 10)

Approved and authorized for issuance by the Board of Directors on July 30, 2024:

/s/ "Christopher Cherry"

Christopher Cherry, Director

/s/ "Konita Wilks"

Dr. Konita Wilks, Director

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

MEDBRIGHT AI INVESTMENTS INC.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

For the three months ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	For the three months ended	
	May 31,	
	2024	2023
	\$	\$
Investment loss		
Interest income	28,237	4,097
Realized loss on investments	(48)	(773,259)
Unrealized (loss) gain on investments (Note 6)	(55,022)	408,389
Total investment loss	(26,833)	(360,773)
Operating expenses		
Consulting fees (Note 8)	107,957	76,805
General and administrative	918	2,461
Foreign exchange	5,922	–
Insurance	10,500	–
Investor relations	78,374	–
Marketing	6,258	–
Professional fees	83,423	3,138
Transfer agent and filing fees	3,092	7,531
Travel	1,909	1,092
Total operating expenses	298,353	91,027
Loss before other items	(325,186)	(451,800)
Other items		
Accretion on discount (Note 5)	2,924	2,952
Interest expense	(1,252)	(12,891)
Total other items	1,672	(9,939)
Net loss for the period	(323,514)	(461,739)
Loss per share, basic and diluted	(0.00)	(0.02)
Weighted average common shares outstanding	109,993,468	20,984,663

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

MEDBRIGHT AI INVESTMENTS INC.

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

For the three months ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Share capital		Warrant reserve \$	Share-based payment reserve \$	Equity component of convertible debt \$	Deficit \$	Total shareholders' equity (deficit) \$
	Number of shares	Amount \$					
Balance, February 28, 2023	20,984,663	6,992,528	865,762	1,068,798	176,251	(8,792,481)	310,858
Net loss for the period	–	–	–	–	–	(461,739)	(461,739)
Balance, May 31, 2023	20,984,663	6,992,528	865,762	1,068,798	176,251	(9,254,220)	(150,881)
Balance, February 29, 2024	109,969,555	18,900,544	1,613,346	1,173,443	176,251	(15,950,387)	5,913,197
Exercise of warrants	100,000	7,968	(1,968)	–	–	–	6,000
Net loss for the period	–	–	–	–	–	(323,514)	(323,514)
Balance, May 31, 2024	110,069,555	18,908,512	1,611,378	1,173,443	176,251	(16,273,901)	5,595,683

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

MEDBRIGHT AI INVESTMENTS INC.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	For the three months ended	
	May 31,	
	2024	2023
	\$	\$
Operating activities		
Net loss for the period	(323,514)	(461,739)
Items not involving cash:		
Accretion on discount	(2,924)	(2,952)
Interest expense	1,252	12,891
Interest income	(28,237)	(4,097)
Realized loss on investments	48	773,259
Unrealized loss (gain) on investments	55,022	(408,389)
Changes in non-cash operating working capital:		
Due from related party	–	5,000
Prepaid expenses	57,894	5,172
Accounts payable and accrued liabilities	44,008	12,727
Net cash used in operating activities	(196,451)	(68,128)
Investing activities		
Loan receivable	(368,185)	–
Proceeds from sale of investments	600	248,091
Purchase of investments	–	(180,506)
Net cash (used in) provided by investing activities	(367,586)	67,585
Financing activity		
Shares issued for cash	6,000	–
Net cash provided by financing activity	6,000	–
Change in cash and cash equivalents	(558,036)	(543)
Cash and cash equivalents, beginning of period	1,587,741	17,874
Cash and cash equivalents, end of period	1,029,705	17,331
Cash and cash equivalents consist of:		
Cash in bank	1,029,507	16,609
Cash in brokerage account	123	722
Cash in legal trust account	75	–
Total cash and cash equivalents	1,029,705	17,331
Supplemental Disclosure of Cash Flow Information:		
Interest paid	–	–
Income taxes paid	–	–

Supplemental cash flow information (Note 12)

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

MEDBRIGHT AI INVESTMENTS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. Nature of Operations and Continuance of Business

Medbright AI Investments Inc. formerly known as Vinergy Capital Inc. (the “Company”) was incorporated as Vanguard Investments Corp. on March 20, 2001 under the provisions of the Alberta Business Corporations Act. On May 10, 2011, the Company changed its name to Vinergy Resources Ltd. and continued the Company’s registered jurisdiction from Alberta to British Columbia. On July 9, 2019, the Company changed its name to Vinergy Cannabis Capital Inc. On March 9, 2021, the Company changed its name to Vinergy Capital Inc. The Company’s head office is located at Suite 1000, 409 Granville Street, Vancouver, BC, V6C 1T2 and its shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “VIN”. During the year ended February 29, 2020, the Company became an investment issuer.

