LANEBURY GROWTH CAPITAL LTD.

Vancouver, BC

Condensed Interim Financial Statements

Six Months Period Ended December 31, 2023

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

LANEBURY GROWTH CAPITAL LTD.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM 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 the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements. The accompanying condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

VANCOUVER, BC
February 28, 2024
Lanebury Growth Capital Ltd.

LANEBURY GROWTH CAPITAL LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note		December 31, 2023		June 30, 2023
ASSETS					
Current assets					
Cash		$	56,718	$	151,743
			56,718		**151,743**
Non-current assets					
Wind assets	7		1		1
Loans receivable and accrued interest	5		4,298,519		4,260,430
Right-of-use asset	9		43,815		67,779
Investments measured at fair value through profit or loss	3		384,312		76,971
Equity investments	4		2,120		68,215
Other investments	6		2,587,432		2,587,712
			7,316,199		**7,061,108**
TOTAL ASSETS		**$**	**7,372,917**	**$**	**7,212,851**
LIABILITIES					
Current liabilities					
Trade and other payables	11	$	25,703	$	41,045
Current portion of lease liability	9		18,900		18,900
Loans payable	8		5,584,202		4,851,354
			5,628,805		**4,911,299**
Non-current liabilities					
Lease liability	9		29,527		49,851
TOTAL LIABILITIES			**5,658,332**		**4,961,150**
SHAREHOLDERS' EQUITY					
Share capital	10		5,010,001		5,010,001
Reserve	10		205,239		205,239
Equity portion of debt	8		455,984		415,364
Deficit			(3,956,639)		(3,378,903)
TOTAL SHAREHOLDERS' EQUITY			**1,714,585**		**2,251,701**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**7,372,917**	**$**	**7,212,851**

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Company's Board of Directors on February 28, 2024.

"Lance Tracey" — Lance Tracey, Director

"Sheri Rempel" — Sheri Rempel, Director

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

LANEBURY GROWTH CAPITAL LTD.

CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

		Three months ended December 31,		Six months ended December 31,	
	Note	**2023**	**2022**	**2023**	**2022**
Expenses					
Management and consulting fees	11	$ 14,295	$ 12,057	$ 26,550	$ 28,182
Office and sundry		242	227	822	511
Professional fees		21,405	8,128	33,964	21,253
Amortization	9	(1,275)	44,476	3,051	72,057
Transfer agent and filing fees		5,400	5,672	8,895	8,925
		(40,067)	(70,560)	(73,282)	(130,928)
Other items					
Foreign exchange gain (loss)	3,6,8	$ (13,521)	$ (27,429)	$ (7,603)	$ 110,723
Interest expense	8,9,11	(165,108)	(95,733)	(311,618)	(160,347)
Accretion expense	8,11	(68,019)	(79,510)	(133,911)	(132,014)
Interest income	5,11	136,359	162,198	245,754	294,200
Net fair value gain (loss) on investments	3	296	(27,335)	(23,313)	(20,230)
Expected credit loss on loans receivable	5	(206,227)	-	(207,667)	-
Equity loss on investments	4	(47,702)	(19,511)	(66,096)	(30,833)
Net loss and comprehensive loss for the period		**$ (403,989)**	**$ (157,880)**	**$ (577,736)**	**$ (69,429)**
Loss per share – basic and diluted		**$ (0.04)**	**$ (0.02)**	**$ (0.06)**	**$ (0.01)**
Weighted average number of common shares outstanding - basic and diluted		**10,320,803**	**10,320,803**	**10,320,803**	**10,320,803**

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

LANEBURY GROWTH CAPITAL LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian Dollars)

	Share capital					
	Number of shares	**Amount**	**Reserve**	**Equity portion of debt**	**Deficit**	**Total**
Balance at June 30, 2022	10,320,803	$ 5,010,001	$ 205,239	$ 123,550	$ (1,131,507)	$ 4,207,283
Equity portion of debt	-	-	-	189,377	-	189,377
Net loss for the period	-	-	-	-	(69,429)	(69,429)
Balance at December 31, 2022	**10,320,803**	**5,010,001**	**205,239**	**312,927**	**(1,200,936)**	**4,327,231**
Balance at June 30, 2023	10,320,803	$ 5,010,001	$ 205,239	$ 415,364	$ (3,378,903)	$ 2,251,701
Equity portion of debt	-	-	-	40,620	-	40,620
Net loss for the period	-	-	-	-	(577,736)	(577,736)
Balance at December 31, 2023	**10,320,803**	**$ 5,010,001**	**$ 205,239**	**$ 455,984**	**$ (3,956,639)**	**$ 1,714,585**

