GENERATIVE AI SOLUTIONS CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED OCTOBER 31, 2023 AND 2022

(Expressed in Canadian Dollars)

(Unaudited)

GENERATIVE AI SOLUTIONS CORP.

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in Canadian Dollars)

	October 31, 2023	January 31, 2023
	$	$
ASSETS		
Current		
Cash	**2,162,470**	444,885
GST and taxes recoverable	**26,421**	-
Income tax receivable	**199,919**	-
Prepaid expenses and deposits (Note 6)	**739,811**	351,356
	3,128,621	796,241
Intangible assets (Note 7)	**3,339,598**	150,000
Investment (Note 8)	**9,866,000**	-
Equipment (Note 12)	**2,568,452**	-
	18,902,671	946,241
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**60,897**	17,209
Acquisition costs payable (Note 7)	**150,000**	150,000
Convertible and promissory notes (Note 10)	**626,516**	-
Due to related party	**11,875**	11,875
	849,288	179,084
Non-current		
Convertible and promissory notes (Note 10)	**332,946**	226,912
	1,182,234	405,996
EQUITY		
Share capital (Note 11)	**19,388,203**	428,010
Special warrants	**10,000**	10,000
Convertible promissory note reserve	**88,200**	88,200
Contributed surplus	**605,985**	-
Retained earnings (deficit)	**(2,371,951)**	14,035
	17,720,437	540,245
	18,902,671	946,241

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

Approved and authorized for issuance on behalf of the Board on December 22, 2023:

/s/ Ryan Selby, Director *>/s/ Aaron Bowden,* Director

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

GENERATIVE AI SOLUTIONS CORP.

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

(Expressed in Canadian Dollars)

	Three Months Ended Oct 31, 2023	Three Months Ended Oct 31, 2022	**Nine Months Ended Oct 31, 2023**	Nine Months Ended Oct 31, 2022
	$	$	**$**	$
EXPENSES				
Advertising and promotion	**154,858**	-	**286,012**	-
Amortization of intangible asset (Note 7)	**7,500**	-	**22,500**	-
Accretion and interest expense	**75,033**	-	**98,762**	-
Office and miscellaneous	**3,715**	-	**110,652**	-
Professional fees (Note 9)	**302,115**	-	**698,363**	-
Research and development	**122,775**	-	**358,768**	-
Listing recovery	**-**	-	**(73,952)**	-
Share-based compensation (Note 11)	**-**	-	**605,985**	-
Rent	**10,500**	-	**24,100**	-
Travel	**11,521**	-	**107,847**	-
Net loss before other items	**(688,017)**	-	**(2,239,037)**	-
OTHERITEMS				
Other income	**-**	-	**399**	-
Bad debt expense	**(9,352)**	-	**(9,352)**	
Loss on settlement of debt	**-**	-	**(171,963)**	-
Foreign exchange gain	**533**	-	**33,967**	-
Net and comprehensive loss for the period	**(696,835)**	-	**(2,385,986)**	-
Loss per share (basic and diluted)	**(0.01)**	-	**(0.04)**	-
Weighted average number of common shares outstanding	**66,094,031**	-	**66,094,031**	-

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

GENERATIVE AI SOLUTIONS CORP.

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

(Expressed in Canadian Dollars)

	Number of shares							
	Common and Class B Shares	**Multiple Voting Shares**	**Amount**	**Special Warrants**	**Convertible Promissory Note Reserve**	**Contributed Surplus**	**Retained Earnings (Deficit)**	**Total**
			$	**$**	**$**	**$**	**$**	**$**
Balance as at January 31, 2022	1,000	-	10	-	-		(1,210)	(1,200)
Comprehensive loss	-	-	-	-	-		-	-
Balance as at October 31, 2022	**1,000**	**-**	**10**	**-**	**-**		**(1,210)**	**(1,200)**
Balance as at January 31, 2023	42,801,001	-	428,010	10,000	88,200	-	14,035	540,245
Private Placement	17,970,531	-	6,588,172	-	-	-	-	6,588,172
Elimination of Ultron share capital following RTO	(51,176,001)	-	-	-	-	-	-	-
Issuance of common shares for the Ultron acquisition	51,176,001	-	677,976	-	-	-	-	677,976
RTO transaction	4,519,837	1,030	-	-	-	-	-	-
Conversion of preferred shares to common	213,893	(214)	-	-	-	-	-	-
Conversion to Class B Shares	815,611	(816)	-	-	-	-	-	-
Acquisition of Global AI Billing	7,500,000	-	8,550,000	-	-	-	-	8,550,000
Acquisition of Pulse AI	1,630,435	-	1,532,609	-	-	-	-	1,532,609
Other	-	-	13,610	-	-	-	-	13,610
Shares issued Pulse AI acquisition	1,630,435	-	1,597,826	-	-	-	-	1,597,826
Share-based compensation	-	-	-	-	-	605,985	-	605,985
Comprehensive loss	-	-	-	-	-	-	(2,385,986)	(2,385,986)
Balance as at October 31, 2023	**77,081,743**	**-**	**19,388,203**	**10,000**	**88,200**	**605,985**	**(2,371,951)**	**17,720,437**

