FIRST RESPONDER TECHNOLOGIES INC.

Financial Statements

For The Years Ended June 30, 2023, and 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the shareholders of **First Responder Technologies Inc.**

Opinion

We have audited the financial statements of First Responder Technologies Inc. (the "Company"), which comprise the statement of financial position as at June 30, 2023, and the statements of loss and comprehensive loss, changes in equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significate doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other than the matter described in the "Material Uncertainty Related to Going Concern" section of this report, we determined there are no other key audit matters to be communicated in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

1488 - 1188 West Georgia Street, Vancouver, British Columbia, V6E 4A2 Telephone: 778-379-8518 Fax: 778-379-8502

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other Matter
The financial statements of the Company for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on these financial statements on October 28, 2022.

Mao & Ying LLP

Vancouver, Canada
October 30, 2023

Chartered Professional Accountants

FIRST RESPONDER TECHNOLOGIES INC.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	June 30, 2023	June 30, 2022
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		190,091	101,057
GST receivable		7,549	3,281
Prepaid expenses and deposits		6,500	4,722
TOTAL ASSETS		**204,140**	**109,060**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		291,872	806,046
Due to related parties	8	1,215,383	782,169
Short-term loan	5	70,416	110,676
Loan payable	6	446,970	439,016
TOTAL LIABILITIES		**2,024,641**	**2,137,907**
SHAREHOLDERS' DEFICIT			
Share capital	7	11,095,458	10,464,333
Reserves	7	802,994	802,994
Deficit		(13,718,953)	(13,296,174)
		(1,820,501)	(2,028,847)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		**204,140**	**109,060**

Nature of business and going concern (Note 1)

Approved on behalf of the Board of Directors on October 30, 2023

/s/ Kal Malhi	*/s/ Michael Kelly*
Kal Malhi	Michael Kelly
Director	Director

The accompanying notes are an integral part of these financial statements

FIRST RESPONDER TECHNOLOGIES INC.
Statements of Loss and Comprehensive Loss
For the years ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	June 30, 2023	June 30, 2022
		$	$
Expenses			
Advertising and promotion		-	54,491
Consulting fees		14,500	8,500
Transfer agent and filing fees		37,249	34,077
Office expenses		17,624	67,893
Management and director fees	8	199,155	269,122
Professional fees		101,157	116,900
Interest expense	5,6	40,707	122,287
Operating expenses		(410,392)	(673,270)
Other income (expense):			
(Loss) gain on debt settlements		(1,857)	194,720
Gain on debt forgiven		-	27,366
Impairment of equipment	4	-	(41,670)
Foreign exchange (loss) gain		(10,574)	7,449
Interest income		44	95
		(12,387)	187,960
Loss and comprehensive loss for the year		(422,779)	(485,310)
Basic and diluted loss per common share		(0.09)	(0.19)
Weighted average number of common shares outstanding		4,931,695	2,620,872

FIRST RESPONDER TECHNOLOGIES INC.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of common shares[1]	Share Capital	Reserves	Deficit	Total
		$	$	$	$
Balance, June 30, 2021	2,475,269	10,329,385	802,994	(12,829,764)	(1,697,385)
Shares issued for debt settlements	239,097	134,948	-	-	134,948
Debt forgiveness with shareholder	-	-	-	18,900	18,900
Net loss for the year	-	-	-	(485,310)	(485,310)
Balance, June 30, 2022	**2,714,366**	**10,464,333**	**802,994**	**(13,296,174)**	**(2,028,847)**
Shares issued pursuant to private placement	7,425,000	631,125	-	-	631,125
Net loss for the year	-	-	-	(422,779)	(422,779)
Balance, June 30, 2023	**10,139,366**	**11,095,458**	**802,994**	**(13,718,953)**	**(1,820,501)**

[1] On December 10, 2022, the Company completed a 25:1 share consolidation, all historical share figures have been adjusted to reflect the consolidation.