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

LANEBURY GROWTH CAPITAL LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

		Six months ended December 31, 2023		2022
Operating activities				
Net loss for the period	$	(577,736)	$	(69,429)
Adjustments for non-cash items:				
Expected credit loss on loans receivable		207,667		-
Accrued interest income		(245,754)		(294,200)
Interest expense		311,618		160,347
Accretion expense		133,911		132,014
Amortization expense		3,051		72,057
Unrealized foreign exchange loss (gain)		9,248		(110,723)
Unrealized fair value loss on investments		23,313		20,230
Equity loss on investments		66,096		30,833
Changes in non-cash working capital items:				
Trade payables and other payables		(15,342)		(15,333)
Net cash used in operating activities		(83,928)		(74,203)
Investing activities				
Loans advanced		-		(1,900,000)
Investments made		(329,847)		(1,000,000)
Net cash used in investing activities		(329,847)		(2,900,000)
Financing activities				
Loan proceeds received		328,200		3,000,000
Lease payments made		(9,450)		(4,725)
Net cash provided by financing activities		318,750		2,995,275
Increase (decrease) in cash		(95,025)		21,071
Cash, beginning		151,743		27,727
Cash, ending	**$**	**56,718**	**$**	**48,798**

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

Note 1 Nature and Continuance of Operations

Lanebury Growth Capital Ltd. ("Lanebury" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 19, 2011, under the name NU2U Resources Corp. and subsequently changed its name to Lanebury Growth Capital Ltd. on April 25, 2017. The Company's registered and records office is located at 401 - 750 West Pender Street, Vancouver, BC, V6C 2T7.

Lanebury is an investment company with an investment strategy focused on building a portfolio of high-quality investments in technology start-ups. The Company targets investments, for the most part, that have a monthly revenue model and can be scaled easily using internet and mobile technologies.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The ability of the Company to continue as a going concern is dependent upon a number of factors including seeking profitable long-term investment opportunities and obtaining additional financing as required. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These condensed interim financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related expense that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the condensed interim financial statements could be required.

These condensed interim financial statements are presented in Canadian dollars unless otherwise indicated.

Note 2 Significant Accounting Policies

Basis of Presentation

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Certain information and note disclosures normally included in the audited annual financial statements prepared in accordance with IFRS have been omitted or condensed. As a result, these condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2023.

Accounting standards issued but not yet effective

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's financial statements.

(Unaudited - Expressed in Canadian Dollars)

Note 3 Investments Measured at Fair Value Through Profit or Loss

Plank Ventures Ltd.

As at December 31, 2023, the Company held 1,973,611 shares of Plank, of which 1,677,571 are unrestricted. The fair value of shares is determined by taking the number of restricted and unrestricted shares and multiplying by price per share prevailing on the market at the date closest to date of the financial statements and applying discount for lack of marketability ("DLOM").

The DLOM reflects the lack of liquidity in the market on the fair value for Plank's shares due to time value of money, the risk of trading price fluctuation, and opportunity cost of not being permitted to liquidate the restricted and unrestricted shares and use the proceeds in alternative investments. The DLOM is calculated by rounding the average of the Chaffee and Finnerty put option models and is estimated at $18,591 (December 31, 2022 - $25,164). The measurement of DLOM requires the use of Level 3 estimates, specifically, the annualized volatility of 100% was estimated using the historical volatility of return of comparable companies. The DLOM reduces the value of investment in Plank and is recognized as fair value loss on investment in the condensed interim statements of income (loss) and comprehensive income (loss).

For the six months ended December 31, 2023, the Company recognized a fair value loss on its investment in Plank of $36,354 (December 31, 2022 –$20,230). As at December 31, 2023, the Company held 1,973,611 common shares with a carrying value of $40,617 (December 31, 2022 - 1,973,611 common shares with carrying value of $172,197).

Recital Software Corp.

