# MOJAVE BRANDS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

Three and Nine Months Ended May 31, 2024

(Unaudited)

(EXPRESSED IN CANADIAN DOLLARS)

**MOJAVE BRANDS INC.**
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)

| | Note | | May 31, 2024 | | August 31, 2023 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | | $ | 7,200 | $ | 690,178 |
| GST recoverable | | | 37,998 | | - |
| Interest receivable | | | - | | 1,079 |
| Prepaid expenses | 4 | | 145,238 | | 884 |
| Loan receivable | 1 | | 250,000 | | - |
| **Total assets** | | $ | 440,436 | $ | 692,141 |
| **LIABILITIES AND EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payables and accrued liabilities | 5 | $ | 100,234 | $ | 24,950 |
| Due to related parties | 8 | | - | | 31,913 |
| Loan payable | 7 | | 25,132 | | - |
| **Total liabilities** | | | 125,366 | | 56,863 |
| **Equity** | | | | | |
| Share capital | 9 | | 56,393,861 | | 55,937,788 |
| Share-based payments reserve | 10 | | 7,020,615 | | 7,020,615 |
| Deficit | | | (63,099,406) | | (62,323,125) |
| **Total equity** | | | 315,070 | | 635,278 |
| **Total liabilities and equity** | | $ | 440,436 | $ | 692,141 |

**Nature of business and going concern** (Note 1)

Approved by the board of directors on July 29, 2024 and signed on its behalf by:

*"Robert Dubeau"* Director *"Christopher Cooper"* Director

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

**MOJAVE BRANDS INC.**
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

| | Note | Three Months Ended May 31, 2024 | Three Months Ended May 31, 2023 | Nine Months Ended May 31, 2024 | Nine Months Ended May 31, 2023 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Accounting and audit | | $ 16,720 | $ 2,000 | $ 43,613 | $ 8,656 |
| Consulting | 8 | 145,238 | 27,000 | 451,589 | 27,000 |
| Filing and transfer agent | | 4,078 | 3,427 | 25,409 | 16,834 |
| Legal fees | | 18,965 | 10,165 | 34,564 | 16,738 |
| Loan interest | 7 | 132 | - | 132 | - |
| Management fees | 8 | 15,000 | 22,500 | 43,500 | 67,500 |
| Marketing & promotion | | 15,000 | - | 51,077 | - |
| Office and general | | 799 | 1,681 | 5,877 | 12,244 |
| Travel | | - | - | 115,961 | - |
| **Loss before items below** | | (215,932) | (66,773) | (771,722) | (148,972) |
| Foreign exchange gain (loss) | | 6 | (260) | (4,857) | 18,587 |
| Interest income | | - | 6,085 | 298 | 14,004 |
| Gain on CEBA loan repayment | 6 | - | - | - | 10,000 |
| **Comprehensive loss for the period** | | (215,926) | (60,948) | (776,281) | (106,381) |
| **Basic and diluted loss per common share** | | $ (0.02) | $ (0.01) | $ (0.12) | $ (0.01) |
| **Weighted average number of common shares outstanding *** | | 9,360,414 | 2,560,614 | 6,729,834 | 2,560,614 |

* The number of shares has been restated to reflect the 4:1 share consolidation (Note 9).

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

**MOJAVE BRANDS INC.**
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

| | Note | Number of Shares* | Share capital | Share-based payments reserve | Deficit | Total equity |
|---|---|---|---|---|---|---|
| Balance, August 31, 2023 | | 2,560,614 | $ 55,937,788 | $ 7,020,615 | $ (62,323,125) | $ 635,278 |
| Private placement | 9 | 6,799,800 | 475,986 | - | - | 475,986 |
| Share issuance costs | 9 | - | (19,913) | - | - | (19,913) |
| Comprehensive loss for the period | | - | - | - | (776,281) | (776,281) |
| Balance, May 31, 2024 | | 9,360,414 | $ 56,393,861 | $ 7,020,615 | $ (63,099,406) | $ 315,070 |

| | Number of Shares* | Share capital | Share-based payments reserve | Deficit | Total equity |
|---|---|---|---|---|---|
| Balance, August 31, 2022 | 2,560,614 | $ 55,937,788 | $ 7,020,615 | $ (62,254,267) | $ 704,136 |
| Comprehensive loss for the period | - | - | - | (106,381) | (106,381) |
| Balance, May 31, 2023 | 2,560,614 | $ 55,937,788 | $ 7,020,615 | $ (62,360,648) | $ 597,755 |

