ALPHAGEN INTELLIGENCE CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

In Canadian Dollars, unless noted
(Audited)

Charlton
+Company

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
AlphaGen Intelligence Corp.

Opinion

We have audited the accompanying consolidated financial statements of AlphaGen Intelligence Corp. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS.

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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 2 the consolidated financial statements, which indicates that the Company incurred a net loss of $3,189,921 during the year ended June 30, 2024 and had a deficit of $21,197,535. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of AlphaGen Intelligence Corp. for the June 30, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on October 30, 2023.

Key Audit Matters

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

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

<u>Revenue</u>

As described in Note 4 to the consolidated financial statements, the Company earns revenue primarily through product development and monthly subscriptions. Sales of software services are recognized upon the delivery date of each purchase order. Each purchase order stipulates the transaction price and the delivery requirements. The purchase orders are determined to have one distinct performance obligation, as the services are highly integrated and interdependent.

We consider revenue recognition to be a key audit matter, as it represents an area of significant risk of material misstatement. A high degree of auditor judgment, subjectivity, and effort is required in determining the nature and extent of the procedures performed and audit evidence obtained to assess the occurrence, completeness, and accuracy of the revenue recognized.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Review of the Company's accounting policy for revenue for compliance with IFRS;
- Obtaining copies of purchase orders and client calculations to test and recalculate contracts;
- Testing sales transactions against sales invoices and purchase orders, on a sample basis, to assess whether revenues have been recognized in accordance with the Company's accounting policy; and
- Perform cut-off testing to ensure the revenues are recognized in the correct period.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Melyssa Charlton.

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
October 28, 2024

AlphaGen Intelligence Corp.
Consolidated Statements of Financial Position
As at June 30, 2024 and 2023
In Canadian Dollars, unless noted

As at	Notes		June 30, 2024		June 30, 2023
					(restated)
ASSETS					
Current Assets					
Cash		$	17,125	$	154,356
Accounts receivable			-		260,027
GST receivable			11,000		19,549
Prepaids			-		140,899
			28,125		**574,831**
Non-current Assets					
Goodwill	**5**		-		2,425,425
TOTAL ASSETS			**28,125**		**3,000,256**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	**9**		416,363		363,713
Related party loans	**9**		115,000		65,000
Government loan – current	**6**		23,636		-
Acquisition payable	**5**		-		65,000
			554,999		**493,713**
Non-current Liabilities					
Government loan – long term	**6**		32,728		60,000
TOTAL LIABILITIES			**587,727**		**553,713**
SHAREHOLDERS’ EQUITY (DEFICIENCY)					
Share capital	**7**		15,950,678		15,950,678
Shares to be issued	**14**		12,149		-
Reserves	**7**		4,712,964		4,541,337
Accumulated other comprehensive loss			(37,858)		(37,858)
Deficit			(21,197,535)		(18,007,614)
TOTAL SHAREHOLDERS’ EQUITY (DEFICIENCY)			**(559,602)**		**2,446,543**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY (DEIFICENCY)		**$**	**28,125**	**$**	**3,000,256**

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

Nature of operations (Note 1)
Going concern (Note 2)
Contingencies (Note 13)
Subsequent events (Note 14)

Approved on behalf of the Board of Directors:

“Eli Dusenbury”, Director *“Jonathan Anastas”,* Director

AlphaGen Intelligence Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended June 30, 2024 and 2023
In Canadian Dollars, unless noted

