



**CYBEATS TECHNOLOGIES CORP.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in Canadian Dollars)**

Dated July 1, 2024

INDEX

Notice of No Auditor Report	2
Statements of Financial Position	3
Statements of Loss and Comprehensive Loss	4
Statements of Changes in Shareholders' Equity	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-27

Cybeats Technologies Corp.
Management's Responsibility of Financial Reporting
March 31, 2024

Notice of No Auditor Review of Consolidated Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the consolidated interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.



CYBEATS TECHNOLOGIES CORP.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

As at	March 31, 2024	December 31, 2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 409,791	\$ 35,700
Accounts receivable	486,411	204,505
Prepaid expenses	1,713,616	1,211,327
HST receivable	232,493	165,014
Due from related parties (note 13)	73,763	151,289
	2,916,074	1,767,835
Non-current Assets		
Property, plant and equipment (note 5)	9,446	10,592
Right-of-use asset (note 6)	59,259	84,656
Total Assets	\$ 2,984,779	\$ 1,863,083
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 2,085,230	\$ 1,861,094
Current portion of lease payable (note 8)	63,944	90,745
Deposits for share capital	215,100	-
Due to related parties (note 13)	1,105,202	1,029,899
Deferred revenue	1,510,958	416,024
Short term debt (note 8)	-	1,368,208
	4,980,434	4,765,970
Long-Term Debt		
Convertible Debenture (note 12)	1,667,629	-
	1,667,629	-
Total Liabilities	6,648,063	4,765,970
Shareholders' equity		
Share capital (note 11 (a), (b))	22,817,082	21,944,839
Warrant reserve	5,107,291	4,594,490
Equity component of convertible debenture (note 12)	160,370	-
Share based payment reserve	5,356,593	4,916,199
Contributed surplus	148,069	148,069
Deficit	(37,252,689)	(34,506,485)
Total Shareholders' Equity	(3,663,284)	(2,902,887)
Total Liabilities and Shareholders' Equity	\$ 2,984,779	\$ 1,863,083

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Justin Leger"
Chief Executive Officer

"Michael Minder"
Director

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



CYBEATS TECHNOLOGIES CORP.
CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Unaudited - Expressed in Canadian dollars)

	Three months ended	
	March 31, 2024	March 31, 2023
Revenue		
Product Sales	\$ 482,756	\$ 218,017
Total Revenues	482,756	218,017
Expenses		
Advertising and promotion	399,334	40,945
Computer and software	93,046	31,353
Depreciation	26,542	29,265
Filing Fees	23,451	40,976
Insurance	-	3,125
Interest and accretion	224,222	5,210
Meals and entertainment	5,906	4,716
Office and general	1,437	668
Product development	240,542	-
Professional fees	78,526	13,270
Rent	646	-
Repairs and maintenance	280	-
Salary and wages	1,292,699	1,196,825
Share based compensation	440,394	-
Shareholder communications and marketing	340,484	-
Travel expense	38,832	37,686
Total Expenses	\$ 3,206,340	\$ 1,404,038
Net loss for the period	\$ (2,723,584)	\$ (1,186,021)
Other Expenses		
Foreign currency loss (gain)	(2,537)	2,025
Net income (loss) and comprehensive loss for the period	\$ (2,721,047)	\$ (1,188,046)
Income (loss) per share		
Basic and diluted	\$ 0.03	\$ 0.02
Weighted average number of common shares outstanding, basic and diluted	103,354,509	92,466,361

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



CYBEATS TECHNOLOGIES CORP.
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Unaudited - Expressed in Canadian dollars)