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

GENERATIVE AI SOLUTIONS CORP.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

(Expressed in Canadian Dollars)

	For the nine months ended Oct 31, 2023	For the nine months ended Oct 31, 2022
	$	**$**
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	**(2,385,988)**	-
Items not affecting cash		
Listing recovery	**(73,952)**	-
Accretion and interest expense	**75,033**	-
Amortization expense	**22,500**	-
Loss on settlement of debt	**171,963**	-
Share-based compensation	**605,985**	-
Changes in non-cash working capital balances:		
GST and taxes recoverable	**(226,340)**	-
Prepaid expenses and deposits	**(203,497)**	-
Accounts payable	**43,690**	-
Cash used by operating activities	**(1,970,606)**	-
INVESTING ACTIVITIES		
Cash from RTO transaction	**566,969**	-
Purchase of intangible asset	**(68,053)**	-
Purchase of equipment	**(2,568,452)**	-
Cash used by investing activities	**(2,069,536)**	-
FINANCING ACTIVITIES		
Repayments of promissory notes	**(830,445)**	-
Proceeds from issuance of common stock	**6,588,172**	-
Cash provided by financing activities	**5,757,727**	-
CHANGE IN CASH DURING THE PERIOD	**1,717,585**	-
CASH, BEGINNING OF PERIOD	**444,885**	-
CASH, END OF PERIOD	**2,162,470**	**-**
SUPPLEMENTAL CASH DISCLOSURES		
Interest and income taxes paid	**-**	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Generative AI Solutions Corp. (or the "Company") was incorporated in the Province of British Columbia on July 6, 2018, under the Business Corporations Act of British Columbia ("BCBCA") under the name Gamora Capital Corp. On March 11, 2021, the Company changed its name to PODA Lifestyle & Wellness Ltd. On September 27, 2021, the Company changed its name to PODA Holdings, Inc. On June 24, 2022, the Company changed its name to Idle Lifestyle, Inc. On February 4, 2023, the Company changed its name to Generative AI Solutions Corp. The Company's principal business activity is to identify and develop or acquire assets in the artificial intelligence and machine learning technology space.

The Company's head office is located at 550 Burrard Street, Suite 2300, Vancouver, British Columbia, V6C 2B5.

The accompanying interim consolidated interim financial statements comprise the financial statements of the Company and its legal subsidiaries.

On April 18, 2023, the Company announced that it been had granted approval by the Canadian Securities Exchange ("CSE") to begin trading of its common shares under the symbol "AICO". The listing is the result of the closing of the Company's business combination with Ultron Capital Corp. ("Ultron") pursuant to the terms of the business combination agreement dated February 16, 2023. Under the terms of the business combination agreement, the Company acquired all of the issued and outstanding securities of Ultron in exchange for 51,176,001 common shares of the Company (the "Transaction"). The Transaction resulted in a reverse takeover of the Company by Ultron, which constituted a fundamental change of the Company, as defined in the policies of the CSE. As the Company did not meet the definition of a business as defined by International Financial Reporting Standards ("IFRS") 3, the Transaction has been accounted for as a share-based payment transaction in accordance with IFRS 2.

As at October 31, 2023, the Company has not generated any revenue or cash flow from operations. These consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months.