FIRST RESPONDER TECHNOLOGIES INC.
Statements of Cash Flow
(Expressed in Canadian Dollars)

	June 30, 2023	June 30, 2022
	$	**$**
Cash flows used in operating activities		
Loss for the year	(422,779)	(485,310)
Non-cash items:		
Interest	40,707	112,287
Loss (Gain) on debt settlement	1,857	(194,720)
Gain on debt forgiven	-	(27,366)
Foreign exchange gain	-	10,978
Impairment of equipment	-	41,670
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	54,528	40,384
Due to related parties	(148,158)	165,756
Prepaids	(1,778)	52,499
GST receivable	(4,268)	21,222
	(479,891)	**(262,600)**
Cash flows provided by financing activities		
Proceeds from short term loan	-	310,000
Proceeds from private placement	631,125	-
Loans repayment	(62,200)	-
	568,925	**310,000**
Change in cash during the year	89,034	47,400
Cash, beginning of year	101,057	53,657
Cash, end of year	**190,091**	**101,057**

1. NATURE OF BUSINESS AND GOING CONCERN

First Responder Technologies Inc. ("First Responder" or the "Company") was incorporated under the BC Business Corporations Act on January 27, 2017. On January 14, 2020, the Company completed its initial public offering ("IPO") and is now publicly traded on the Canadian Securities Exchange ("CSE") under the ticker WPN.

Prior to the fiscal year ended June 30 2023, the Company was in the business of developing the detection products and services using WiFi-based detection technology that can be used to detect dangerous concealed weapons. During the year ended June 30, 2022, management made the determination to no longer develop this line of business. The Company is currently exploring business opportunities.

The Company's registered, records office, and principal place of business address is 1500 Royal Centre, 1055 West Georgia Street, Vancouver, BC, V6G 2Z6.

These financial statements (the "Financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. At present, the Company has no operating income. As at June 30, 2023, the Company has an accumulated deficit of $13,718,953, a working capital deficit of $1,820,501 and, incurred a net loss of $422,779 for the year ended June 30, 2023. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations. These Financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company had 100% ownership in its sole subsidiary, First Responder Technologies (USA) Inc., which was incorporated on June 17, 2020, in the state of Delaware, USA. During the year ended June 30, 2022, the Company decided to discontinue its sole subsidiary and on June 14, 2022, the dissolution of this subsidiary was authorized.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). They are prepared on a historical cost basis, except for certain financial instruments classified as fair value through profit or loss which have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. Certain amounts in the prior period have been reclassified to conform with the presentation in the current period.

The financial statements of the Company for the year ended June 30, 2023, were approved and authorized for issuance by the Board of Directors on October 30, 2023.

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

Functional currency

The functional currency of the Company is the Canadian dollar ("CAD"). Accounts denominated in currencies other than the Canadian dollar have been translated as follows:

- Monetary assets and liabilities at the exchange rate at the statements of financial position date;

- Non-monetary assets and liabilities at the historical exchange rates, unless such items are carried at fair value, in which case they are translated at the date when the fair value was determined;
- Shareholders’ equity items at historical exchange rates; and
- Revenue and expense items at the rate of exchange in effect on the transaction date.

Exchange gains and losses arising from translation of the foreign transactions are recorded as foreign exchange loss (gain), which is included in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with financial institutions and a cashable guaranteed investment certificate that are readily convertible into known amount of cash with a maturity of three months or less at the time of purchase and subject to an insignificant risk of change in value.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company classifies its financial assets in the following categories:

- Amortized cost;
- Fair value through Other Comprehensive Income (“FVTOCI”); and
- Fair value through profit or loss (“FVTPL”)

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest method.

- FVTOCI: Equity investments designated as FVTOCI are measured at fair value with changes in fair values recognized in OCI. Dividends from that investment are recorded in profit or loss when the Company's right to receive payment of the dividend is established unless they represent a recovery of part of the cost of the investment.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

The Company has classified cash and cash equivalents at FVTPL. As at June 30, 2023 and 2022, the Company does not have financial assets classified at amortized cost and FVTOCI.