* The number of shares has been restated to reflect the 4:1 share consolidation (Note 9).

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

**MOJAVE BRANDS INC.**
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED MAY 31
(Unaudited)

| | 2024 | 2023 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss for the period | $ (776,281) | $ (106,381) |
| Items not affecting cash: | | |
| Accrued loan interest | 132 | - |
| Foreign exchange loss | - | 2,017 |
| Gain on loan repayment | - | (10,000) |
| Changes in non-cash working capital items: | | |
| GST recoverable | (37,998) | - |
| Prepaid expenses | (144,354) | 112 |
| Trade and other payables | 75,284 | 15,062 |
| Amounts due to related parties | (31,913) | - |
| Net cash used in operating activities | (915,130) | (99,190) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Loan advanced | (250,000) | - |
| Interest received | 1,079 | - |
| Net cash used in investing activities | (248,921) | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issuance of share capital | 475,986 | - |
| Share issuance costs | (19,913) | - |
| Loan proceeds received (repayment) | 25,000 | (30,000) |
| Net cash provided by (used in) financing activities | 481,073 | (30,000) |
| **Change in cash during the period** | (682,978) | (129,190) |
| **Cash, beginning of the period** | 690,178 | 881,136 |
| **Cash, end of the period** | $ 7,200 | $ 751,946 |

There are no significant non-cash investing and financing transactions during the nine months ended May 31, 2024 and 2023.

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

## 1. NATURE OF BUSINESS AND GOING CONCERN

Mojave Brands Inc., (the "Company") was incorporated in British Columbia on November 12, 2010. The registered office address of the Company is 1500 – 1055 West Georgia Street, P.O. Box 11117, Vancouver, BC, V6E 4N7. The principal place of business address is 1540 – 1075 West Georgia Street, Vancouver, BC, V6E 3C9. The Company is a reporting issuer in British Columbia, Ontario and Alberta, and its common shares are traded on the Canadian Securities Exchange (the "CSE") under the symbol "MOJO" and on the Frankfurt Exchange under symbol "FSE: 0HCN".

The Company was in the business of processing and sale of cannabis extracts. Currently the Company is not generating revenues as it has closed down all its operations in the US, and plans to seek out other potential strategic alliances, joint venture, acquisition, or merger opportunities.

These interim financial statements have been prepared based on accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception with an accumulated deficit as at May 31, 2024 of $63,099,406. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. While the Company has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

These interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Proposed transaction

On January 31, 2024, the Company entered into a binding letter of intent ("LOI") with LAI SPV Corp. ("LAI") and Light AI Inc. ("Light AI") under which the Company, LAI and Light AI will combine their respective businesses by way of a share exchange, merger, amalgamation, plan of arrangement or such other similar form of transaction (the "Transaction"). On June 19, 2024, the parties entered into a Business Combination Agreement, whereby the Company, Light AI and LAI agree to effect the combination of their respective businesses and assets by way of a series of steps or transactions including the Amalgamation.