	Capital Stock		Warrant Reserve	Share-Based Payment Reserve	Contributed surplus	Equity Component of Convertible Debenture	Deficit	Total Equity
	Number of shares	\$	\$	\$	\$	\$	\$	\$
Balance - January 1, 2022	9,208,817	9,303	-	-	-	-	(3,992,734)	(891,927)
Share Cancellation and reissuance of shares and warrants	50,791,183	2,299,608	791,896	-	-	-	-	-
Reverse takeover	15,517,139	6,529,612	601,521	-	-	-	-	7,131,133
Shares issued for private placement	16,734,800	7,042,179	1,325,221	-	-	-	-	8,367,400
Share issuance costs	-	(150,710)	8,284	-	-	-	-	(142,426)
Shares issued on the exercise of warrants (note 12 (a))	200,000	135,838	(15,838)	-	-	-	-	120,000
Share-based compensation (note 12 (b))	-	-	-	3,537,434	-	-	-	3,537,434
Total comprehensive loss	-	-	-	-	-	-	(20,176,137)	(20,176,137)
Balance - December 31, 2022	92,451,939	15,865,830	2,711,084	3,537,434	-	-	(24,168,871)	(2,054,523)
Balance - January 1, 2023	92,451,939	15,865,830	2,711,084	3,537,434	-	-	(24,168,871)	(2,054,523)
Units issued for cash, net of issuance costs	6,221,000	4,271,805	1,949,195	-	-	-	-	6,221,000
Share issuance costs	-	(147,731)	18,678	-	-	-	-	(129,053)
Shares issued on the exercise of warrants	1,068,000	676,286	(87,286)	-	-	-	-	589,000
Shares issued on the exercise of options	1,595,000	1,271,867	-	(474,367)	-	-	-	797,500
Share-based compensation	-	-	-	2,001,201	-	-	-	2,001,201
Expired warrants and options	-	-	-	(148,069)	148,069	-	-	-
Total comprehensive loss	-	-	-	-	-	-	(10,362,771)	(10,362,771)
Balance - December 31, 2023	101,345,539	21,944,838	4,594,490	4,916,199	148,069	-	(34,531,642)	(2,928,046)
Balance - January 1, 2024	101,345,539	21,944,838	4,594,490	4,916,199	148,069	-	(34,531,642)	(2,928,046)
Units issued for cash, net of issuance costs	7,948,534	872,244	194,978	-	-	-	-	1,067,223
Equity component of convertible debentures (note 12)	-	-	-	-	-	160,370	-	160,370
Warrants issued from debenture issuance	-	-	317,823	-	-	-	-	317,823
Share-based compensation (note 11 (b))	-	-	-	449,896	-	-	-	449,896
Cancellation of options	-	-	-	(9,502)	-	-	-	(9,502)
Total comprehensive loss	-	-	-	-	-	-	(2,721,047)	(2,721,047)
Balance - March 31, 2024	109,294,073	22,817,082	5,107,291	5,356,593	148,069	160,370	(37,252,689)	(3,663,284)

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

CYBEATS TECHNOLOGIES CORP.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Unaudited - Expressed in Canadian dollars)

	March 31, 2024	March 31, 2023
Cash flows from (used in) operating activities		
Net loss and comprehensive loss for the period	\$ (2,721,047)	\$ (1,188,046)
Items not affecting cash from operations:		
Depreciation	26,542	29,265
Share based compensation	440,394	-
Accretion of convertible debenture	69,606	-
Changes in non-cash working capital items:		
Amounts receivable	(281,906)	130,618
Prepaid expenses	(502,289)	(46,132)
HST receivable	(67,479)	(13,332)
Accounts payable and accrued liabilities	224,135	159,530
Increase (decrease) in deferred revenue	1,094,934	(242,645)
Net cash used in operating activities	(1,717,110)	(1,170,742)
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	-	(2,499)
(Increase) in due from related parties	77,526	786,333
Net cash from (used in) investing activities	77,526	783,834
Cash flows from (used in) financing activities		
Convertible debenture	1,733,236	-
Advances from related parties	75,303	-
(Increase) in equity deposits	215,100	590,358
Short term debt	(1,368,208)	-
Proceeds from warrant exercise	-	32,000
Net payment on leases	(26,800)	(25,031)
Proceeds from private placement, net of issue costs	1,385,044	-
Net cash from financing activities	2,013,675	597,328
Increase in cash for the year	374,090	210,420
Cash - beginning of period	35,700	379,354
Cash - end of period	\$ 409,791	\$ 589,774

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

CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Unaudited - Expressed in Canadian dollars)

1. Nature of Operations

Cybeats Technologies Corp. (“Cybeats” or “the Company”), formerly Pima Zinc Corp. was incorporated under the laws of the State of Idaho in 1916. After several decades of dormancy, the Company reorganized in 1997 as an exploration stage company focused on evaluating, acquiring and exploring mineral prospects with potential for economic deposits. In 2011, the Company was re-domiciled to the Cayman Islands. The Company filed a continuation application to continue out of the Cayman Islands under the provisions of the of the *Companies Law* (2020 Revision) and into the Province of British Columbia under the provisions of the *Business Corporations Act* (British Columbia) (the “Continuance”). The Continuance became effective on June 25, 2021. Pima Corp. changed its name to Cybeats Technologies Corp. on November 9, 2022. The principal business address of the Company is 65 International Blvd, Suite 202, Etobicoke, Ontario M9W 6L9.

On November 11, 2022, Cybeats completed the acquisition of Cybeats Technologies Inc., which was incorporated in Ontario on September 20, 2016 as 2537478 Ontario Ltd., through the amalgamation of Cybeats Technologies Inc., and 2635212 Ontario Inc. as described in Note 15. As described in Note 16, Cybeats Technologies Inc. was identified as the acquirer for accounting purposes. As such, the Company is considered to be a continuation of the business and operations of Cybeats Technologies Inc.

Cybeats mission is to offer software product developers unparalleled cybersecurity from design phase throughout the commercial life cycle following a secure-by-design approach for software.

The Company’s ability to continue as a going concern is dependent upon the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows and has working capital deficit of \$2,064,360 as at March 31, 2024 (December 31, 2023 working capital deficit - \$2,998,135). The Company will continue to search for new or alternate sources of financing in order to continue development of its products. These material uncertainties cast significant doubt on the Company’s ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds when required in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

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”). The consolidated interim financial statements of the Company for the three months ended March 31, 2024 were approved and authorized for issue by the Board of Directors on June 28, 2024.

CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Unaudited - Expressed in Canadian dollars)

Basis of Measurement

These financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

3. Summary of Significant Accounting Policies

The following accounting policies have been applied consistently to all periods presented in these financial statements:

a) Impairment

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired at a cash generating unit level. If any such indication exists, the recoverable amount of the cash generating unit is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

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 so that the increased carrying amount 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.

b) Research and development costs

Costs associated with the development of the Company's products are capitalized where the following criteria are met:

- the technical feasibility of completing the intangible asset so it will be available for use or sale;
- its intention to complete and its ability to use or sell the assets;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably of the expenditure during development.

The Company did not incur other research and development costs in the period.

c) Foreign currency translation

The Company's functional and presentation currency is the Canadian dollar. Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange

CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate, and non-monetary assets and liabilities at the historical rates. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss.

d) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the classification and measurement basis of financial instruments;

Asset or Liability	Category	Measurement
Cash and Cash equivalents	FVTPL	Fair Value
Accounts Receivable	FVTPL	Fair Value
Accounts Payable and accrued liabilities	Other liabilities	Amortized Cost
Lease Payable	Other liabilities	Amortized Cost
Due from related parties	Other liabilities	Amortized Cost
Due to related parties	Other liabilities	Amortized Cost
Short-term debt	Other liabilities	Amortized Cost

Financial Assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash and cash equivalents are classified as financial assets measured at FVTPL.

ii. Amortized Cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized Cost

**CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable, accrued liabilities, and lease payable do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. **Financial Liabilities recorded at FVTPL**

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction Costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent Measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

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

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial instruments at fair value through profit and loss

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

**CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**

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)

Cash is measured at fair value using Level 1 inputs.

As at March 31, 2024, the fair value of the financial liabilities approximates the carrying value, due to the short-term nature of the instruments.

e) Revenue Recognition

Revenue from contracts with customers are based on *IFRS 15: Revenue from Contracts with Customers* and revenue is recognized when it has satisfied its performance obligation to the customers over time or at a single point in time. The company transfers control of a good or service over time, and therefore satisfies a performance obligation and recognizes revenue over time. Revenue is recognized at a point in time when customers obtain control of the product. Interest income is recognized on a time-proportion basis using the effective interest method.

f) Property, Plant, and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss in the period.

Amortization is calculated on a declining balance basis at the following annual rates:

Furniture and Fixtures	20%
Computer equipment	55%

g) Income Taxes

Income tax on profit or loss for the year comprises of current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax paid or payable in respect of 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. A deferred tax asset is recognized only to the extent that it is

**CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**

probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set off within fiscal jurisdictions.

h) Basic and Diluted Income (Loss) per Share

Basic income (loss) per share has been calculated using the weighted average number of common shares outstanding during the year. Diluted income (loss) per share has been calculated using the weighted average number of common shares that would have been outstanding during the respective period had all of the stock options and warrants outstanding at year end having a dilutive effect been converted into shares at the beginning of the year and the proceeds used to repurchase the Company's common shares at the average market price for the year.

i) Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. Income or loss from an investment in associate is included in other comprehensive income (loss). Accumulated other comprehensive income (net of income taxes) is included on the statements of financial position as a component of common shareholders' equity.

j) Cash

Cash consists of cash on hand, deposits in banks and funds held in short term deposits.

k) Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the term of the lease with the discount rate determined by using the incremental borrowing rate on commencement of the lease. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the remaining lease term.

l) Valuation of Units on Private Placement

The valuation of units issued under private placements is determined based on the issue price of the units. Each unit typically comprises a common share and an associated common share purchase warrant. The associated common share purchase warrants issued as part of the private placements are valued using the Black-Scholes option pricing model. This model takes into account several factors, including the market price of the underlying common shares, the exercise price of the warrants, the expected volatility of the share price, the risk-free interest rate, and the expected life of the warrants. The fair value of the warrants is calculated at the

**CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**

time of issuance and is subsequently used in the financial statements to reflect the value of the equity component of the units.

m) Basis of Consolidation

These consolidated interim financial statements as at and for the period ended March 31, 2024 include the accounts of the Company and its wholly-owned and controlled operating subsidiary Cybeats Technologies Inc. and its inactive subsidiaries 1139432 B.C. Ltd and 1139432 Nevada Ltd..

The financial statements of its subsidiaries are included in the audited consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions and balances have been eliminated on consolidation. All references to the Company should be treated as references to the Company and its subsidiaries.

n) Share-Based Payments**Share-based payment transactions**

Employees (including directors and senior executives) and consultants of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

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

Equity-settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value of the equity instrument at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share based payment reserve. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

**CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)****o) Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4. Significant Accounting Judgements and Estimates

The preparation of these financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the interim financial statements. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

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

Useful life of intangible assets - Management has exercised their judgment in determining the useful life of its patents, patent applications and research and development costs. The estimate is based on the expected period of benefit of the patent and the expected life of the product in the marketplace.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are, but are not limited to, the following:

Determination of functional currency - In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management has determined that the functional currency of the Company is the Canadian dollar.