Financial liabilities

The Company classifies its financial liabilities into the following categories:

- FVTPL; and
- Amortized cost.

A financial liability is classified as at FVTPL are measured at fair value with gains and losses recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company does not have any financial liabilities classified at FVTPL. The Company has classified accounts payable and accrued liabilities, due to related parties, short term loan and loan payable at amortized cost.

Impairment of financial assets carried at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without deduction for transaction costs. For financial instruments that are not traded in active markets, the fair value is determined using appropriate valuation techniques, such as using a recent arm's length market transaction between knowledgeable and willing parties, discounted cash flow analysis, reference to the current fair value of another instrument that is substantially the same, or other valuation models.

De-recognition of financial assets

A financial asset is derecognized when the contractual right to the asset's cash flows expires or the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

De-recognition of financial liabilities

Financial liabilities are de-recognized only when the Company's obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

Common shares

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Common shares issued for consideration other than cash are valued at the fair value of the assets received or the services rendered. If the fair value of the assets received or services rendered cannot be reliably measured, common shares issued for consideration will be valued at their fair value on the date of issuance. Where the Company issued common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

Share-based payments

The Company has a stock option plan and a restricted share unit plan which are described in Note 7. Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the grant date. The fair value of stock options is measured using Black Scholes option pricing model. Restricted share units are measured using the fair value of the shares on the date of grant. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to reserve.

Reserves consists of the fair value of stock options, warrants and restricted share units granted since inception, less amounts transferred to share capital for exercised stock options and warrants. If granted options or warrants vest and then subsequently expire, no reversal of reserve is recognized.

Basic and diluted loss per common share

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

Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets, as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

Impairment of non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset 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. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Critical accounting estimates and assumptions made by management include, but are not limited to, the following:

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern (also see Note 1).

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the year ended June 30, 2023, and have not been applied in preparing these financial statements nor does the Company expect these amendments to have a significant effect on its financial statements.

(Expressed in Canadian dollars)

4. EQUIPMENT

	Exhibit Equipment	Computer Equipment	R&D Equipment	Total
	$	$	$	$
Cost				
Balance, June 30, 2021	**59,337**	**32,080**	**1,783**	**93,200**
Impairment	(59,337)	(32,080)	(1,783)	(93,200)
Balance, June 30, 2022 and 2023	**-**	**-**	**-**	**-**
Accumulated Amortization				
Balance, June 30, 2021	**28,680**	**21,660**	**1,190**	**51,530**
Impairment	(28,680)	(21,660)	(1,190)	(51,530)
Balance, June 30, 2022 and 2023	**-**	**-**	**-**	**-**
Carrying Amounts				
Balance, June 30, 2022 and 2023	**-**	**-**	**-**	**-**

During the year ended June 30, 2022, the Company determined that its equipment was no longer being used. As such, it was determined there were impairment indicators and the Company recorded an impairment loss of $41,670. A value in use calculation is not applicable as the Company does not have any expected cash flows from using the equipment. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than $Nil. As this valuation technique requires management's judgment and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

5. SHORT-TERM LOAN

On August 24, 2021, the Company entered into a loan agreement with an arm's length party to borrow $100,000 for a period of one (1) year maturing on August 24, 2022. The loan bears interest at a rate of 12% per annum and is computed on the principal outstanding from the date of advance until the loan is paid in full. This agreement was extended on October 20, 2022, to have a maturity date of August 24, 2023. During the year ended June 30, 2023, the Company repaid $50,000 of the principal balance and as at June 30, 2023, principal of $50,000 and interest of $20,416, totalling $70,416 is still outstanding. This loan is now due on demand.