On November 7, 2023, the Company changed the name to ‘Medbright AI Investments Inc.’. The Company commenced trading on CSE under the new trading symbol “MDAI” on November 9, 2023.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the three months ended May 31, 2024, the Company incurred negative cash flow from operations. As at May 31, 2024, the Company incurred a net loss of \$323,514 and has an accumulated deficit of \$16,273,901 since inception and expects to incur further losses in the development of its business. The Company is also in default for certain loans payable. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that with its current cash and other funds that may be obtained from external financing that it has sufficient working capital to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed interim consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Basis of Preparation

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The condensed interim consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company. The functional currency of the US subsidiaries is the US dollar.

MEDBRIGHT AI INVESTMENTS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

3. Material Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements as at February 29, 2024. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended February 29, 2024.

4. Critical Accounting Estimates and Judgements

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Going concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing its performance, resources, and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends. Management believes there is sufficient capital to meet the Company's business obligations for at least the next 12 months, after taking into account expected cash flows, capital commitments, future financings and the Company's cash and cash equivalents position at period-end.

Fair value of investment in securities not quoted in an active market or private company investments

The determination of fair value of the Company's privately held investments at other than initial cost, is subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

The use of the valuation approaches described below may involve uncertainties and determinations based on management's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will also consider trends in general market conditions and the share performance of comparable publicly traded companies when valuing privately held investments.

MEDBRIGHT AI INVESTMENTS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended May 31, 2024 and 2023

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(Unaudited – Prepared by Management)

4. Critical Accounting Estimates and Judgements (continued)

Fair value of investment in securities not quoted in an active market or private company investments (continued)

The fair value of a privately held investment may be adjusted if:

- i. There has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place.
- ii. There have been significant corporate, political, or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable.
- iii. The investee company is placed into receivership or bankruptcy.
- iv. Based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.
- v. Release by the investee company of positive/negative operational results; and
- vi. Important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately held investment will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed. In addition, the amounts at which the Company's privately held investments could be currently disposed of may differ from the carrying value assigned.

Fair value of other instruments

Investments in warrants that are not traded on a recognized securities exchange do not have readily available market values. When there are sufficient and reliable observable market inputs, a market-based valuation technique such as the Black-Scholes valuation model ("Black-Scholes") is used.

MEDBRIGHT AI INVESTMENTS INC.

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5. Convertible Debenture

On September 8, 2022, the Company purchased a \$150,000 secured convertible debenture from LEEF Brands Inc. (“LEEF”) (formerly Icanic Brands Company Inc.). The debenture will bear interest at 11% per annum with a maturity date of 2 years from the date of issuance. The principal amount is convertible, at the option of the holder, in whole or in part, at any time following the issue date but on or before maturity, into units of LEEF at \$0.10 per unit. Each unit will consist of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of LEEF at a price of \$0.15 per share for a period of 2 years from the date of conversion.

The fair value of the convertible debenture was determined to be \$127,020 using a net present value calculation assuming a discount rate of 20% per annum. The Company will record accretion of the discount of \$22,980 over the term of the debenture.

During the three months ended May 31, 2024, the Company recognized accretion of the discount of \$2,924 (May 31, 2023 – \$2,952), increasing the carrying value to \$147,007 (February 29, 2024 – \$144,083) as at May 31, 2024. As at May 31, 2024, the Company has accrued interest receivable of \$28,554 (February 29, 2024 – \$24,291).

6. Investments

Investments are recorded at their estimated fair value at the end of each reporting period. The fair values of the common shares of the publicly traded companies have been directly referenced to published price quotations in an active market. The fair value of investments in private companies will be based upon management’s judgement and different valuation techniques. The fair value of share purchase warrants of public companies is valued using the Black-Scholes option pricing model.

MEDBRIGHT AI INVESTMENTS INC.

Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended May 31, 2024 and 2023
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

6. Investments (continued)

Details of the Company's investments are as follows:

	Note	Number of common shares held	Investment Cost at May 31, 2024 \$	Fair value February 29, 2024 \$	Dispositions \$	Net change \$	Fair value May 31, 2024 \$
Public companies:							
Netramark Holdings Inc.	(a)	838,000	271,631	260,400	(600)	(37,730)	222,070
Private companies:							
CWE European Holdings Inc.	(a)	1,250,000	150,000	150,000	–	–	150,000
First Person Ltd.	(a)	50,000	175,000	340,225	–	–	340,225
Healthcare Accretion Group Inc.	(b)	4,933,334	8,184,516	2,100,000	–	–	2,100,000
Mentorhead Incorporated	(a)	100,000	308,626	308,626	–	–	308,626
Share purchase warrants		–	–	42,244	–	(17,340)	24,904
		7,171,334	9,089,773	3,201,495	(600)	(55,070)	3,145,825

During the three months ended May 31, 2024, the Company disposed of certain investments for total proceeds of \$600 (May 31, 2023 – \$248,091) and realized a loss of \$48 (May 31, 2023 – \$773,259) and had an unrealized loss on investments of \$55,022 (May 31, 2023 unrealized gain – \$408,389), these amounts are included in net change as noted above.

MEDBRIGHT AI INVESTMENTS INC.

Notes to the Condensed Interim Consolidated Financial Statements
 Three Months Ended May 31, 2024 and 2023
 (Expressed in Canadian dollars)
 (Unaudited – Prepared by Management)

6. Investments (continued)

	Note	Number of common shares held	Investment Cost at February 29, 2024 \$	Fair Value at February 28, 2023 \$	Additions \$	Dispositions \$	Net change \$	Fair value February 29, 2024 \$
Public companies:								
Anonymous Intelligence Company Inc.		–	–	–	64,152	(75,500)	11,348	–
Beyond Minerals Inc.		–	–	–	17,500	(19,875)	2,375	–
Bitcoin Well Inc.		–	–	70,000	–	(89,290)	19,290	–
Everyday People Financial Corp.		–	–	–	30,000	(33,805)	3,805	–
Horizon Copper Corp.		–	–	–	75,640	(75,360)	(290)	–
Lithium One Metals Inc.		–	–	180,000	22,300	(129,992)	(72,308)	–
Mydecine Innovations Group Inc.		–	–	–	36,000	(16,000)	(20,000)	–
New Energy Metals Corp.		–	–	207,500	–	(10,000)	(197,500)	–
Netramark Holdings Inc.	(a)	840,000	272,279	220,000	136,660	–	(96,260)	260,400
Skylight Health Group Inc.		–	–	44,000	–	(20,752)	(23,248)	–
SPOD Lithium Corp.		–	–	45,000	–	(36,799)	(8,201)	–
Ultra Lithium Inc.		–	–	45,000	–	(26,579)	(18,421)	–
Private companies:								
CWE European Holdings Inc.	(a)	1,250,000	150,000	150,000	–	–	–	150,000
First Person Ltd.	(a)	50,000	175,000	340,225	–	–	–	340,225
Healthcare Accretion Group Inc.	(b)	4,933,334	8,184,516	–	8,184,516	–	(6,084,516)	2,100,000
Mentorhead Incorporated	(a)	100,000	308,626	–	308,626	–	–	308,626
Share purchase warrants		–	–	172,130	–	(39,100)	(90,786)	42,244
		7,358,334	9,017,951	1,473,855	8,875,394	(573,052)	(6,574,712)	3,201,495

Notes:

- (a) The Company owns less than 10% interest in the investee as at May 31, 2024 and February 29, 2024
- (b) The Company owns 49.33% interest in the investee as at May 31, 2024 and February 29, 2024

During the year ended February 29, 2024, the Company disposed of certain investments for total proceeds of \$573,052 and realized a loss of \$902,589 and had an unrealized loss on investments of \$5,672,123, these amounts are included in net change as noted above.

MEDBRIGHT AI INVESTMENTS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

6. Investments (continued)

The investments measured at fair value on a recurring basis were presented on the Company's statement of financial position as at May 31, 2024 and February 29, 2024 as follows:

	Fair value measurements using			Balance, May 31, 2024 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Investments	222,070	24,904	2,898,851	3,145,825

	Fair value measurements using			Balance, February 29, 2024 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Investments	260,400	42,244	2,898,851	3,201,495

Level 2 fair value hierarchy

During the three months ended May 31, 2024 and 2023, the Company had the following activities:

	For the three months ended May 31, 2024 \$	For the year ended February 29, 2024 \$
Balance, beginning of period	42,244	172,130
Proceeds on sale of warrants	–	(39,100)
Realized gain on sale of warrants	–	39,100
Fair value adjustments	(17,340)	(129,886)
Balance, end of period	24,904	96,615

MEDBRIGHT AI INVESTMENTS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended May 31, 2024 and 2023

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6. Investments (continued)

Level 3 fair value hierarchy

The following table presents the changes in fair value measurements classified at Level 3 of the fair value hierarchy. The financial instruments are measured at fair value utilizing non-observable market inputs. The net realized loss on disposals of investments and the net change in unrealized loss on investments are recognized in the statements of loss and comprehensive loss.