The Company's ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities, when due, is dependent upon the Company's ability to execute its business plan which may require additional financing. The timing and availability of additional financing will be determined largely by the performance of the Company and market conditions and there is no certainty that the Company will be able to raise funds as they are required in the future. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

These consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated interim financial statements, then adjustments would be necessary to reflect these interim consolidated interim financial statements on a liquidation basis which could differ from accounting principles applicable to a going concern.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. In preparation of these consolidated interim financial statements, the Company has consistently applied the same accounting policies disclosed in its audited annual financial statements, with the exception of the new accounting standards adopted in the current year, as described below.

These consolidated interim financial statements were authorized for issue by the Board of Directors on December 22, 2023.

b) Basis of measurement

These consolidated interim financial statements have been prepared on a historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as disclosed in Note 3.

The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

The preparation of these consolidated interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated interim financial statements are disclosed in Note 3.

c) Basis of consolidation

These consolidated interim financial statements include the financial statements of the Company and the subsidiaries controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated interim financial statements from the date on which control is transferred to the Company until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

Company	Place of Incorporation	Percentage of ownership
Global AI Billing Corp.	Canada	100%
Global AI Newswire Inc.	Canada	100%
Ultron Capital Inc.	Canada	100%
GenAI Tobacco Inc.	Canada	80%
MAI Cloud Solutions Inc.	Canada	100%
1431885 B.C. Ltd.	Canada	70%
Pulse AI Compute Solutions Inc.	Canada	100%
R&R&D Solutions Inc.	Canada	100%

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting estimates and judgements

The preparation of these consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

i. inputs used in the measurement of share-based compensation.

Significant accounting judgment

i. the evaluation of the Company’s ability to continue as a going concern;
ii. the evaluation on whether or not an acquisition of a business is considered a business combination or an asset acquisition;
iii. the determination of categories of financial assets and financial liabilities;
iv. Useful lives of long lived assets.

b) Income taxes

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments

Financial assets

On initial recognition financial assets are classified as measured at:

i. Amortized cost;

ii. Fair value through other comprehensive income ("FVOCI"); and

iii. Fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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:

i. 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 rate method.

The Company does not have any assets classified at amortized cost.

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI 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 Consolidated Interim Statement of Loss and Comprehensive Loss in the period in which it arises.

The Company's cash and its investment is classified at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

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 classifies its accounts payable, acquisition costs payable and convertible and promissory notes at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

d) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued.

The Company has adopted the residual method with respect to the measurement of common shares and warrants issued as equity units. Warrants that are part of units are assigned a value based on the residual value, if any, and included in the reserves.

e) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of long-lived assets

Long-lived assets, including intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

g) Intangible assets

Intangible assets consist of applications powered by artificial intelligence. Costs related to the intangible assets are carried at cost less accumulated amortization and impairment. Intangible assets with indefinite lives are not amortized but are tested annually for impairment. Any impairment of intangible assets is recognized in the statements of comprehensive loss but increases in intangible asset values are not recognized.

Estimated useful lives of intangible assets are shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

h) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

i) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date 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, and are recorded at the date the goods or services are received. 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 equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Business acquisitions

The Company assesses whether an acquisition should be accounted for as an asset acquisition or a business combination under IFRS 3 Business Combinations. This assessment requires management to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business and the Company obtains control of the business inputs and processes.

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. Assets are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

k) Equipment

Equipment is recorded at cost less accumulated amortization and accumulated impairment losses, if any.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, initial estimates of the costs of dismantling and removing an item and restoring the site on which it is located, and, where applicable, borrowing costs.

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures and building improvements, are capitalized.

Amortization is recognized in operations on a straight-line basis over the estimated useful lives of each asset or component part of an item of equipment, depending on which method (and rate) most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Equipment	3 years, straight line

Amortization methods and useful lives are reviewed at each annual reporting date and adjusted as appropriate.

l) Convertible debt

Convertible debentures, where applicable, are separated into their liability and equity components using the effective interest method. The fair value of the liability component at the time of the issue is determined based on an estimated interest rate of the debentures without the conversion feature. The fair value of the equity component is determined as the difference between the face value and the fair value of the liability component.