Evaluation of going concern - The preparation of the financial statements requires management to make judgments regarding the going concern of the Company. Management has determined the Company is a going concern.

Income taxes - Management has exercised their judgment in determining the provision for future income taxes. The judgment is based on the Company's current understanding of the tax law as it relates to the transactions and activities entered into by the Company.

CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

5. Property, Plant and Equipment

Property, plant and equipment as at March 31, 2024 consists of the following:

			March 31, 2024	December 31, 2023
	Cost	Accum. Amort.	Net Book Value	Net Book Value
Furniture and fixtures	8,394	(5,013)	3,380	3,558
Computers	44,426	(38,360)	6,066	7,033
	52,820	(43,373)	9,446	10,592

6. Right-of-use Asset

Right-of-use assets consist of the lease for the Company's office is amortized over a period of 34 months and its development space is amortized over a period of 32 months.

	March 31, 2024	December 31, 2023
Opening Balance	84,656	181,454
Depreciation	(25,397)	(96,798)
Ending Balance	59,259	84,656

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as at March 31, 2024 consists of the following:

	March 31, 2024	December 31, 2023
Trade payables	1,904,984	1,678,692
Accrued liabilities	180,246	182,402
	2,085,230	1,861,094

8. Advances Payable

At March 31, 2024 the Company has a payable to related parties of \$1,105,202 (December 31, 2023 – receivable of \$1,029,899). The advances are short term in nature.

9. Lease Payable

Lease payable at March 31, 2024 of \$63,944 (December 31, 2023 - \$90,790) is comprised of the following leases:

- i) On January 7, 2022 the Company signed a property lease for a term of commencing on January 1, 2022 and expiring on October 31, 2024. During the period ended March 31, 2024 the Company made total payments of \$20,797 of which \$424 consisted of interest. The lease payable balance as at March 31, 2024 is \$48,165 (December 31, 2023 - \$68,537) of which \$48,165 (December 31, 2023 - \$68,537) is current.
- ii) On March 1, 2022 the Company signed a property lease for a term commencing on March 1, 2022 and expiring on October 31, 2024. During the period ended March 31, 2024 the Company made total payments of \$6,566 of which \$139 consisted of interest. The lease payable balance as of March 31, 2024 is \$15,780 (December 31, 2023 - \$22,207) of which \$15,780 (December 31, 2023 - \$22,207) is current.

CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

The outstanding lease payable balance for the right of use assets is presented as follows:

	Unit 103	Unit 206	Total
January 1, 2022	-	-	-
Additions	217,274	66,406	283,679
Interest	5,515	1,420	6,935
Payments	(77,246)	(20,858)	(98,104)
December 31, 2022 - Note 18	145,542	46,969	192,511
Interest	3,212	1,040	4,252
Payments	(80,217)	(25,802)	(106,019)
December 31, 2023	68,537	22,207	90,745
Interest	424	139	563
Payments	(20,797)	(6,566)	(27,363)
December 31, 2023	48,165	15,780	63,944

10. Reconciliation of Income Taxes

Income tax expense differs from the amount that would be computed by applying the federal and provincial income tax rates of 26.50% (2023 – 26.50%) to income before income taxes. The reasons for the differences and the related tax effects are as follows:

	December 31, 2023	December 31, 2022
		<i>Note 18</i>
Tax at applicable tax rate of 26.5%	(2,739,467)	(5,346,676)
Permanent differences	540,359	2,913,943
Temporary differences	2,199,108	2,432,733
Income tax expense	-	-

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the statement of financial position are as follows:

	March 31, 2024	December 31, 2023
Share issuance costs	632,500	103,242
CCA in excess of NBV	-	28,992
	\$ 632,500	\$ 132,234

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits there from. Non-capital loss carry-forwards expire as rated in the table below. Share issuance costs will be fully amortized in 2026. The remaining deductible temporary differences may be carried forward indefinitely.

CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

At March 31, 2024 the Company has un-utilized non-capital loss carry forwards of \$21,027,360 which will expire as follows:

2036	5,813
2037	265,524
2038	210,732
2039	1,438,266
2040	27,161
2041	247,854
2042	10,597,367
2042	8,234,643
	21,027,360

11. Share Capital

(a) Common Shares

Authorized

The authorized capital stock of the Company consists of an unlimited number of common shares.