	For the three months ended May 31, 2024	For the year ended February 29, 2024
	\$	\$
Balance, beginning of period	2,898,851	490,225
Purchase at cost	–	8,493,142
Fair value adjustments	–	(6,084,516)
Balance, end of period	2,898,851	2,898,851

Within Level 3, the Company includes private company investments which are not quoted on a recognized securities exchange. The key assumptions used in the valuation of these instruments include, but are not limited to, the value at which a recent financing was done by the investee company, company-specific information, trends in general market conditions and the share performance of comparable publicly traded companies. When a private company investment changes its status to a publicly-listed investment which meets Level 1 or Level 2 criteria, the investment is transferred out of the Level 3 fair value hierarchy. A transfer is recorded upon the occurrence of a liquidity transaction for an investee company, which includes, but is not limited to, a business combination between the entity and a public corporation pursuant to a reverse takeover, merger, amalgamation, arrangement, take-over bid, or an initial public offering of the entity. The transfers are recorded on the date that such a liquidity transaction is completed.

The following table presents the valuation techniques and the nature of significant inputs used to determine the fair values of the Level 3 investments as at May 31, 2024:

	Fair value	Method	Unobservable inputs	Range of inputs
	\$			
CWE European Holdings Inc.	150,000	Equity financing	N/A	N/A
First Person Ltd.	340,225	Equity financing	N/A	N/A
Healthcare Accretion Group Inc.	2,100,000	Discounted Cash Flow	Discount rate	20%
Mentorhead Incorporated	308,626	Transaction price	Recent purchase price	N/A
	2,898,851			

Within Level 3 of the fair value hierarchy, for those investments valued based on recent financings, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at May 31, 2024. A 10% change in the fair value of these investments would result in a corresponding change of approximately +/- \$290,000 (February 29, 2024 – \$290,000) change to the fair value of the investments. The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate the probability of such changes occurring, and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments

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6. Investments (continued)

Loan receivable

During the year ended February 29, 2024 and amended on May 15, 2024, the Company entered into a loan agreement with Healthcare Accretion Group (“HAG”). Pursuant to this agreement, the Company is obligated to provide funding to HAG through one or more advances, with the total aggregate of all advances not exceeding US\$1,500,000 (CAD\$2,045,550). Interest on the outstanding principal under the loan shall accrue and be payable to the Company at the prime rate of interest charged by the Bank of Canada per annum, effective from the date of each advance until the complete repayment of the loan. The interest is calculated on a daily basis and aggregated monthly, not in advance, both before and after any default, demand, or judgment. The interest accrues without compounding until the termination date of the loan. HAG shall pay the loan on demand. As at May 31, 2024, the Company had advanced \$1,391,835 (US\$1,898,045) (February 29, 2024 - \$1,023,651 (US\$1,389,094)) to HAG and accrued interest receivable of \$44,219 (February 29, 2024 – \$20,244).

7. Accounts Payable and Accrued Liabilities

	May 31, 2024 \$	February 29, 2024 \$
Trade accounts payable	284,024	177,840
Accrued liabilities	21,609	82,533
	305,633	260,373

8. Related Party Transactions

- During the three months ended May 31, 2024, the Company incurred \$24,415 (May 31, 2023 – \$Nil) in consulting fees to the Chief Executive Officer (“CEO”) of the Company.
- During the three months ended May 31, 2024, the Company incurred \$15,750 (May 31, 2023 – \$15,750) in consulting fees to a company controlled by the Chief Financial Officer of the Company.
- During the three months ended May 31, 2024, the Company incurred \$Nil (May 31, 2023 – \$33,000) in consulting fees to the former CEO of the Company.
- During the three months ended May 31, 2024, the Company incurred \$Nil (May 31, 2023 – \$21,000) in consulting fees to the former director of the Company.
- As at May 31, 2024, the Company owed \$500 (February 29, 2024 – \$500) to a company with a director in common which is included in accounts payable and accrued liabilities.