	Notes		June 30, 2024		June 30, 2023
					(restated)
Revenues	**8**	$	794,771	$	1,859,182
Cost of Sales			(196,753)		(788,767)
GROSS MARGIN			**598,018**		**1,070,415**
EXPENSES					
Advertising and marketing			31,364		6,752
Consulting and payroll			542,300		762,910
Management fees	**9**		240,037		337,886
Office and miscellaneous			90,361		139,631
Professional fees			99,575		98,787
Share-based payments	**7,9,14**		183,776		1,100,581
Tournament prizes			-		20,942
Transfer agent and filing fees			34,285		52,436
OPERATING EXPENSES			**(1,221,698)**		**(2,519,925)**
TOTAL OPERATING LOSS			**(623,680)**		**(1,449,510)**
Foreign exchange gain			84		13,648
Impairment of goodwill	**5**		(2,425,425)		-
Write-off of prepaid			(140,900)		-
Reversal of liabilities			-		257,953
Interest expense			-		(4,310)
Bad debt expense			-		(72,359)
			(2,566,241)		194,932
NET LOSS AND COMPREHENSIVE LOSS		**$**	**(3,189,921)**	**$**	**(1,254,578)**
Loss per share, basic and diluted		$	(0.03)	$	(0.01)
Weighted average number of common shares outstanding – Basic and diluted			91,223,380		90,845,709

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

AlphaGen Intelligence Corp.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the Years Ended June 30, 2024 and 2023
In Canadian Dollars, unless noted

	Common shares	Share capital	Shares to be issued	Reserves	Accumulated OCI	Deficit	Total
	#	$	$	$	$	$	$
Balance, June 30, 2022	**90,823,380**	**15,886,678**	**-**	**3,504,756**	**(37,858)**	**(16,753,036)**	**2,600,540**
Shares issued pursuant to RSUs exercised	400,000	64,000	-	(64,000)	-	-	-
Share-based payment pursuant to options granted	-	-	-	7,205	-	-	7,205
Share-based payment pursuant to RSUs granted	-	-	-	1,093,376	-	-	1,093,376
Loss for the year	-	-	-	-	-	(1,254,578)	(1,254,578)
Balance, June 30, 2023	**91,223,380**	**15,950,678**	**-**	**4,541,337**	**(37,858)**	**(18,007,614)**	**2,446,543**
Obligation to issue shares	-	-	12,149	-	-	-	12,149
Share-based payment pursuant to options granted	-	-	-	131,003	-	-	131,003
Share-based payment pursuant to RSUs granted	-	-	-	40,624	-	-	40,624
Loss for the year	-	-	-	-	-	(3,189,921)	(3,189,921)
Balance, June 30, 2024	**91,223,380**	**15,950,678**	**12,149**	**4,712,964**	**(37,858)**	**(21,197,535)**	**(559,602)**

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

AlphaGen Intelligence Corp.
Consolidated Statements of Cash Flow
For the Years Ended June 30, 2024 and 2023
In Canadian Dollars, unless noted

For the Year Ended June 30,	Notes	2024	2023
			(restated)
OPERATING ACTIVITIES			
Net loss for the year		$ (3,189,921)	$ (1,254,578)
Items not affecting cash:			
Share-based payments	**7,9,14**	183,776	1,100,581
Impairment of goodwill	**5**	2,425,425	-
Bad debt expense		-	72,359
Write-off of prepaid		140,899	-
Reversal of liabilities		-	(257,953)
Change in non-cash working capital items:			
Accounts receivable		260,027	(259,635)
GST receivable		8,549	158,479
Prepaids		-	(140,899)
Accounts payable and accrued liabilities		52,650	(61,858)
Cash used in operating activities		**(118,595)**	**(643,504)**
INVESTING ACTIVITY			
Acquisition of Shape	**5**	(65,000)	(435,000)
Cash used in investing activity		**(65,000)**	**(435,000)**
FINANCING ACTIVITIES			
Proceeds from loans from related parties	**9**	50,000	25,000
Repayment of government loan	**6**	(3,636)	-
Cash provided by financing activities		**46,364**	**25,000**
Net change in cash		(137,231)	(1,053,504)
Cash, beginning of year		154,356	1,207,860
Cash, end of year		**17,125**	**154,356**

There was no interest or taxes paid during the years ended June 30, 2024 and 2023.

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

1. NATURE OF OPERATIONS

AlphaGen Intelligence Corp. (Formerly: Alpha Metaverse Technologies Inc.) (the “Company” or “Alpha”) was incorporated under the laws of British Columbia on March 1, 2019. The Company’s registered office is 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

On April 13, 2020, the Company completed the Share Exchange Agreement (“Agreement”) with eSports Enterprises Inc. ("eSports"), a private company. Pursuant to the terms of the Agreement, the shareholders of eSports transferred all of their issued and outstanding shares to the Company in exchange for a pro-rata number of shares of the Company. Consequently, the transaction constituted control of eSports by the Company, with eSports representing a wholly-owned subsidiary of the Company for accounting and reporting purposes.