Issued and Outstanding

Balance December 31, 2021	9,208,817
Share cancellation and reissuance of shares on reverse takeover acquisition (i)	50,791,183
Share issue - Pima Zinc (ii)	15,517,139
Private placement - Subco (iii)	16,734,800
Exercise of Warrants (iv)	200,000
Balance December 31, 2022	92,451,939
Shares issued on private placement (v)	6,230,600
Shares issued on the exercise of options (vi)	1,595,000
Shares issued on the exercise of warrants (vii)	1,068,000
Balance December 31, 2023	101,345,539
Shares issued on private placement (viii)	7,948,534
Balance March 31, 2024	109,294,073

- (i) As part of the reverse takeover acquisition described in Note 16, the former shareholders of Cybeats Technologies Inc. were issued 60,000,000 common shares. The 50,791,183 common shares bring the outstanding total of common shares of the former Cybeats Technologies Inc. shareholders up to this 60,000,000 common share amount;
- (ii) As part of the reverse takeover acquisition described in Note 16, Cybeats Technologies Inc. as the acquirer was deemed to issue 15,517,139 common shares to the former shareholders of the company previously known as Pima Zinc Inc. at a value of \$6,529,612;
- (iii) As part of the reverse takeover acquisition described in Note 16, the company issued 16,734,800 units comprised of one common share and one common share purchase warrant in exchange for the 16,734,800 units comprised of one common share and one common share purchase warrants issued by 2635212 Ontario Inc. for total consideration of \$8,367,400. Each Warrant shall entitle the holder thereof to acquire one Common Share at a price of \$0.60 per Common Share for a period of 18 months following the

CYBEATS TECHNOLOGIES CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**

- completion of the acquisition. Out of this consideration \$1,325,221 was allocated to the warrants and \$7,042,179 to the common shares.;
- (iv) During the year-ended December 31, 2022, 200,000 common shares were issued in connection with the exercise of 200,000 warrants at an exercise price of \$0.60 for gross proceeds of \$120,000;
 - (v) The Company closed a non-brokered private placement financing for gross proceeds of \$6,230,600 through the issuance of 6,230,600 Units (each "Unit") at a price of \$1.00 per unit. Each Unit is comprised of: (i) one common share in the capital of the Company (each a "Common Share"); (ii) one Common Share purchase warrant (each, a "Warrant"). Each whole Warrant entitles the holder to purchase one additional Common Share at an exercise price of \$1.40 on or before 24 months from the date of issuance;
 - (vi) During the year ended December 31, 2023, 1,595,000 common shares were issued in connection with the exercise of 1,595,000 options at an average exercise price of \$0.50 for gross proceeds of \$797,500;
 - (vii) During the year ended December 31, 2023, 1,068,000 common shares were issued in connection with the exercise of 1,068,000 warrants at an average exercise price of \$0.55 for gross proceeds of \$589,000;
 - (viii) The Company closed a non-brokered private placement financing for gross proceeds of \$1,145,255 through the issuance of 7,835,034 Units (each "Unit") at a price of \$0.15 per unit. Each Unit is comprised of: (i) one common share in the capital of the Company (each a "Common Share"); (ii) one half Common Share purchase warrant (each, a "Warrant"). Each whole Warrant entitles the holder to purchase one additional Common Share at an exercise price of \$0.20 on or before 18 months from the date of issuance. In connection to the Offering, the Company paid certain eligible persons: (i) a cash commission in aggregate of \$1,500; and (ii) an aggregate of 190,170 finder warrants. In addition, a Finder was issued 113,500 compensate shares representing a cash commission in the amount of \$17,025.

CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

(b) Stock option plan and share-based compensation

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 10 years.

The following table summarizes activity within the Company's stock option plan during the year:

	Number of Options Outstanding	Black-Scholes Value	Weighted Average Exercise Price
Balance at beginning of the year, January 1, 2022	-	-	\$ -
Stock Options issued during the year (i)	18,450,000	3,537,434	0.50
Balance at end of the year, December 31, 2022 - Note 18	18,450,000	3,537,434	\$ 0.50
Previously issued stock options vesting amortization	-	1,616,621	-
Stock Options issued during the year (ii)	440,000	384,580	1.35
Exercised during the year (iii)	(1,595,000)	(474,367)	0.50
Cancelled during the year	(575,000)	(148,069)	0.50
Balance at the end of the year, December 31, 2023	16,720,000	4,916,199	\$ 0.52
Stock Options issued during the year (iv)	4,910,000	449,896	0.16
Cancelled during the year	(25,000)	(9,502)	0.50
Balance - March 31, 2024	21,605,000	5,356,593	\$ 0.44

On December 11, 2022, the Company announced that it has granted an aggregate of 18,450,000 options to purchase common shares of the Company with an estimated fair value of \$7,012,485 exercisable at a price of \$0.50 per common share, vesting immediately and expiring on November 11, 2027, to certain directors, employees, officers and consultants of the Company.

On May 16, 2023, the Company announced that it has granted an aggregate of 440,000 options to purchase common shares of the Company with an estimated fair value of \$384,580 exercisable at a price of \$1.35 per common share, vesting immediately and expiring on May 16, 2028, to certain directors, employees, officers, and consultants of the Company.

On March 6, 2024, the Company announced that it has granted an aggregate of 300,000 options to purchase common shares of the Company with an estimated fair value of \$36,789.83 exercisable at a price of \$0.16 per common share, vesting immediately and expiring on March 6, 2029, to certain directors, employees, officers and consultants of the Company.