9. Share Capital

Authorized: Unlimited number of common shares without par value

Shares issued during the three months ended May 31, 2024

During the three months ended May 31, 2024, the Company issued 100,000 common shares pursuant to the exercise of share purchase warrants at a price of \$0.06 for total proceeds of \$6,000. The fair value of \$1,968 was transferred from warrant reserve to share capital upon exercise of share purchase warrants.

MEDBRIGHT AI INVESTMENTS INC.

Notes to the Condensed Interim Consolidated Financial Statements

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9. Share Capital (continued)

Shares issued during the year ended February 29, 2024

During the year ended February 29, 2024, the Company issued 19,090,000 common shares pursuant to the exercise of share purchase warrants at a price of \$0.06 for total proceeds of \$1,145,400. The fair value of \$385,444 was transferred from warrant reserve to share capital upon exercise of share purchase warrants.

On June 23, 2023, the Company issued 17,000,000 units at \$0.05 per unit for gross proceeds of \$850,000. Each unit consisted of one common share and one share purchase warrant exercisable at a price of \$0.06 per share expiring on June 22, 2024. The fair value of warrants issued was determined to be \$334,484 and was recorded in warrant reserve. The fair value of the warrants issued were estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.47%, dividend yield of 0%, volatility of 183%, and expected life of one year.

On June 23, 2023, the Company issued 2,500,000 units with a fair value of \$150,000 to debt settle outstanding payables of \$125,000 which resulted in a loss on settlement of \$25,000. Each unit consisted of one common share and one share purchase warrant exercisable at a price of \$0.06 per share expiring on June 22, 2024. The fair value of common shares issued was determined to be \$150,000 based on the closing stock price on the date of issuance. The fair value of warrants issued was determined to be \$59,027 and was recorded in warrant reserve. The fair value of the warrants issued were estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.47%, dividend yield of 0%, volatility of 183%, and expected life of one year.

On August 30, 2023, the Company issued 37,000,005 common shares with a fair value \$8,140,001 pursuant to its investment in Healthcare Accretion Group Inc. (Note 6)

On October 3, 2023, the Company issued 6,250,000 units at \$0.20 per unit for gross proceeds of \$1,250,000. Each unit consisted of one common share and one-half share purchase warrant with each whole share purchase warrant entitle the holder to purchase one additional common share at a price of exercisable at a price of \$0.30 per share expiring on October 3, 2025. The fair value of warrants issued was determined to be \$355,545 and was recorded in warrant reserve. The fair value of the warrants issued were estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.73%, dividend yield of 0%, volatility of 184%, and expected life of two years. The company paid cash finder's fee of \$42,376 and issued 186,000 finder's warrants exercisable into one common share at a price of \$0.30 per share expiring on October 3, 2025. The fair value of the agent's warrants issued were valued at \$35,489 using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.73%, dividend yield of 0%, volatility of 184%, and expected life of two years.

On February 9, 2024, the Company issued 6,994,887 units at \$0.20 per unit for gross proceeds of \$1,398,977. Each unit consisted of one common share and one-half share purchase warrant with each whole share purchase warrant entitle the holder to purchase one additional common share at a price of exercisable at a price of \$0.30 per share expiring on February 9, 2026. The fair value of warrants issued was determined to be \$247,345 and was recorded in warrant reserve. The fair value of the warrants issued were estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.19%, dividend yield of 0%, volatility of 179%, and expected life of two years. The company paid cash finder's fee of \$236,402 and issued 709,590 finder's warrants exercisable into one common share at a price of \$0.20 per share expiring on February 9, 2026. The fair value of the agent's warrants issued were valued at \$101,138 using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.19%, dividend yield of 0%, volatility of 179%, and expected life of two years. The Company also issued 150,000 common shares at a fair value of \$27,000 as finder's fees.

MEDBRIGHT AI INVESTMENTS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

10. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted average exercise price \$
Balance, February 28, 2023	4,757,233	0.32
Issued	35,588,033	0.18
Exercised	(19,090,000)	0.06
Expired	(4,757,233)	0.46
Balance, February 29, 2024	16,498,033	0.32
Exercised	(100,000)	0.06
Balance, May 31, 2024	16,398,033	0.32

On July 20, 2023, the Company established an exercise incentive program with respects to 19,500,000 share purchase warrants that was issued at \$0.06 per share. Under the incentive program, each holder of a warrant that are exercised between the date hereof to August 3, 2023, will be granted one-half common share purchase warrant will entitle the holder to acquire one common share of the Company at \$0.35 per common share for a period of one year from the date of issuance. The incentive warrant will be subject to an acceleration clause, whereby if the closing price of the common share is equal to \$0.50 or higher for ten consecutive trading days, over a 365-day period, the Company may accelerate the expiry of the share purchase warrants to the date that is 20 business days from the date of the issuance of an announcement of the acceleration right. As at February 29, 2024, the Company issued 8,570,000 share purchase warrants.