On July 14, 2023, the Company invested $250,000 USD ($329,847 CAD) in a convertible promissory note issued by Recital Software Corp. ("Recital"). The note matures on July 14, 2025 and carries a 10% annual interest rate. The note is eligible to be converted into equity of Recital at a 15% discount to the next round of qualified equity financing by Recital as well as at a predetermined conversion value upon maturity.

As at December 31, 2023, the fair value of the convertible note was determined by adding the fair values of the loan component and conversion feature. The value of the loan component was measured at $313,348 using the appropriate market discount rate of 17.5%. The value of the equity component was measured at $30,371 using a Black Scholes Option Pricing Model with the following assumptions: volatility of 8.58%, expected life of 1.54 years, risk-free interest rate of 3.90% and expected dividends of Nil. During the six months ended December 31, 2023, the Company recognized a fair value gain of $13,041 (December 31, 2022 - $Nil) and $807 (December 31, 2022 - $Nil) in foreign exchange gain on translation due to favorable exchange rate movement related to the note.

		December 31, 2023		**June 30, 2023**
Balance, beginning	$	-	$	-
Investment made		329,847		-
Fair value gain on investment		13,041		-
Foreign exchange translation adjustments		807		-
Balance, ending	**$**	**343,696**	**$**	**-**

Note 4 Equity Investments

Mobio Technologies Inc.

During the six months ended December 31, 2023, the Company recognized its share of Mobio's net loss of $66,096 (December 31, 2022 - net loss of $30,833) in its condensed interim statements of income (loss) and comprehensive income (loss). As of December 31, 2023, the Company held 11,841,668 common shares of Mobio representing 28% ownership share with a carrying value of $2,120 (June 30, 2023 – 11,841,668 shares with carrying value of $68,215). The purpose of the Company's investment in Mobio is to provide capital and consultations to support Mobio's technology development.

Note 5 Loans Receivable and Accrued Interest

Plank Ventures Ltd.

On January 1, 2023, the Company entered into an agreement to combine all previously outstanding loans receivable from Plank with total outstanding balance of $3,673,028 into a single promissory note. The loan is unsecured and bears interest at 10% per annum. The principal balance plus accrued interest was due and payable on September 30, 2023. At initial recognition, a discount of $173,203 was recognized against the balance of the loan to record the loan at fair value using a discount rate of 17.5%. During the six months ended December 31, 2023, the Company earned interest and accretion of $92,580 on the loan (December 31, 2022 - $Nil). On September 30, 2023, the Company consolidated the outstanding balance of the loan of $3,946,744 with other loans to Plank into a new promissory note.

On June 22, 2023, the Company entered into an agreement to loan $350,000 to Plank. The loan is unsecured and bears interest at 12% per annum. The principal balance plus accrued interest was due and payable on September 30, 2023. At initial recognition, a discount of $4,118 was recognized against the balance of the loan to record the loan at fair value using a discount rate of 17.5%. During the six months ended December 31, the company earned interest and accretion of $10,586 on the loan (December 31, 2022 - $Nil). On September 30, 2023, the Company consolidated the outstanding balance of the loan of $361,507 with other loans to Plank into a new promissory note.

On September 30, 2023, the Company entered into an agreement to combine all previously outstanding loans receivable from Plank with total outstanding balance of $4,308,251 into a single promissory note. The loan is unsecured and bears interest at 12% per annum. The principal balance plus accrued interest is due and payable on December 31, 2023. At initial recognition, a discount of $46,493 was recognized against the balance of the loan to record the loan at fair value using a discount rate of 17.5%. During the six months ended December 31, 2023, the company earned interest and accretion of $130,310 on the loan (December 31, 2022 - $Nil).

Mobio Technologies Inc.

On June 22, 2023, the Company entered into an agreement to loan $200,000 to Mobio. The loan is unsecured and bears interest at 12% per annum. The principal balance plus accrued interest is due and payable on December 31, 2023. At initial recognition, a discount of $4,669 was recognized against the balance of the loan to record the loan at fair value using a discount rate of 17.5%. During the six months ended December 31, 2023, the Company earned interest and accretion of $12,279 on the loan (December 31, 2022 - $Nil).

(Unaudited - Expressed in Canadian Dollars)

Note 5 Loans Receivable and Accrued Interest (continued)

As at December 31, 2023, the Company assessed estimated credit losses on loans receivable to be $352,667 (June 30, 2023 - $145,000), the reason for the increase in loss allowance is due to management's assessment of expected credit losses considering capital structure and lack of marketability of Plank's shares.