(Expressed in Canadian Dollars)

4. ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

5. REVERSE TAKEOVER TRANSACTION

On April 17, 2023, the Company closed the Transaction with Ultron pursuant to the terms of the business combination agreement dated February 16, 2023. Under the terms of the business combination agreement, the Company acquired all of the issued and outstanding securities of Ultron in exchange for 51,176,001 common shares of the Company. The Transaction resulted in a reverse takeover of the Company by Ultron, which constituted a fundamental change of the Company, as defined in the policies of the CSE. As the Company did not meet the definition of a business as defined by International Financial Reporting Standards ("IFRS") 3, the Transaction has been accounted for as a share-based payment transaction in accordance with IFRS 2.

In accordance with the principles of reverse takeover accounting, the Company will report the operations of Ultron, and its related historical comparatives as its continuing business, except for the legal capital shown in the consolidated interim statements of changes in equity and in Note 11, which have been adjusted to reflect the share capital of Ultron. The acquisition date fair value of the consideration was estimated based on the net asset value of Ultron, as follows:

	$
Consideration paid	
Common shares deemed to be issued (4,519,837 at $0.15 per share)	677,976
Assets acquired	
Current assets (including cash of $566,969, income taxes receivable of $199,919)	798,267
Current liabilities assumed – accounts payable	(46,339)
Net assets	751,928
RTO recovery	(73,952)

6. PREPAID CONSULTING FEE

On January 10, 2023, Ultron entered into a one-year consulting services agreement for a total fee of $367,500. The consultant will assist the Company in identifying and facilitating a strategic transaction with an entity which has intellectual property assets in artificial intelligence and machine learning. In addition, the consultant will help the Company raise debt and equity financing and obtain a listing on a recognized stock exchange in North America.

The Company paid the consulting fee by issuing a non-refundable convertible promissory note (Note 9). As at October 31, 2023, the remaining prepaid balance of consulting services was $86,589.

(Expressed in Canadian Dollars)

7. INTANGIBLE ASSETS

The intangible assets consist of a mobile application powered by artificial intelligence with an estimated useful life of five years which was acquired by the Company for a purchase price of $150,000 during the year ended January 31, 2023. The application is in development and is expected to be ready for use by the end of calendar 2023.

On June 13, 2023, the Company acquired all the outstanding shares of Pulse AI Compute Solutions Inc. ("Pulse AI") from Minework Technologies Pte Ltd. ("Minework") in exchange for 1,630,435 common shares of the Company valued at $1,500,000. With the acquisition the Company acquired access to technology related to a manufacturer's inception program and a customer relationship. The acquisition was considered an asset purchase for accounting purposes as Pulse AI had no additional assets or liabilities.

In addition, the Company agreed to issue to Minework certain amounts of additional common shares if the following milestones are achieved:

a) Upon Pulse AI or the Company entering into an agreement to provide services or products to a certain customer, $1,500,000 worth of common shares will be issued (milestone met - 1,630,435 common shares issued); and
b) For each $1,500,000 of committed revenue generated by Pulse AI following the closing date , $1,500,000, up to a maximum of $4,500,000 worth of common shares to be issued.

On August 14, 2023, the Company's subsidiary, 1431885 B.C. Ltd. entered into a purchase agreement with Metachain Technologies Inc. to acquire certain intellectual property assets from Metachain, which include all intellectual property rights, source code, interface and other elements of a software package required to operate an artificial intelligence asset which will function as a virtual assistant mobile application expected to be marketed under the name "SpeakGPT".

	Customer relationship and other intangible assets	Accumulated Amortization	Total
	$	$	$
Balance April 30, 2022	-	-	-
Addition	150,000	-	150,000
Balance, January 31, 2023	150,000	-	150,000
Additions	3,212,098	-	3,212,098
Amortization	-	(22,500)	(22,500)
Balance, October 31, 2023	3,362,098	(22,500)	3,339,598

In the current period the Company recognized amortization expense of $22,500.

8. INVESTMENT

On May 2, 2023 the Company acquired all of the securities of Global AI Billing Corp. (Global AI Billing) in exchange for the issuance of 7.5 million common shares, an unsecured promissory note of USD $500,000 and the assumption of an unsecured promissory note of USD$750,000, for total consideration valued at $9,866,000. Both the promissory notes bear interest at 5% annually and are due April 15, 2025. At the time of the transaction, Global AI Billing's primary asset was the ownership of 10% in Remitz, Inc, a medical billing provider that has developed proprietary artificial intelligence technology to efficiently collect outstanding receivables on behalf of medical organizations in the United States. The acquisition was considered an asset purchase for accounting purposes and Global AI had no other assets or liabilities.