6. LOAN PAYABLE

On October 10, 2020, the Company entered into a Regional Relief and Recovery Fund Agreement (the "RRRF Agreement") with Pacific Economic Development Canada ("PacifiCan") (fka Western Economic Diversification Canada). PacifiCan provides assistance to businesses and communities that may require additional support to cope with and recover from the COVID-19 pandemic and is part of Canada's COVID-19 Economic Response Plan.

During the year ended June 30, 2021, the RRRF Agreement provided the Company with an interest-free, repayable contribution from the government of $439,016 which is to be repaid in monthly instalments of $12,200 commencing January 31, 2023, and ending December 31, 2025. The Company has discounted the RRRF loan using a rate of 8.50% for a period of five years and recognized a gain of $112,903 as a result of the imputed interest benefit received from the interest-free RRRF loan during the year ended June 30, 2021.

During the year ended June 30, 2022, management determined the Company was not in compliance with certain provisions of the loan due to the strategic decision to stop development activity. As a result, the entire balance is classified as current, and the loan was accreted to its face value. On October 7, 2022, the Company received a notice of default (the "Notice of Default") related to the obligation indicating a total amount of $439,016 to be repaid. The management is currently in negotiations with PacifiCan regarding the terms of the repayment.

Pursuant to the RRRF Agreement, the Company is required to pay an interest on the amount due as a result of an event of default, at 3 percent above the minimum rate at which the Bank of Canada is prepared to make loans as at the date of the Notice of Default. During the year ended June 30, 2023, the Company has recorded default interest in the amount of $20,154 (representing approximately 6% per annum default interest rate). During the year ended June 30, 2023, the Company repaid $12,200 of the balance. As at June 30, 2023, the total outstanding RRRF loan is $446,970 consisting of the principal amount of $426,816 and the related interest of $20,154.

7. SHARE CAPITAL

Authorized

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Issued and Outstanding

As at June 30, 2023, there were 10,139,366 (June 30, 2022 – 2,714,366) issued and outstanding common shares.

During the year ended June 30, 2023, the Company had the following transactions:

- On March 15, 2023, the Company closed a non-brokered private placement, issuing 7,425,000 units consisting of one common share of the Company and one share purchase warrants (each a "Unit") at $0.085 per Unit for a period of 24 months, for gross proceeds of $631,125. The warrants were valued at $nil using the residual approach.
- On December 20, 2022, the Company completed a 25:1 share consolidation of its issued and outstanding common shares resulting in 1 post consolidation share being issued for each 25 pre consolidation shares. The number of shares and per share amounts for the current and comparative figures in these financial statements have been adjusted to reflect the change of this share consolidation.

During the year ended June 30, 2022, the Company had the following transactions:

- On January 21, 2022, pursuant to the debt settlement agreements, the Company issued 115,926 common shares of the Company at a fair value of $0.5 per share to settle an aggregate debt of $144,909. Accordingly, the Company recognized a gain of $86,945 on the settlement.
- On September 24, 2021, pursuant to the debt settlement agreements, the Company issued 123,172 common shares of the Company at a fair value of $0.625 per share to settle an aggregate debt of $184,759. Accordingly, the Company recognized a gain of $107,775 on the settlement.
- In addition, the Company negotiated forgiveness of accounts payable and accrued liabilities with certain parties which resulted in $46,266 (2021 - $Nil) of debt being forgiven during the year ended June 30, 2022. $18,900 of the forgiven amount was with a shareholder and was recorded directly in deficit. As such, the remaining $27,366 was recorded as a gain on debt forgiveness.

Stock options

On July 11, 2019, the Company implemented an Incentive Stock Option Plan (the "Stock Option Plan"). Pursuant to the Stock Option Plan, the Company will grant stock options to directors, officers, employees and consultants for services, provided that the number of common shares reserved for issuance shall not exceed 10% of the issued and outstanding common shares exercisable for a period of up to five years. The exercise price and vesting terms of the options granted under the Stock Option Plan will be determined by the Board of Directors.