On March 11, 2024, the Company announced that it has granted an aggregate of 4,610,000 options to purchase common shares of the Company with an estimated fair value of \$708,360.36 exercisable at a price of \$0.16 per common share, vesting immediately and expiring on March 11, 2029, to certain directors, employees, officers and consultants of the Company.

During the six months ended March 31, 2024, 25,000 options were cancelled.

CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

The following common share purchase options are outstanding at March 31, 2024:

Date of Grant	Number of Options Outstanding	Exercise Price	Weighted average remaining life (years)	Expiry Date	Number of Options exercisable
November 11, 2022	16,255,000	0.500	3.62	November 11, 2027	13,708,871
May 16, 2023	440,000	1.350	4.13	May 16, 2028	360,000
March 6, 2024	300,000	0.160	4.93	March 6, 2029	300,000
March 11, 2024	4,610,000	0.160	4.95	March 11, 2029	4,610,000
	21,605,000	0.440	3.93		18,978,871

Share based compensation during the period ended March 31, 2024 totaled \$632,500 (December 31, 2023 - \$103,242).

The fair value of options granted during the period ended March 31, 2024 was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions.

	March 11, 2024	March 6, 2024	May 16, 2023	November 11, 2022
Share price	\$0.20	\$0.17	\$1.35	\$0.50
Risk-free interest rate	3.32%	3.35%	2.98%	3.22%
Expected life of options	5 years	5 years	5 years	5 years
Annualized volatility	68.91%	68.91%	94.00%	94.00%
Dividend rate	Nil	Nil	Nil	Nil
Forfeiture rate	0%	0%	0%	0%

(c) Warrants

The following table summarizes warrants that have been issued, exercised or expired during the period ended March 31, 2024:

	Number of Warrants Outstanding	Black-Scholes Value	Weighted Average Exercise Price
Balance at beginning of the year, January 1, 2022	-	\$ -	\$ -
Warrants issued on reverse takeover (note 16)	10,000,000	791,896	0.60
Warrants issued on reverse takeover (note 16)	7,125,000	601,521	0.50
Warrants issued on private placement (note 11a) iii)	16,734,800	1,325,221	0.60
Broker warrants issued on private placement	80,000	8,284	0.50
Exercised during the year (note 11 a) iv)	(200,000)	(15,838)	0.50
Balance at end of the year, December 31, 2022 - Note 18	33,739,800	\$ 2,711,083	\$ 0.60
Warrants issued on private placement (note 11a) iv)	6,230,600	1,952,014	1.40
Broker warrants issued on private placement	55,600	18,678	1.40
Exercised during the year (note 11 a) vii)	(1,068,000)	(87,285)	0.50
Balance - December 31, 2023	38,958,000	\$ 4,594,490	\$ 0.71
Warrants issued on private placement (note 11a) viii)	4,007,686	194,978	0.20
Warrants issued on convertible debenture	6,749,325	317,823	0.40
Balance - March 31, 2024	49,715,011	\$ 5,107,292	\$ 0.63

CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

The fair value of warrants granted during the period ended March 31, 2024, was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

	Investor and Broker Warrants March 2024	Investor and Broker Warrants January 2024	Investor and Broker Warrants May 2023
Share price	\$0.16	\$0.21	\$1.40
Risk-free interest rate	4.21%	3.99%	3.72%
Time to maturity - years	1.5 years	2.0 years	2.0 years
Annualized volatility	71.2%	71.2%	61.0%
Dividend yield	Nil	Nil	Nil

	Investor and Broker Warrants April 2023	Investor and Broker Warrants November 2022	Investor and Broker Warrants November 2022
Share price	\$1.00	\$0.60	\$0.50
Risk-free interest rate	3.45%	3.88%	4.38%
Time to maturity - years	2.0 years	1.5 years	1.5 years
Annualized volatility	61.0%	60.0%	63.0%
Dividend yield	Nil	Nil	Nil

On April 21, 2022, the Company issued an aggregate of 7,125,000 warrants at an exercise price of \$0.50 due to expire in 24 months, with the expiry date of April 21, 2024.

On November 11, 2022, the Company issued an aggregate of 26,814,800 warrants at an exercise price of \$0.60 due to expire in 18 months, with the expiry date of May 11, 2024.

On November 11, 2022, 200,000 warrants were exercised at an exercise price of \$0.60.

On April 6, 2023, the Company issued an aggregate of 2,118,100 warrants at an exercise price of \$1.40 due to expire in 24 months, with the expiry date of April 6, 2025.

On May 10, 2023, the Company issued an aggregate of 4,112,500 warrants at an exercise price of \$1.40 due to expire in 24 months, with the expiry date of May 10, 2025.

On January 25, 2024, the Company issued an aggregate of 6,749,325 warrants at an exercise price of \$0.40 due to expire in 24 months, with the expiry date of January 25, 2026.

On March 8, 2024, the Company issued an aggregate of 4,007,686 warrants at an exercise price of \$0.20 due to expire in 18 months, with the expiry date of September 8, 2025.

During the three months ended March 31, 2024, no warrants were exercised.