On May 14, 2021, the Company's shares began trading on the Canadian Securities Exchange ("CSE") and now trade under the symbol, "AIC".

The Company is a technology-driven organization specializing in the creation of immersive content for the metaverse and augmented reality landscapes. The Company’s expertise extends to various domains, including gaming and gaming-as-a-service (“GaaS”) applications, as well as the implementation of generative artificial intelligence (“AI”). The Company is dedicated to metaverse development and offer services aimed at enhancing the profitability and engagement within eSports and gaming ecosystems.

These consolidated financial statements were approved by the Board of Directors on October 28, 2024.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. During the year ended June 30, 2024, the Company realized a net loss of $3,189,921 (2023 - $1,254,578), and as of June 30, 2024, has an accumulated deficit of $21,197,535 (2023 - $18,007,614) and working capital deficiency of $526,874 (2023 - working capital surplus of $81,118). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. If for any reason, the Company is unable to continue as a going concern, this could result in adjustments to the amounts and classifications of assets and liabilities in the Company’s consolidated financial statements and such adjustments could be material. As a result, these circumstances comprise a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

3. BASIS OF PRESENTATION

a) Basis of preparation

These consolidated financial statements have been prepared using IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Basis of consolidation

These financial statements include the operations of the Company and its subsidiaries, as follows:

Subsidiary	Country	Ownership Percentage	
		2024	2023
eSports Enterprises Inc. ("eSports")	USA – Delaware	100%	100%
GamerzArena LLC ("GamerzArena")	USA – Delaware	100%	100%
Shape Immersive Entertainment Inc. ("Shape")	Canada – British Columbia	100%	100%

Consolidation of an investee begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All significant intercompany transactions and balances have been eliminated.

c) Foreign currencies

The Company's presentation currency is the Canadian dollar. The Company and Shape's functional currency is the Canadian dollar, while eSports and GamerzArena's functional currency is the US dollar.

Foreign currency transactions occurring in the Company's subsidiaries that have the same functional currency as the Company's presentation currency are translated as follows:

Monetary assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the date of the statement of financial position. Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

The results and financial position of the Company's subsidiaries that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the year;
- Equity is translated using historical rates; and
- All resulting exchange differences are recognised in other comprehensive income as foreign currency translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income (loss). When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive loss.

d) Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, contingent assets, contingent liabilities, at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. As at June 30, 2024, management has identified the following material estimates:

i) Share-based payments
Management determines fair value for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Similar calculations are made to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

ii) Impairment considerations
Goodwill impairment testing requires management to make critical estimates within the impairment testing model. On an annual basis, the Company tests whether goodwill is impaired. The recoverable value of goodwill is determined using discounted cash flow models, which incorporate assumptions about future events including future cash flows, growth rates and discount rates.

In the preparation of these financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. The following critical judgments can have an effect on the amounts recognized in the consolidated financial statements:

i) Functional currency
Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to each individual entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which each entity operates and is re-evaluated when facts and circumstances indicate that conditions have changed.

ii) Reversal of liabilities
In determining whether to reverse certain liabilities, management is required to make judgements about whether a sufficient period of time has passed since the specified vendors have requested payment. After a sufficient amount of time has passed without contact, the Company elects to reverse the associated liabilities and record a recovery on the statement of comprehensive loss.

iii) Revenue recognition – performance obligations
Performance obligations promised in a contract are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct, (i.e., the customer can benefit from the goods or services either on its own or together with other resources that are readily available), and are distinct in the context of the contract (i.e., it is separately identifiable from other goods or services in the contract). To the extent a contract includes multiple promises, we must apply judgment to determine whether those promises are separate and distinct performance obligations. If these criteria are not met, the promises are accounted for as a combined performance obligation.

4. MATERIAL ACCOUNTING POLICY INFORMATION

a. Financial instruments

The following is the Company's accounting policy for financial instruments:

i. Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition.