In accordance with the terms and conditions of the Business Combination Agreement, the transaction will be completed by way of a three-cornered amalgamation, whereby, among other things: (i) 1479875 B.C. Ltd. ("Subco"), a wholly owned subsidiary of the Company incorporated for the purpose of effecting the transaction, will amalgamate with Light AI and LAI to form an amalgamated company ("Amalco"); (ii) holders of common shares in the capital of Light AI will receive 3.89 common shares in the capital of the Company for each Light AI share held, and the Light AI shares will be cancelled; (iii) holders of common shares in the capital of LAI will receive one common share in the capital of the Company for each LAI share held, and the LAI shares will be cancelled; (iv) Company share purchase warrants will be issued to the holders of Light AI share purchase warrants, and LAI share purchase warrants in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Light AI warrants and LAI warrants will be cancelled; (v) Company options will be issued to holders of Light AI options and LAI options in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Light AI options and LAI options will be cancelled; (vi) Amalco will become a wholly owned subsidiary of the Company; and (vii) the Company will change its name to Light AI Inc. or such other similar name as may be accepted by the relevant regulatory authorities and approved by the board of directors of the Company. The Company will continue to carry on the business of Light AI. The Transaction constitutes an arms' length transaction.

## 1. NATURE OF BUSINESS AND GOING CONCERN (cont'd…)

Following completion of the transaction, the former securityholders of Light AI will hold approximately 45% of the issued and outstanding company shares on a fully diluted basis, prior to the concurrent financing described below. Company shares issued to former Light AI shareholders shall be subject to escrow conditions as required by applicable securities laws, including CBOE Canada, and voluntary escrow conditions set out in the business combination agreement.

Upon closing of the transaction and in accordance with the Business Combination Agreement: (i) each of the directors and officers of the company will resign, and the board will be reconstituted to consist of four nominees of Light AI and one nominee of the company; and (ii) Peter Whitehead, chief executive officer of Light AI, will be appointed as chief executive officer of the Company.

The transaction will constitute a fundamental change as such term is defined in the policies of the CSE, and completion thereof will be subject to a number of conditions customary for a transaction of this nature, including, but not limited to, the receipt of required regulatory and corporate approvals, approval of the amalgamation by the shareholders of Light AI and the Company, the board reconstitution, the completion of the concurrent financing, the delisting of the common shares on the Canadian Securities Exchange, and the listing of the common shares on CBOE Canada by way of a direct listing.

Trading in the Company shares has been halted, and will remain halted, pending review and approval of the transaction by the applicable stock exchange. For further information with respect to the transaction, please refer to the business combination agreement, which is available on the Company's profile at SEDAR+.

Concurrent Financings

In connection with the amalgamation, the Company will complete a non-brokered private placement for gross proceeds of at least $7,500,000. The terms of the concurrent financing will be determined in the context of the market. Finders' fees may be paid in connection with the concurrent financing within the maximum amounts permitted by the policies of the CBOE Canada.

In addition, LAI SPV will complete a non-brokered private placement of convertible debentures for gross proceeds of at least $2,500,000 and a maximum of $5,000,000 (the "LAI SPV Concurrent Financing"). The LAI SPV convertible debentures will convert automatically into common shares of LAI SPV upon completion of the Transaction.

Loan

In connection with the LOI, Mojave advanced a loan of $250,000 to LAI (the "Loan"), which is evidenced by a promissory note. The Loan is non-interest bearing (except as described below) and is payable upon demand. In the event the LOI is terminated, the Loan will become due and payable, bear interest at a rate of 24% per annum from the date of issuance, and LAI will issue Mojave 277,778 common share purchase warrants of LAI (the "LAI Warrants"). The LAI Warrants will be exercisable for LAI Shares at $0.90 per LAI Share for a period of 48 months from the date of issuance. In addition, Mojave has the right to convert the Loan into LAI Shares at $0.90 per LAI Share.

## 2. BASIS OF PREPARATION

**Statement of compliance**

These condensed unaudited interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The condensed interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended August 31, 2023, which have been prepared in accordance with IFRS as issued by the IASB.

**Basis of measurement**

These interim financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition, these interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Functional and presentation currency**

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

**Significant accounting estimates and judgments**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from those estimates and judgments. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Areas requiring a significant degree of estimation and judgment by the Company's management relate to but are not limited to:

- the fair value measurements for financial instruments;
- the recoverability and measurement of deferred tax assets and liabilities; and
- whether the Company has sufficient financing to operate as a going concern.