As at March 31, 2024 there were 49,715,011 warrants outstanding.

12. Convertible Debenture

On January 25, 2024, the Company completed a financing of \$2,025,000 through the issuance of secured convertible debentures (the "Debentures"). The Debentures will mature on the second anniversary of issuance, bear interest at a rate of ten percent (12%) per annum. The Debentures are convertible at the option of the holder into common shares in the capital of the Company at a price of \$0.30 per common share (the "Conversion Option"). In connection with the Debentures, holders also received one common share purchase warrant (each, a "Debenture Warrant") for

CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

each \$0.40 principal amount of the Debentures, resulting in an aggregate of 6,749,325 Debenture Warrants issued. Each Debenture Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.40 per common share for a period of two years from the date of issuance.

Each whole Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.40 per common share for a period of two years from the date of issuance. In connection with the financing, finder's fees were paid totalling \$3,150.

The Company used the residual value method to allocate the principal amount of the convertible debentures between the liability and equity components. The Company valued the debt component of the convertible debentures by calculating the present value of the principal and interest payments, discounted at a rate of 18%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity component of the convertible debentures comprises the value of the Conversion Option and Debenture Warrants, being the difference between the face value of the Debentures and the liability component calculated below. Based on this calculation, the liability component was \$1,616,414 and the residual equity component was \$160,370.

The fair value of Warrants and Finder Warrants granted was estimated at the date of issuance using a Black Scholes Option Pricing Model with the following assumptions:

	Convertible Debenture Warrants January 2024
Share price	\$0.21
Risk-free interest rate	3.99%
Time to maturity - years	2.0 years
Annualized volatility	71.2%
Dividend yield	Nil

The following table disclosed the components associated with the convertible debenture transaction at initial recognition:

January 25, 2024	
Proceeds from the convertible debenture	2,025,000
Less equity component	(317,823)
Loan Liability Component	1,707,177

The change in the convertible debenture loan liability are as follows:

Value at initial recognition	1,707,177
Issuance cost	(160,370)
Accretion	69,606
Balance March 31, 2024	1,616,414

CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

13. Related Party Transactions and Balances

At March 31, 2024 the Company has a payable to related parties of \$1,105,202 (December 31, 2023 – payable of \$1,029,899).

At March 31, 2024, the Company has a balance due from Scryb Inc. of \$73,763 (December 31, 2023 – balance due from Scryb \$151,359).

During the period ended, March 31, 2024, \$1,131,750 (December 31, 2023 -\$2,861,296) was due to key management and companies controlled by or related to key management. As of March 31, 2024, \$140,220 remains owing to these related parties.

	March 31, 2024	December 31, 2023
Share based compensation	440,394	2,001,201
Consulting and management fees	691,356	860,095
	\$ 1,131,750	\$ 2,861,296

14. Due To and From Related Parties

Amounts payable and amounts receivable from related parties, are non-interest bearing, unsecured and have no specific terms of repayment.

15. Management of Capital

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of its business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its shareholders' equity. In order to carry out the planned development of its business and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended March 31, 2024. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be shareholders' equity, which is comprised of capital stock, reserves, and accumulated deficit, which as at March 31, 2024 totaled a deficiency \$166,576 (December 31, 2023 – \$2,297,878).

The Company's objective when managing capital is to obtain adequate levels of funding to support the development of its business and to obtain corporate and administrative functions necessary to support organizational functioning. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

**CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)****16. Financial Risk Factors**

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks, credit risk and liquidity risk through its risk management strategy.

The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

The Company's financial instruments primarily consist of cash. The fair value of the Company's accounts payable and accrued liabilities approximates their carrying value, due to their short-term maturities or ability of prompt liquidation.

The Company's cash is recorded at fair value, under the fair value hierarchy, based on level one quoted prices in active markets for identical assets of liabilities. The Company is exposed in varying degrees to a variety of financial instrument related risks.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

(i) Interest Rate Risk

The Company has cash balances and is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company monitors the credit worthiness of the debtor and is satisfied with the debtor's ability to repay the amount owing.

(ii) Foreign currency risk

As at March 31, 2024 the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars and therefore is not at a significant risk to fluctuating exchange risks.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main source of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions. The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents. As at March 31, 2024 the Company held cash and cash equivalents in banks of \$416,788 (December 31, 2023 - \$35,700) to settle current liabilities of \$5,005,682 (December 31, 2023 - \$4,267,019).

CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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. Financial instruments that potentially subject the Company to credit risk consist of cash. The Company has reduced its credit risk by investing its cash in trust with Canadian chartered banks.

17. Reverse Takeover

On November 11, 2022, the Company legally acquired all of the issued and outstanding common shares in the capital of Cybeats Technologies Inc. via a three-cornered amalgamation agreement with Scryb Inc. (the former 100% shareholder of Cybeats Technologies Inc.), 2635212 Ontario Inc. (a corporation formed solely for the purpose of facilitating the acquisition) and the Company.