The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

ii. Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest rate method, net of any impairment. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period. Interest expense is reported in profit or loss.

Financial assets and liabilities at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets and liabilities carried at FVTOCI are initially recorded at fair value less transaction costs. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in comprehensive income or loss in the period in which they arise.

iii. Impairment of financial assets 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 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 profit or 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.

iv. Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Financial liabilities are removed from the consolidated statement of financial position when the contract is extinguished, or, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss is recorded in profit or loss.

b. Goodwill

Goodwill represents the excess of the purchase price paid for an acquisition over the fair value of the net tangible and intangible assets acquired. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill has an indefinite useful life, is not subject to amortization and therefore, subject to impairment testing annually for any impairment, or more frequently in the case that events or circumstances indicate. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units or group of cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

c. Impairment

At each consolidated statement of financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows 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 or cash generating unit 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash- generating unit) is increased to the revised estimate of its recoverable amount, as long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

d. Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity (deficiency). Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units.

The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as reserves.

e. Share-based payments

The Company's share option plan allows employees and consultants to acquire shares of the Company through stock options and restricted share units ("RSUs"). The fair value of share-based payments to employees is measured at grant date using the Black-Scholes Option Pricing Model, and is recognized over the vesting period. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes Option Pricing Model.

The fair value of share-based payments is recognized as an expense with a corresponding increase in reserves. Each tranche options granted is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each consolidated statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The fair value of RSUs is equal to the market price of the Company's common shares on the date of grant. RSUs are redeemable on the vesting date, into an equal number of common shares of the Company.

All share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in the reserve is credited to share capital, adjusted for any consideration paid.

f. Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit.

Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

g. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net loss (the numerator) by the weighted average number of outstanding common shares for the period (the denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same.

h. Revenue

The Company derives revenue principally from product development and monthly subscriptions.

Revenue is recognized when a contract is in place with the customer which clearly identifies the deliverables, it is probable that the economic benefits associated with the transaction will flow to the Company, the amount of revenue can be measured reliably, and collection is reasonably assured.

Sales of software services are recognized upon the delivery date of each purchase order. Each purchase order stipulates the transaction price and the delivery requirements. The purchase orders are determined to have one distinct performance obligation, as the services are highly integrated and interdependent.

Sales of subscriptions are deemed to be one performance obligation and we recognize revenue from these arrangements rateably over the subscription term as the performance obligation is satisfied.

i. Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. 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.

j. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

k. Leases

The Company considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients basis. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the consolidated statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included under current and non-current liabilities.

During the year ended June 30, 2024, the Company recognized rent expense of $10,263 (2023 - $18,574) in relation to short-term leases.

l. Restatement

During the year ended June 30, 2024, it was determined that there was an overstatement of revenues and accounts receivables of $205,000 during the year ended June 30, 2023. Based on the Company's accounting policy for recognizing revenues, the $205,000 was instead recognized during the year ended June 30, 2024.

As a result, the Company's June 30, 2023 numbers were restated as follows:

- In the consolidated statement of financial position, accounts receivables was decreased to $260,027, current assets decreased to $574,831, deficit was increased to $18,007,614, and total assets and total liabilities and shareholders' equity was decreased to $3,000,256.

- In the consolidated statement of loss and comprehensive loss, revenues decreased to $1,859,182, gross margin decreased to $1,070,415, and loss and comprehensive loss increased to $1,254,578.

- The consolidated statement of shareholders' equity (deficiency) reflects the amended loss for the year and the total deficit.

- In the consolidated statement of cash flows, there was no impact on the operating, investing, or financing activity balances.

In Canadian Dollars, unless noted

m. Future accounting standards

Certain pronouncements have been issued by the IASB that are effective for accounting periods beginning on or after January 1, 2024. The Company has reviewed these updates and determined that none are applicable or consequential to the Company and have been excluded from discussion within the material accounting policy information.