A continuity of the loans receivable is as follows:

	December 31, 2023	June 30, 2023
Balance, beginning	$ 4,260,430	$ 1,515,629
Loans advanced and reissued	4,308,251	6,123,028
Loans combined	(4,308,251)	(3,673,028)
Expected credit loss allowance	(207,666)	(145,000)
Foreign exchange translation adjustments	-	30,929
Interest and accretion	245,755	408,872
Balance, ending	**$ 4,298,519**	**$ 4,260,430**

Expected credit loss allowance is as follows:

	December 31, 2023	June 30, 2023
Plank Ventures Ltd	332,909	125,248
Mobio Technologies Inc.	19,758	19,752
Balance, ending	**$ 352,667**	**$ 145,000**

Note 6 Other Investments

Finhaven Technology Inc.

On July 24, 2018, the Company completed a $1,321,000 (US$1,000,000) investment in Finhaven Technology Inc. ("Finhaven") pursuant to the Simple Agreement for Future Equity (the "SAFE"). The SAFE provided an automatic conversion into common shares at a price equal to USD $33,000,000 divided by the capitalization of Finhaven no later than 90 days past September 30, 2021. During the year ended June 30, 2022, the SAFE was terminated and Finhaven issued 452,143 common shares to the Company in accordance with the SAFE formula.

	December 31, 2023	June 30, 2023
Balance, beginning	$ 322,912	$ 1,908,782
Fair value loss on investments	-	(1,681,709)
Foreign exchange translation adjustments	-	95,839
Balance, ending	**$ 322,912**	**$ 322,912**

(Unaudited - Expressed in Canadian Dollars)

Note 6 Other Investments (continued)

The fair value of the investment was determined based on level 2 valuation data, using the data from the recent capital raise with arm's length third party investors.

Fission Internet Software Services for Open Networks Inc.

On August 15, 2019, the Company subscribed for 640,000 common shares of Fission Internet Software Services for Open Networks Inc. ("Fission") for cash consideration of $266,000 (US$200,000).

On November 26, 2020, the Company made a $325,000 investment in Fission pursuant to the Simple Agreement for Future Equity (the "SAFE2"). The SAFE2 provides that the investment will be converted into number of preferred shares upon closing of the next equity financing round. The number of preferred shares upon conversion is to be the greater of the invested amount divided by either the post-money valuation cap of $8,000,000 divided by capitalization of Fission, or preferred shares price set in equity financing multiplied by discount rate of 80%.

On October 5, 2021, the Company made further $675,000 investment in Fission pursuant to the Simple Agreement for Future Equity (the "SAFE3"). The SAFE3 provides that the investment will be converted into number of preferred shares upon closing of the next equity financing round. The number of preferred shares upon conversion is to be the greater of the invested amount divided by either the post-money valuation cap of $8,000,000 divided by capitalization of Fission, or preferred shares price set in equity financing multiplied by discount rate of 80%.

During the six months ended December 31, 2023, the Company recognized a foreign exchange loss of $280 (December 31, 2022 – gain of $13,160).

		December 31, 2023		June 30, 2023
Balance, beginning	$	1,264,800	$	1,257,720
Foreign exchange translation adjustments		(280)		7,080
Balance, ending	**$**	**1,264,520**	**$**	**1,264,800**

The fair value of the investment was determined to be at transaction cost adjusted for market conditions, after taking into account internally generated financial reports as well as qualitative factors with respect to the development of Fission's technology.

Premium Sound Inc.

On July 19, 2022, the Company made $500,000 investment in Premium Sound Inc. pursuant to the Simple Agreement for Future Equity (the "SAFE4"). The SAFE4 provides that the Investment will be converted into shares of Premium Sound Inc. at a price equal to the greater of the number of standard preferred shares equal to the investment divided by the lowest price per share of the standard preferred shares; or the number of SAFE4 preferred shares equal to the Investment divided by the post-money valuation cap of $24,000,000 divided by the Premium Sound Inc. capitalization upon closing of the next equity financing round. The SAFE4 allowed for a follow-on investment of $500,000 on the same terms, which the Company completed on October 20, 2022. As of December 31, 2023, the value of investment in Premium Sound Inc. is at cost of $1,000,000.