For accounting purposes, Cybeats Technologies Inc. is identified as the accounting acquirer because the former shareholder of Cybeats Technologies Inc. obtained control of the company through the issuance of 60,000,000 common shares 10,000,000 common share purchase warrants of the company. Each warrant will entitle Scryb Inc. to acquire one additional common share of the Company. at a price of \$0.60 per common share for a period of 18 months following the completion of the acquisition.

The assessment of Cybeats being the acquirer was based on the criteria set forth in IFRS 3 "Business Combinations," considering factors such as the relative size of the companies, the composition of the combined entity's board of directors and management, and the distribution of voting rights among the shareholders of the combined entity.

Once it was determined that Cybeats Technologies Inc. was the acquirer, there was requirement to determine if the acquisition met the definition of a business or whether it was an asset acquisition. Based the IFRS 3 "Business Combination" definition of a business it was noted that former Pima Zinc. Corp.'s operations did not meet the definition of a business. As such, the transaction was accounted for as an asset purchase as follows:

	Amount
Share Value Issued to Former Pima Zinc Holders	6,529,612
Warrant Value Issued to Former Pima Zinc Holders	601,521
Total consideration paid to Former Pima Zinc holders	7,131,133
Net Assets Acquired	
Cash	40,463
Loan Receivable - Cybeat Technologies Inc.	7,060,641
Accounts payable and accrued liabilities	(93,737)
Share Subscriptions, net of costs	(7,399,474)
Reverse Takeover Cost	7,523,240
Net Assets Acquired	7,131,133

18. Subsequent Events**Private placement financing – tranche 2**

On April 12, 2024, the Company closed the second and final tranche of its non-brokered private placement financing for gross proceeds of \$1,279,850 through the issuance of 8,532,333 units at a price of \$0.15 per unit. The aggregate gross proceeds raised pursuant to the Offering was \$2,425,105 through the issuance of 16,167,367 units. Each unit consists of one common share in the capital of the Issuer and one-half of one whole Common Share purchase warrant. Each Warrant entitles the holder thereof to acquire one Common Share at a price of \$0.20 per Common Share until the date that is eighteen months from the date of issuance. Gross proceeds raised from the Offering will be used for working capital and general corporate purposes. In connection with the Offering, the Company paid certain eligible persons (each, a "Finder"): (i) a cash commission in the aggregate of \$27,540; and (ii) an aggregate of 160,200 finder warrants (each, a "Finder Warrant"). Each Finder Warrant is exercisable at a price of \$0.20 per Common Share until October 12, 2025.

Extension of Warrants

On April 3, 2024, the Company announced it has extended the expiry date of an aggregate of 32,591,800 previously issued common share purchase warrants. 6,607,000 Warrants were originally issued by the Issuer on November 11, 2022 at an exercise price of \$0.50 per common share and were to expire on April 21, 2024. 6,607,000 Warrants have been extended to May 11, 2025. The exercise price of the 6,607,000 Warrants will remain unchanged. 25,984,800 Warrants were originally issued by the Issuer on November 11, 2022 at an exercise price of \$0.60 per common share and were to expire on May 11, 2024. 25,984,800 Warrants have been extended for an additional twelve (12) months, with the amended expiry being May 11, 2025. The exercise price of the 25,984,800 Warrants will remain unchanged.

Option Grants and Cancellations

On May 28, 2024, the Company issued 910,000 stock options with an exercise price of \$0.22 per option and a maturity date of May 28, 2029.

19. Subsequent Events**Extension of Warrants**

On April 3, 2024, the Company announced it has extended the expiry date of an aggregate of 32,591,800 previously issued common share purchase warrants. 6,607,000 Warrants were originally issued by the Issuer on April 21, 2022 at an exercise price of \$0.50 per common share and were to expire on April 21, 2024. 6,607,000 Warrants have been extended to May 11, 2025. The exercise price of the 6,607,000 Warrants will remain unchanged. 25,984,800 Warrants were originally issued by the Issuer on November 11, 2022 at an exercise price of \$0.60 per common share and were to expire on May 11, 2024. 25,984,800 Warrants have been extended for an additional twelve (12) months, with the amended expiry being May 11, 2025. The exercise price of the 25,984,800 Warrants will remain unchanged.

Private placement

On April 12, 2024, the Company announced it has closed the second and final tranche of its previously announced non-brokered private placement financing for gross proceeds of \$1,279,850 through the issuance of 8,532,333 units at a price of \$0.15 per Unit. The aggregate gross proceeds raised pursuant to the Offering was \$2,425,105 through the issuance of 16,167,367 Units. Each Unit consists of one common share in the capital of the Issuer and one-



CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

half of one whole Common Share purchase warrant. Each Warrant entitles the holder thereof to acquire one Common Share at a price of \$0.20 per Common Share until the date that is eighteen months from the date of issuance. Gross proceeds raised from the Offering will be used for working capital and general corporate purposes.

Option Cancellations

On May 28, 2024, the Company issued 910,000 stock options with an exercise price of \$0.22 per option and a maturity date of May 28, 2029.