5. GOODWILL

The Company completed the acquisition of Shape on May 5, 2022 pursuant to the following terms:

a) Payment of an aggregate of $500,000 in cash to the Shape shareholders on the closing date of the acquisition (paid);

b) Issuance of an aggregate of 14,000,000 common shares in the capital of the Company to the Shape shareholders on the closing date (issued);

c) Payment of an aggregate of $500,000 in cash to the Shape shareholders by November 1, 2022 (paid); and

d) Issuance of an aggregate of 840,000 common shares to certain individuals for services rendered in connection with the successful completion of the transaction (issued).

On December 28, 2022, the Company amended the acquisition agreement (“Amended Agreement”), deferring payment of the second $500,000 (the “Second Payment”) until September 24, 2023, provided, however, that:

i) Shape has positive net income (adjusted for certain non-cash items) during a calendar month, in which case the Company will pay down all or part of the Second Payment; or

ii) The Company raises sufficient debt or equity financing to satisfy any remaining amount due, in which case the Company will pay the Second Payment.

During the year ended June 30, 2023, a total of $435,000 was paid towards the Second Payment with the remaining $65,000 paid during the year ended June 30, 2024.

The Company had previously recognized goodwill of $2,425,425 on the acquisition, due to the benefit of expected revenue growth and future market developments on the acquisition date. As at June 30, 2024, the goodwill was determined to be fully impaired. During the year ended June 30, 2024, the Company’s sole customer cancelled its ongoing contract with the Company and the Company was unable to secure any additional customer contracts. Although the Company continues to look for new contracts, it has yet to secure any new contracts and has determined that the goodwill balance will not be recoverable.

The following is a continuity of the Company’s goodwill:

	$
Balance, June 30, 2022 and 2023	**2,425,425**
Impairment	(2,425,425)
Balance, June 30, 2024	**-**

In Canadian Dollars, unless noted

6. GOVERNMENT LOAN

Prior to its acquisition by the Company, Shape entered into an agreement with Western Economic Diversification Canada to receive a term loan of $60,000 under the Regional Relief and Recovery Fund program (the "Government Loan"). The Government Loan was used to pay for operating costs during a period where the Company's revenues were temporarily reduced due to economic impacts of the COVID-19 virus. The outstanding amount of the Government Loan that is not repaid by March 28, 2024 becomes immediately repayable in 33 consecutive monthly instalments beginning April 30, 2024. The Company has begun making monthly payments towards the Government Loan.

The following is a continuity of the Company's Government Loan:

	$
Balance, June 30, 2022 and 2023	**60,000**
Repayments	(3,636)
Balance, June 30, 2024	**56,364**
Current portion	23,636
Long term portion	32,728

7. SHARE CAPITAL

a) Authorized and Issued Share Capital

The authorized capital of the Company consists of an unlimited number of voting Class A common shares (without par value) and an unlimited number of non-voting Class B common shares (without par value).

During the year ended June 30, 2024, the Company had had no common shares transactions.

During the year ended June 30, 2023, the Company had the following common shares transaction:

i. 400,000 restricted-share-units were converted to common shares. The fair value of $64,000 was transferred from reserves to share capital.

b) Share Purchase Warrants

A summary of the changes in the Company's share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, June 30, 2022	**20,707,230**	**0.44**
Expired	(8,797,090)	0.50
Balance, June 30, 2023	**11,910,140**	**0.39**
Expired	**(11,910,140)**	**0.39**
Balance, June 30, 2024	**-**	**-**

On March 7, 2024, 11,910,140 warrants with an exercise price range of $0.25 to $0.40 per warrant expired unexercised.

In Canadian Dollars, unless noted

c) Performance Warrants

On September 1, 2020, the Company granted an aggregate of 7,000,000 performance warrants to certain consultants as consideration for the performance of ongoing services. These warrants were to become exercisable subject to the Company achieving certain milestones.

During the year ended June 30, 2022, 50% of the performance warrants (3,500,000 performance warrants) vested and became exercisable. As a result, the Company recognized the fair value of the performance warrants in share-based payments, which was measured at $317,144 using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 2.61%, expected stock price volatility of 100%, expected life of 1.33 years, and expected dividend yield of $nil.