The fair value of the investment was determined based on combination of level 3 valuation data, using the data from reasonably comparable companies as well as internally generated reports.

Note 7 Wind Assets

The wind assets consist of an investment in Katabatic Power Corp. comprised of various debt instruments and a minority equity interest, recorded at its fair value of $1 (June 30, 2023 - $1).

Note 8 Loans Payable

On July 19, 2022, the Company entered into an agreement to borrow $600,000 from a company controlled by an officer and majority shareholder. The loan is unsecured and bears interest at 10% per annum. The principal balance plus accrued interest is due and payable on December 31, 2023. Upon initial recognition the Company recognized an equity component of $71,214 against the balance of the loan. The equity value was determined by discounting the balance of the loan at an appropriate market rate of interest of 20%. During the six months ended December 31, 2023, the Company recorded interest and accretion of $60,019 (December 31, 2022 - $47,808) on the loan.

On October 20, 2022, the Company entered into an agreement to borrow $500,000 from a company controlled by an officer and majority shareholder. The loan is unsecured and bears interest at 10% per annum. The principal balance plus accrued interest is due and payable on December 31, 2023. Upon initial recognition the Company recognized an equity component of $38,716 against the balance of the loan. The equity value was determined by discounting the balance of the loan at an appropriate market rate of interest of 17.5%. During the six months ended December 31, 2023, the Company recorded interest and accretion of $42,529 (December 31, 2022 - $19,953) on the loan.

On January 31, 2023, the Company entered into an agreement to combine all outstanding loans with maturity date of December 31, 2022 payable to a company controlled by an officer and majority shareholder into a single promissory note with total outstanding balance of $2,879,342. The loan is unsecured and bears interest at 12% per annum. The principal balance plus accrued interest was due and payable on September 30, 2023. Upon initial recognition the Company recognized an equity component of $97,722 against the balance of the loan. The equity value was determined by discounting the balance of the loan at an appropriate market rate of interest of 17.5%. During the six months ended December 31, 2023, the Company recorded interest and accretion of $120,143 (December 31, 2022 - $Nil) on the loan. On September 30, 2023, the Company consolidated the outstanding balance of the loan of $3,136,825 with the other loan from a company controlled by an officer and majority shareholder into a new promissory note.

On June 21, 2023, the Company entered into an agreement to borrow $700,000 from a company controlled by an officer and majority shareholder. The loan is unsecured and bears interest at 12% per annum. The principal balance plus accrued interest is due and payable on December 31, 2023. Upon initial recognition the Company recognized an equity component of $16,431 against the balance of the loan. The equity value was determined by discounting the balance of the loan at an appropriate market rate of interest of 17.5%. During the six months ended December 31, 2023, the Company recorded interest and accretion of $58,010 (December 31, 2022 - $Nil) on the loan.

On July 13, 2023, the Company entered into an agreement to borrow $250,000 USD ($328,200 CAD) from a company controlled by an officer and majority shareholder. The loan is unsecured and bears interest at 12% per annum. The principal balance plus accrued interest was due and payable on September 30, 2023. Upon initial

(Unaudited - Expressed in Canadian Dollars)

Note 8 Loans Payable (continued)

recognition the Company recognized an equity component of $3,026 against the balance of the loan. The equity value was determined by discounting the balance of the loan at an appropriate market rate of interest of 17.5%. During the six months ended December 31, 2023, the Company recorded interest and accretion of $11,827 (December 31, 2022 - $Nil) and recognized a foreign exchange loss of $9,778 (December 31, 2022 – $Nil) on the loan. On September 30, 2023, the Company consolidated the outstanding balance of the loan of $346,779 with the other loan from a company controlled by an officer and majority shareholder into a new promissory note.

On September 30, 2023, the Company entered into an agreement to combine all outstanding loans with maturity date of September 30, 2023 payable to a company controlled by an officer and majority shareholder into a single promissory note with total outstanding balance of $3,483,604. The loan is unsecured and bears interest at 12% per annum. The principal balance plus accrued interest is due and payable on December 31, 2023. Upon initial recognition the Company recognized an equity component of $37,594 against the balance of the loan. The equity value was determined by discounting the balance of the loan at an appropriate market rate of interest of 17.5%. During the six months ended December 31, 2023, the Company recorded interest and accretion of $142,961 (December 31, 2022 - $Nil) on the loan.