Actual results may differ from those estimates and judgments.

## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out in the Company's annual consolidated financial statements for the year ended August 31, 2023 were consistently applied to all the periods presented unless otherwise noted below.

**New accounting standards**

There were no new or amended IFRS pronouncements effective September 1, 2023 that are expected to impact the Company's financial statements in the future.

## 4. PREPAID EXPENSES

| | May 31, 2024 | August 31, 2023 |
|---|---|---|
| Prepaid advisory fee | $ 145,238 | $ - |
| Legal retainer | - | 884 |
| | $ 145,238 | $ 884 |

The Company signed a consulting agreement with Commodity Partners Inc. for capital market advisory services, effective from September 22, 2023 to August 30, 2024, for a total fee of $610,000, inclusive of applicable taxes (fully paid). Commodity Partners Inc. became a significant shareholder of the Company through the non-brokered private placement subscription in note 9.

## 5. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

| | May 31, 2024 | August 31, 2023 |
|---|---|---|
| Trade payables | $ 88,234 | $ 450 |
| Accrued liabilities | 12,000 | 24,500 |
| | $ 100,234 | $ 24,950 |

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

## 6. CEBA LOAN

In May 2020, the Company opened a Canada Emergency Business Account ("CEBA") and received a loan of $40,000 from the Canadian Government. The loan was unsecured and non-interest bearing until December 31, 2023. The principal amount of the loan would be reduced to $30,000 if it is repaid before December 31, 2023. In February 2023, the Company repaid $30,000 of the loan principal and recognized a gain of $10,000.

## 7. LOAN PAYABLE

On April 23, 2024, the Company received a loan of $25,000 from LAI. The loan is unsecured, bears interest at a rate of 5% per annum, compounded monthly, and is payable on October 23, 2024. If the Company does not repay the loan by the due date, the principal amount together with the accrued interest will become subject to interest at the Bank of Canada rate plus 2% per annum, compounded monthly, until it is paid in full.

## 8. RELATED PARTY TRANSACTIONS AND BALANCES

Amounts due to related parties of $nil (August 31, 2023 - $31,913) related to advances made by a director and a close family member of a director of the Company and are unsecured, non-interest bearing, and have no specific terms of repayment. During the nine months ended May 31, 2024, the Company repaid the amounts due to related parties of $31,913.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel and entities over which they have control or significant influence during the nine month periods ended May 31 is as follows:

| | 2024 | 2023 |
|---|---|---|
| Management fees | $ 43,500 | $ 67,500 |
| Consulting fees | 290,476 | - |
| | $ 333,976 | $ 67,500 |

The Company entered into the following transactions with related parties during the nine months ended May 31, 2024:

a) Incurred management fees of $20,000 (2023 - $nil) the Chief Executive Officer (“CEO”) of the Company.

b) Incurred management fees of $16,000 (2023 - $nil) to a company controlled by the Chief Financial Officer (“CFO”) of the Company.

c) Incurred management fees of $7,500 (2023 - $67,500) to a company partially controlled by a former director of the Company.

d) Incurred consulting fees of $290,476 (2023 - $nil) to Commodity Partners Inc., a significant shareholder of the Company, for capital market advisory services.

## 9. SHARE CAPITAL

### Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

### Issued share capital

At May 31, 2024, the Company had 9,360,414 common shares outstanding, after giving effect to the share consolidation (August 31, 2023 - 2,560,614 common shares).

## 9. SHARE CAPITAL (cont'd…)

### Share consolidation

On October 25, 2023, the Company completed a consolidation of the Company's issued and outstanding common shares, stock options and warrants on a basis of one (1) post-consolidation common share for every four (4) pre-consolidation common shares. All information relating to basic and diluted loss per share, issued and outstanding common shares, stock options and warrants in these financial statements have been adjusted and restated retrospectively to reflect the share consolidation.