On September 1, 2023, all of the 7,000,000 warrants expired unexercised.

d) Options

The Company has a stock option plan which allows the Board of Directors to grant stock options, RSUs, and deferred share units to employees, directors, officers, and consultants. The exercise price is determined by the Board of Directors provided the minimum exercise price is set at the Company's closing share price on the day before the grant date. The options can be granted for a maximum term of five years and vesting terms are determined by the Board of Directors at the date of grant. The common shares reserved for issuance cannot exceed 20% of the issued and outstanding common shares of the Company.

A summary of the changes in the Company's stock options is as follows:

	Number of Options	Weighted Average Exercise Price ($)
Balance, June 30, 2022	**5,785,000**	**0.43**
Forfeited	(350,000)	0.39
Granted	1,350,000	0.14
Balance, June 30, 2023	**6,785,000**	**0.38**
Expired	(5,135,000)	0.44
Forfeited	(165,000)	0.14
Balance, June 30, 2024	**1,485,000**	**0.18**

As at June 30, 2024, the Company held the following options:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price
October 7, 2024*	300,000	300,000	0.34
June 21, 2026	1,185,000	1,185,000	0.14
	1,485,000	**1,485,000**	**$ 0.18**

*Subsequent to June 30, 2024, these options expired unexercised.

At June 30, 2024, the weighted-average remaining life of the options was 1.63 years.

During the year ended June 30, 2024, the Company recognized $131,003 (2023 - $7,205) in share-based payment expense related to the granting and vesting of options. These amounts were valued using the Black-Scholes Option Pricing Model based on the following assumptions:

In Canadian Dollars, unless noted

	June 30, 2024	June 30, 2023
Risk-free interest rate	-	4.22%
Expected life	-	2.4 years
Expected volatility	-	140%
Expected dividend yield	-	Nil

e) Restricted Share Units

A summary of the changes in the Company's RSUs is as follows:

	Number of Units
Balance, June 30, 2022	**1,975,000**
Granted	8,100,000
Forfeited	(100,000)
Converted to common shares	(400,000)
Balance, June 30, 2023	**9,575,000**
Forfeited	(4,500,000)
Balance, June 30, 2024, Outstanding and Exercisable	**5,075,000**

During the year ended June 30, 2024, the Company recognized $40,642 (2023 - $1,093,376) in share-based payment expense related to the RSUs granted.

8. REVENUES AND SEGMENTED DISCLOSURES

During the years ended June 30, 2024 and 2023, the Company recognized revenue from the following segmented revenue streams:

For the Year Ended June 30,	2024	2023
	$	$
Product development – United States based	792,758	1,850,192
Monthly online subscriptions	2,013	8,990
Total	**794,771**	**1,859,182**

The Company's major customers for its product development revenues are as follows:

For the Year Ended June 30,	2024	2023
	$	$
Customer 1	792,758	1,574,565
Customer 2	-	221,020
Customer 3	-	54,607

The Company's cost of sales consists of cost of direct labour related to the creation of product development. All of the Company's assets and labour is located in Canada.

In Canadian Dollars, unless noted

9. RELATED PARTY TRANSACTIONS AND BALANCES

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

All transactions with related parties have occurred in the normal course of operations and have been measured at the exchange amount, which the amount agreed to by the related parties.

The aggregate value of transactions relating to key management personal during the year ended June 30, 2024 and 2023 are as follows:

	2024	2023
	$	$
Management fees(1)(2)(3)	240,037	337,886
Other fees(4)	4,305	12,550
Share-based payments	97,040	166,337
Total	**341,382**	**516,773**

Notes for the year months ended June 30, 2024, the Company incurred:

1) $102,750 (2023 - $201,535) of management fees in provision of CEO services from the former CEO of the Company. Further, the Company recognized $12,149 (2023 - $nil) in share-based payments for milestones achieved and settled through the issuance of 607,444 common shares issued subsequent to year end (note 14).
2) $72,000 (2023 - $72,000) of management fees in provision of CFO services from a company controlled by the CFO and Director of the Company.
3) $65,287 (2023 - $64,351) of management fees in provision of director services from a company controlled by Director of the Company.
4) $4,305 (2023 - $12,550) was paid to a company controlled by the brother of a director of the Company.