(Expressed in Canadian dollars)

There were no share option transactions during the years ended June 30, 2023 and 2022. As at June 30, 2023 and 2022, the Company has no share options outstanding

Warrants

The Company's warrant transactions during the years ended June 30, 2023 and 2022 were as follows

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life
		$	
Balance, June 30, 2021	**463,753**	**12.5**	**-**
Expired	(463,753)	12.5	**-**
Balance, June 30, 2022	**-**	**-**	**-**
Issued	7,425,000	0.11	1.71
Balance, June 30, 2023	**7,425,000**	0.11	1.71

These warrants expire on March 15, 2025.

Restricted Share Units

On April 8, 2020, the Company implemented a Restricted Share Unit Plan (the "RSU Plan"). Pursuant to the RSU Plan, the Company will grant restricted share units ("RSUs") to directors, officers, employees and consultants for services, provided that the maximum number of common shares made available for issuance pursuant to the RSU Plan shall be determined from time to time by the Board, but in any case, shall not exceed 20% of the common shares issued and outstanding from time to time, less any common shares reserved for issuance under all other share compensation arrangements, subject to adjustments as provided in the RSU Plan. The settlement and method of settlement and vesting terms of the RSUs granted under the RSU Plan will be determined by the Board of Directors.

During the years ended June 30, 2023 and 2022, the Company had no transactions in relation to equity settled restricted stock units. As at June 30, 2023 and 2022, there were no RSU outstanding.

8. 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. 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 have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are presented below.

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

(Expressed in Canadian dollars)

During the years ended June 30, 2023 and 2022 key management compensation was as follows:

	2023	For the year ended June 30, 2022
	$	$
Management fees and Director fees	199,155	269,122
Office expenses	-	10,398
Professional fees	26,975	23,960
	226,130	303,480

As at June 30, 2023, the Company had $1,215,383 (June 30, 2022 - $782,169) owing to related parties of which $1,194,570 (June 30, 2022 – 682,169) is non-interest bearing and due on demand.

On September 23, 2021, the Company entered into a debt assignment agreement with an existing vendor whereby a total of $352,376 in debt was assigned to a party related to the chief executive officer ("CEO") of the Company. This amount was included in the balance of due to related parties as at June 30, 2022.

On February 8 and March 9, 2023, the Company entered into debt assignment agreements with existing vendors whereby a total of $570,519 in debt was assigned to parties related to the CEO of the Company. This amount was included in the balance of due to related parties as at June 30, 2023,

On January 21, 2022, the Company received $100,000 from the CEO as loan and issued a non-interest bearing promissory note. The note has a maturity date of October 13, 2023. due to be payable on demand. The difference of $10,000 is recorded as interest expense. During the year ended June 30, 2023, the total owing of $110,000 was repaid.

On April 29, 2022, the Company entered into a loan agreement with a related party to borrow $100,000 for a period of one (1) year maturing on April 24, 2023. The loan bears interest at a rate of 12% per annum and is computed on the principal outstanding from the date of advance until the loan is paid in full. This agreement was extended on October 20,2022 to have a maturity date of August 24, 2023. During the year ended June 30, 2023, the Company repaid $90,000 of the principal balance and as at June 30,2023, principal of $10,000 and interest of $10,813 is still outstanding. This amount was included in the balance of due to related parties as at June 30, 2023.

On October 13, 2022, the Company received $50,000 from the CEO as loan and issued a promissory note. The note has a maturity date of October 13, 2023, and is non-interest bearing. As at June 30, 2023 the full amount of $50,000 is outstanding. This amount was included in the balance of due to related parties as at June 30, 2023.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and loans payable. The carrying value of the financial instrument approximates its fair value due to its immediate or short-term maturity.

The Company classifies the fair value of financial instruments according to the following hierarchy based on observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. The Company does not have any financial instruments classified under Level 3.