### Share issuance

During the nine months ended May 31, 2024, the Company completed a non-brokered private placement of 6,799,800 units announced at a price of $0.07 per unit for gross proceeds of $475,986. Each unit is comprised of one common share and one-half of share purchase warrant; each whole warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of $0.11. No proceeds were allocated to the warrants based on the residual method. The Company incurred filing and other expenses of $19,913 in connection with the private placement.

## 10. SHARE-BASED PAYMENTS

### Stock options

The Company's Board of Directors approved the implementation of an aggregate maximum of 10% of the issued and outstanding common shares may be issued for granting of options to directors, senior officers, full time employees of the Company, affiliates or subsidiaries, or any consultants to the Company. The terms of the awards under the Plan are determined by the Board of Directors.

Stock option transactions are summarized as follows:

| | Number of options | Weighted Average Exercise Price |
|---|---|---|
| Balance, August 31, 2022 and 2023 | 5,000 | $ 34.00 |
| Forfeited | (5,000) | 34.00 |
| Balance, May 31, 2024 | - | $ - |

## 10. SHARE-BASED PAYMENTS (cont'd…)

### Performance Share Units and Restricted Share Units

The Company's Board of Directors approved the implementation of a restricted share unit plan (the "RSU Plan"). Under the RSU Plan, eligible persons may (at the discretion of the Board) be allocated several RSUs as the Board deems appropriate, with vesting provisions also to be determined by the Board, subject to a maximum vesting term of three (3) years from the end of the calendar year in which RSUs were granted. Upon vesting, eligible participants shall be entitled to a cash payment equal to the number of RSUs granted, multiplied by the fair market value of the Company's common shares on the redemption date. The Company shall also have the option (at the discretion of the Board) to settle amounts owing to eligible persons via the issuance of common shares of the Company.

The Company had no RSU transactions during the year ended August 31, 2023 and the nine months ended May 31, 2024. There were no RSUs outstanding as at August 31, 2023 and May 31, 2024.

### Warrants

Warrants are issued as private placement incentives and measured using the residual method. Agents' warrants are measured at fair value on the date of the grant determined using the Black-Scholes Option Pricing Model.

| | Number of Warrants | | Weighted Average Exercise Price |
|---|---|---|---|
| Balance, August 31, 2022 and 2023 | 1,437,500 | $ | 0.60 |
| Issued | 3,399,900 | | 0.11 |
| Balance, May 31, 2024 | 4,837,400 | $ | 0.26 |

As at May 31, 2024, the following warrants were outstanding:

| Number of Warrants | | Exercise Price | Expiry Date |
|---|---|---|---|
| 1,437,500 | $ | 0.60 | July 12, 2025 |
| 3,399,900 | $ | 0.11 | December 15, 2025 |
| 4,837,400 | | | |

The share-based payment reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

## 11. FINANCIAL INSTRUMENTS

As of May 31, 2024, the carrying amounts of loan receivable and accounts payables carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

### Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. Cash and cash equivalents are carried at fair value.

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and loan receivable. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. The loan receivable was a loan to a company with which the Company plans to merge (Note 1). The Company does not anticipate any default on the loan receivable.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have enough liquidity to meet liabilities when due. as they fall due. As at May 31, 2024, the Company has a cash balance of $7,200 and current liabilities of $125,366. Liquidity risk is assessed as high. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms.

*Interest rate risk*

The Company is exposed to interest rate risk arising from cash held in Canadian financial institutions. The interest rate risk on cash is not considered significant due to its short-term nature and maturity. The exposure to interest rates for the Company is considered minimal.

## 12. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows. There have been no changes in these levels and no changes in classifications during the nine months ended May 31, 2024.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| May 31, 2024 | | | | |
| Cash | $ 7,200 | $ - | $ - | $ 7,200 |
| August 31, 2023 | | | | |
| Cash and cash equivalents | $ 690,178 | $ - | $ - | $ 690,178 |

## 13. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company to support the growth and development of its subsidiaries and additional acquisition 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. The Company defines capital to include all components of its shareholders' equity.

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. The Company is not subject to externally imposed capital requirements.