As at May 31, 2024, the Company had the following share purchase warrants outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
*310,000	0.06	June 22, 2024
8,570,000	0.35	August 3, 2024
3,311,000	0.30	October 3, 2025
3,497,443	0.30	February 9, 2026
709,590	0.20	February 9, 2026
<u>16,398,033</u>		

*Subsequent to May 31, 2024, 300,000 share purchase warrants were exercised, and 10,000 share purchase warrants expired unexercised.

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(Expressed in Canadian dollars)

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11. Stock Options

The Company has established a stock option plan for directors, employees and consultants which is administered by the board of directors with full and final authority with respect to the granting of all options. The exercise prices shall be determined by the board, but shall, in no event, be less than the closing market price of the Company's shares on the grant date, less the maximum discount permitted under the TSX Venture Exchange's policies. The number of common shares issuable under the plan may not exceed 10% of the issued and outstanding common shares. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a yearly basis. Options may be exercisable for a maximum of ten years from the date of grant.

On September 1, 2023, the Company granted 500,000 stock options to directors and officers of the Company. These stock options entitle the holders thereof the right to purchase one common share for each option at \$0.25 per share expiring on September 1, 2025. The stock option vested on the date of grant. The stock options were valued at \$104,645 using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.96%, dividend yield of 0%, volatility of 225%, and expected life of two years.

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

	Number of options	Weighted average exercise price \$
Outstanding, February 28, 2023	400,000	0.32
Issued	500,000	0.25
Outstanding, February 29, 2024 and May 31, 2024	900,000	0.28

Additional information regarding stock options outstanding as at May 31, 2024 is as follows:

Range of exercise prices \$	Outstanding and exercisable		
	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.45	50,000		0.45
0.30	350,000		0.30
0.25	500,000		0.25
	900,000	0.98	0.33

MEDBRIGHT AI INVESTMENTS INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

12. Supplemental Cash Flow Information

	For the three months ended	
	May 31,	
	2024	2023
	\$	\$
Non-cash financing activity:		
Fair value of warrants exercised	1,968	–

13. Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of other financial instruments, which include cash and cash equivalents, accrued interest, due from related party, convertible debenture, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents, accrued interest receivable, loan receivable and convertible debenture receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

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Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

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14. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share subscriptions receivable, warrant reserve, share-based payments reserve, and equity component of convertible debt.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended February 29, 2024.

15. Commitment

On December 20, 2023, the Company and Mentorhead Incorporated entered into an intellectual property licence and option agreement pursuant to which Limmi granted to Vinergy Licensing Corp., a U.S. subsidiary of the Company, created for the purpose to facilitate this transaction, certain rights to the Limmi AIP in exchange for 350 common shares (each VAC share) described below. The Company has also been granted an option by Limmi to acquire the Limmi AIP for health care services exclusively at any time within the next 24 months. As at May 31, 2024, the Company has not exercised its option.

A VAC share will be exchangeable into the Company's Class A shares (as defined below) on the basis of one VAC share for 100,000 of the Company's Class A shares, subject to the following conditions:

- a) 100 VAC shares shall be exchangeable into Company's Class A shares upon the Company raising aggregate gross proceeds of \$2,800,000 on a prorated basis;
- b) 50 VAC shares shall be exchangeable into the Company's Class A shares in the event the company achieves gross profit of at least \$1,250,000 in any quarter;
- c) 200 VAC shares shall be exchangeable into the Company's Class A shares in the event that the Company exercises its option for exclusivity of the Limmi AIP for health care services.

In connection with the foregoing, the Company created a new class of non-voting common shares of the Company. The Company's Class A shares shall have the same attributes as the common shares of the Company, except that the Company's Class A shares will not be listed on the Canadian Securities Exchange, will not carry the right to vote and will be convertible into common shares of the company on a one-for-one basis, subject to certain conditions, including a prohibition on the holder of the Company's Class A shares from converting such shares into common shares if it would result in such holder holding more than 9.9 per cent of the common shares.

In connection with the transactions noted above, the Company agreed to issue to an arm's-length finder one million common shares on April 16, 2025. The common shares to be issued in connection with the transactions will be issued at a deemed price of 18 cents per common share, being the discounted market price of the common shares on the date of execution of the letter of intent between the Company and Limmi.