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through its capital management and ensuring that sufficient financial resources to meet liabilities as they come due. As at June 30, 2023, the Company had a cash balance of $190,091 to settle current liabilities of $2,024,641. The Company will need to raise additional funds to meet its liabilities as they come due.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices and foreign exchange rates. The Company does not have any financial assets exposed to market rate risk.

Foreign Exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out entirely in Canada and the Company's exposure to foreign exchange risk is considered low.

Interest Rate Risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities and it does not believe it is currently subject to any significant interest rate risk.

10. CAPITAL MANAGEMENT

The Company has not generated any cash flows from its operations. It has not yet determined whether it will be successful in its endeavours. The Company's primary source of funds comes from the issuance of common shares and external debt financing. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' deficiency and loans. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. Since currently the Company does not have any revenue generating operations, the management has focused on managing the cash outflows by limiting the operating expenses.

There have been no changes to the Company's approach to capital management during the period ended June 30, 2023. There are no externally imposed restrictions on the Company's capital.

(Expressed in Canadian dollars)

11. LEGAL CLAIM

On August 19, 2022, a claim was filed in the Provincial Court of British Columbia (Small Claims Court) by Alfred & Company Advisors Inc. (the "Claimant"). The Company was named as one of the defendants (the "Defendants"). The Claimant demanded for unpaid fees for the months of March to July 2022 pursuant to the service contract with First Responder, as well as payments in the event of termination without just cause for $35,000, plus an extra $266 for filing and service fees, for a total amount of $35,266. The Defendants has filed a counter claim dated September 6, 2022, alleging the Claimant has breached and misrepresented the service contracts with Defendants and demanding the repayment of the excess compensation received by the Claimant for approximately $31,000. The Company considered the claim filed by the Claimant has no merit and will defend it vigorously.

12. INCOME TAXES

In assessing deferred income tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment and concluding the deferred tax assets were not realized.

The following table reconciles the amount income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2023	**2022**
Canadian statutory income tax rate	27%	27%
	$	$
Loss for the year before income taxes	(422,779)	(485,310)
Expected income tax recovery	(114,150)	(131,034)
Change in estimate	76,786	130,504
Change in unrecognized temporary differences	37,364	(530)
Income tax expense	-	-

The significant components of the Company's temporary differences that have not been included in the statement of financial position are presented below:

	2023	**2022**
	$	$
Intangible assets	3,087,300	3,087,300
Equipment	93,200	93,200
Share issuance costs	71,680	172,900
Non capital losses carried forward	9,626,100	9,388,500

As at June 30, 2023, the Company had non-capital losses carried forward of approximately $9,626,100 which may be applied to reduce future years' taxable income, subject to final determination by taxation authorities, expiring in 2043.

13. PROPOSED TRANSACTION

On May 8, 2023, the Company entered into a Share Exchange Agreement (the “Share Exchange Agreement”) with Quebec Pegmatite Corp. (“QPC”) (the “Proposed Transaction”). Pursuant to the Share Exchange Agreement the Company will acquire all of the issued and outstanding common shares of QPC (the “QPC Shares”) and shareholders of QPC will receive common shares of the Company (the “First Responder Shares”) in exchange for their QPC Shares, resulting in a reverse takeover of the Company by QPC.

It is intended that First Responder Shares will be issued to holders of QPC Shares on the basis of one (1) First Responder Shares for every one (1) QPC Share at a deemed price of $0.42 per First Responder Share, resulting in the issuance of an aggregate 11,000,000 First Responder Shares to the shareholders of QPC.

In connection with the Proposed Transaction, QPC will arrange a concurrent non-brokered private placement of QPC Shares at $0.25 per QPC Share for gross proceeds of up to $1,250,000 (the “Concurrent Financing”). Subscribers of the Concurrent Financing shall exchange their QPC Shares for First Responder Shares upon closing of the Proposed Transaction.

The Proposed Transaction is subject to shareholder and regulatory approval.