As at June 30, 2024, a balance of $236,725 (2023 - $100,042) was owing to key management personnel for fees incurred on behalf of the Company with these amounts all included in accounts payable and accrued liabilities. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

As at June 30, 2024, the Company had a balance of $40,000 (2023 - $40,000) of loan payable owing to a director of the Company. The amount is non-interest bearing, unsecured, and has no specific terms of repayment.

As at June 30, 2024, the Company had a balance of $75,000 (2023 - $25,000) of loan payable owing to a Company controlled by the brother of a Director of the Company. The amount is non-interest bearing, unsecured, and has no specific terms of repayment.

10. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	June 30, 2024	June 30, 2023
	$	$
Loss before income tax	(3,189,921)	(1,254,578)
Tax rate	27%	27%
Expected tax recovery	(861,000)	(339,000)
Non-deductible differences	51,000	298,000
Adjustment to prior years provision versus tax returns	82,000	83,000
Change in unrecognized deductible temporary differences	728,000	(42,000)
Income tax expense	-	-

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following temporary differences:

In Canadian Dollars, unless noted

	June 30, 2024	June 30, 2023
	$	$
Share issuance costs	40,000	68.000
Equipment	2,000	2,000
Goodwill	573,000	-
Non-capital losses carried forward	2,804,000	2,621,000
Deferred tax assets not recognized	**3,419,000**	**2,691,000**

The Company has Canadian non-capital losses totalling approximately $10,365,000 (2023 - $9,688,000) available to reduce Canadian taxable income in future years. If unused, these non-capital losses will expire between 2040 and 2044. The Company also U.S. non-capital losses of approximately $23,000.

11. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

12. RISK MANAGEMENT

a) Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

i. **Capital Risk**
The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

ii. **Credit Risk**
Credit risk is the risk that a counterparty will be unable to pay any amounts owed to the Company. The Company is exposed to credit risk on its cash and accounts receivable. The Company manages its credit risk on its cash by holding its cash in large Canadian financial institutions. As at June 30, 2024, the Company's accounts receivable are nominal and as a result, the Company is not exposed to credit risk.

iii. **Liquidity Risk**
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at June 30, 2024, the Company's working capital deficiency is $526,874 (June 30, 2023 – working capital surplus of $81,118). The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2024, the Company had cash of $17,125 (2023 - $154,356).

iv. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

v. Currency Risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency risk.

The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is not significant, and therefore, does not hedge its foreign exchange risk.

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies, stated at the Canadian dollar equivalent:

	June 30, 2024	June 30, 2023
Cash - $USD	-	100,000
Accounts receivable - $USD	-	260,000
Accounts payable and accrued liabilities - $USD	126,000	(108,000)

Based on the above net exposure and assuming that all other variables remain constant a 10% change in the value of the foreign currencies against the Canadian dollar would result in a $17,000 increase or decrease in the Company's net loss (2023 – $34,000).

b) Fair Values

The carrying values of cash, accounts receivable, related party loans, accounts payable and accrued liabilities, and government loan, approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have any financial instruments classified as at fair value.

13. CONTINGENCIES

Due to the size and nature of the Company's operations, the Company may, from time-to-time, be subject to threats for potential or actual litigation. During the year end, June 30, 2024, a previous consultant for eSports claimed eSports owes him USD$26,250 under a previous contract. Although the Company disputes that the services were not provided, the full amount of this claim is recognized within accounts payable and accrued liabilities as of June 30, 2024 and 2023.

14. SUBSEQUENT EVENTS

Subsequent to year end, the Company:

- issued 2,055,000 common shares to settle $102,750 in unpaid fees to the Company's former CEO. Further, the Company issued 607,444 common shares pursuant to milestones reached, recorded at the grant date fair value of the shares $12,149, recognized within Reserves as of June 30, 2024.

- received loans totaling $15,000 from a related party of the Company. The amounts are non-interest bearing, unsecured, and have no specific terms of repayment.

- 300,000 stock options with an exercise price of $0.34 expired unexcised.