Loans payable balance is as follows:

		December 31, 2023		June 30, 2023
Balance, beginning	$	4,851,354	$	792,401
Fair value of additional loans		3,771,185		6,287,527
Loans combined and reissued		(3,483,604)		(2,879,342)
Interest and accretion		435,489		619,936
Foreign exchange translation adjustments		9,778		30,832
Balance, ending	**$**	**5,584,202**	**$**	**4,851,354**

Note 9 Lease

On October 1, 2022, the Company entered into an office lease agreement for a term of three years and four months with the option to extend it for a further 16 months until May 31, 2027. In accordance with IFRS 16, the Company recorded a right-of-use asset and a lease liability with a fair value of $80,758. Fair value was determined by discounting future lease payments at a discount rate of 20% per annum.

The Company’s right-of-use asset As at December 31, 2023:

Balance, June 30, 2023	$	67,779
Adjustment of right-of-use asset		(20,913)
Amortization		(3,051)
Balance, December 31, 2023	**$**	**43,815**

(Unaudited - Expressed in Canadian Dollars)

Note 9 Lease (continued)

The Company's lease liability As at December 31, 2023:

Balance, June 30, 2023	$	68,751
Adjustment of right-of-use asset		(20,913)
Payments made		(9,450)
Interest accrued		10,039
Balance, December 31, 2023	**$**	**48,427**

Current portion	$	18,900
Long term portion		29,527
	$	**48,427**

Note 10 Share Capital and Reserve

Share Capital

Authorized

Unlimited number of common shares without par value.

Unlimited number of preferred shares with a par value of $100 per share.

The total number of common shares outstanding at December 31, 2023 is 10,320,803 (June 30, 2023 - 10,320,803).

Stock Options

The number of shares available for purchase pursuant to options granted under the stock option plan will not exceed 10% of the shares that are outstanding (on a non-diluted basis) immediately prior to the share issuance or grant of options. The plan places limits on the maximum number of options which may be granted to any one holder, insider, consultant and employees and consultants engaged in investor relations activities within any 12-month period. Options granted in relation to investor relations activities must vest in stages over 12 months with no more than 25% of the options vesting in any three-month period. The vesting period for all other options is at the discretion of the Board of Directors.

There was no stock option activity for the six months ended December 31, 2023 and 2022. Stock options outstanding and exercisable at December 31, 2023, are as follows:

Options outstanding		Exercise Price	Expiry date	Options exercisable
400,000	$	0.25	May 19, 2025	400,000

The weighted average remaining contractual life of outstanding options at December 31, 2023 is 1.38 years.

(Unaudited - Expressed in Canadian Dollars)

Note 11 Related Party Transactions

Balances

Included in trade and other payables is $533 (June 30, 2023 - $875) owing to a company controlled by the CFO of the Company.

Loans payable represent $5,584,202 face value of loans from Code Consulting Limited ("Code"), the majority shareholder of the Company. Code is a Canadian private investment corporation located and operating out of Vancouver, it is wholly owned and controlled by Lance Tracey, a director and officer of the Company. Loans receivable represent $4,308,251 face value of loans to Plank, a publicly traded company in which Code is also the majority shareholder, and $200,000 in loans to Mobio.

Transactions with related parties

Transactions with related parties are summarized in the tables below:

	Six months ended December 31,			
		2023		**2022**
Principal balance of loans received from Code	$	3,811,804	$	3,000,000
Principal balance of loans made to Plank	$	4,308,251	$	1,900,000
Interest and accretion expense on loan payable to Code	$	435,489	$	291,599
Interest and accretion income on loans receivable from Plank	$	245,755	$	294,200

Management compensation

	Six months ended December 31,			
		2023		**2022**
Consulting, legal, and administration fees paid to a company controlled by the CFO	$	9,285	$	9,252
Consulting fees paid to a company with common director	$	20,475	$	15,750
Lease payments made to a company with common director	$	9,450	$	4,725
Interest accrued to a company with common director	$	10,039	$	762

All amounts due to related parties are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted. Transactions with related parties are also disclosed in Notes 3, 4, 5, 8 and 9.

Note 12 Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. 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. In the management of capital, the Company includes cash balances, loans, and components of equity.

Note 12 Capital Management (continued)

In order to carry out future projects and pay for administrative costs, the Company will 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.

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the six months ended December 31, 2023.

Note 13 Financial Instruments

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

Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on the loans receivable from Plank and Mobio with a carrying value of $4,514,826. The Company considered the nature of the related party relationship between Mobio, Plank and Lanebury and assessed qualitative information available to date in its evaluation of collectability of these loans. The Company determined that the loans are collectable based on the all available information about future prospects and investment assets held by investees and recorded expected credit loss of $352,666 (June 30, 2023 - $145,000) on the loans.

Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2023, the Company had a cash balance of $56,718 (June 30, 2023 - $151,743) to settle current liabilities of $5,628,805 (June 30, 2023 - $4,911,299). The Company is in communication with its investors and lenders and expects to continue to attract capital via additional debt issuance.

Market risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

(a) Interest rate risk – The loans to related companies bear a fixed rate of interest and accordingly are not subject to interest rate risk. The Company has a cash balance making the Company sensitive to interest rate fluctuations.

(b) Foreign currency risk – The Company is headquartered in Canada and its functional reporting currency is the Canadian dollar. The Company has significant investments in Recital and Fission that are denominated in US dollars. As such, the Company's results of operations are subject to foreign currency fluctuation risks and these fluctuations may adversely affect the financial position and operating results of the Company. As of December 31, 2023, the Company does not use derivative instruments to reduce its exposure to currency risk. A 10% change in the US dollar to the Canadian dollar exchange rate would impact the Company's net income by $60,824.

Note 13 Financial Instruments (continued)

The Company's financial instruments measured at fair value consist of cash, SAFE investment, convertible notes and other investments.

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

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

Investment in the shares of Plank Ventures Ltd., convertible notes, the SAFE investments and other investments are classified as Level 3, which use valuation techniques, including Black-Scholes option pricing model, DLOM, internally generated, and comparable public companies' data to determine the fair value.

Loan payable to Code and loans receivable from Plank and Mobio are measured at amortized cost. Upon recognition, the fair values of the loans are estimated by discounting cash flows using interest rates of debt instruments with similar terms, maturities, and risk profile. Loans receivable are further impaired based on the estimated credit loss. The carrying values approximate the fair value of the loans.

Note 14 Subsequent Events

On January 02, 2024 the Company announced that it has combined and extended the maturity of its existing loans with Code Consulting Limited ("Code") and extend its existing loans with Plank Ventures Ltd. ("Plank") and Mobio Technology ("Mobio").

<u>Combination of loans from Code (the "Loan from Code"), change of interest rate and extension of the maturity date:</u>

The Company has entered into an agreement with Code to combine the following existing loans, as of January 1st, 2024, into a single new promissory note:

- Promissory Note with the principal amount of $600,000 CAD carrying 10% interest originally entered on July 20th, 2022;
- Promissory Note with the principal amount of $500,000 CAD carrying 10% interest originally entered on October 11th, 2022;
- Promissory Note with the principal amount of $700,000 CAD carrying 12% interest originally entered on June 21st, 2023; and
- Promissory Note with the principal amount of $3,483,604 CAD carrying 12% interest originally entered on September 30th, 2023.

The maturity date of the four loans was December 31st, 2023. The due date of the new combined loan shall be June 30, 2024 and the new combined loan shall be 12% annually.

Note 14 Subsequent Events (continued)

Amendment of loan to Mobio (the “Loan to Mobio”) and extension of the maturity date:

The Company has entered into an amending agreement with Mobio to extend the maturity date of the promissory note with the principal amount $200,000 CAD carrying 12% interest, originally entered on June 22, 2023. The original maturity date of the Loan to Mobio was December 31, 2023, the new due date shall be June 30, 2024. For more information about the Loan to Mobio please refer to the Company’s news release dated June 23, 2023.

Amendment of loan to Plank (the “Loan to Plank”) and extension of the maturity date:

The Company has entered into an amending agreement with Plank to extend the maturity date of the promissory note with the principal amount $4,308,251 CAD carrying 12% interest, originally entered on September 30, 2024. The original maturity date of the Loan to Plank was December 31, 2023, the new due date shall be June 30, 2024. For more information about the Loan to Plank please refer to the Company’s news release dated October 3, 2023.