(Expressed in Canadian Dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS

All related party transactions have occurred in the normal course of operations. Related party transactions occur and are recorded at the amounts agreed between the parties.

Key management compensation

Key management is comprised of the Company's directors and executive officers. The Company incurred the following key management compensation during the periods ended October 31, 2023 and July 31, 2022:

	2023	2022
	$	$
Professional fees	**192,516**	-
Share-based compensation	**478,409**	-
	670,925	-

10. CONVERTIBLE INSTRUMENTS AND PROMISSORY NOTES

On January 10, 2023, Ultron issued a convertible promissory note with a principal amount of $367,500 as payment for a consulting agreement (Note 5). The convertible promissory note does not bear interest and matures on December 31, 2025. The convertible promissory note is convertible into common shares of the Company at $0.10 per common share at the discretion of the holder at any time after October 31, 2025, until the maturity date. The convertible promissory note holder may not exercise the conversion right in respect of any portion of the convertible promissory note if, after the conversion, it would hold more than 10% of the outstanding common shares of the Company. The liability component of the convertible promissory note of $226,912 was measured at the fair value of a similar liability that did not have an equity conversion option using a discount rate of 18%. Subsequent to the Transaction, the liability component of the convertible promissory note is carried at amortized cost.

On June 19, 2023, the Company announced that it had amended the conversion price of the convertible debenture issued in connection with the Company's acquisition of Global AI Billing Corp. Pursuant to the Amendment, the convertible debenture, which has a principal amount of US$500,000 and bears an interest rate of 5% per year, is now convertible to GenAI Shares at a price of $0.79 per GenAI Share. As at October 31, 2023, the carrying value of the convertible debenture was $626,516.

On May 2, 2023, the Company entered into a loan agreement (the "Loan") with Exponential Genomics, Inc., in which the Company received US$250,000. The Company agreed to repay the principal on or before April 25, 2025. The Loan will bear interest at the rate of 5% per annum, compounded annually. On June 30, 2023, the Company repaid US$125,000 of the outstanding loan. As at October 31, 2023, the outstanding loan balance is $106,035.

On May 2, 2023, the Company entered into a loan agreement with Romatex Trading AG ("Romatex") in which the Company received US$500,000. The Company agreed to repay the principal on or before April 15, 2025. The unpaid principal balance outstanding under the loan will bear interest at the rate of 5% per annum, compounded annually. As at October 31, 2023, the Company has repaid US$500,000 to Romatex and recorded a loss on debt settlement of $171,963.

11. SHARE CAPITAL

Authorized Share Capital

The Company announced that effective February 13, 2023, the equity securities of the Company, consisting of Subordinate Voting Shares and Multiple Voting Shares of the Company will be consolidated on the basis of one (1) post-consolidated share outstanding for every thirty (30) pre-consolidated share of the same class (the "Share Consolidation"). The Subordinate Shares began trading on a Consolidated basis on the CSE at the open of markets on February 13, 2023. All share and per share figures in these consolidated interim financial statements have been adjusted on a retroactive basis to reflect the Share Consolidation.

On April 11, 2023, the Company amended its authorized capital by, (i) creating a new class of common shares in the capital of the Company; (ii) redesignating the Subordinate Voting Shares to be Class B Shares; (iii) amending the rights and restrictions of the Class B Shares so that the Class B Shares shall be converted into common shares, such that, on a per-holder basis, 10% of the issued and outstanding Class B Shares will be

converted into common shares on a date that is 24 months after the business combination with Ultron Capital Corp., and 15% are to be converted every 3 months thereafter; and (iv) by amending the rights and restrictions of the Multiple Voting Shares such that they are to be converted into Class B Shares immediately upon a resolution of the Board approving the conversion on a 1,000 Class B Shares for each Multiple Voting Share basis.

Share Transactions

The Company issued the following shares during the period ended October 31, 2023:

(i) As described in Note 5, the Company acquired all of the issued and outstanding securities of Ultron in exchange for 51,176,001 common shares of the Company. The value of the common shares issued (4,519,837 at $0.15 per share) was $677,976.
(ii) The Company issued 213,893 common shares of the Company after the conversion of 214 preferred shares to the former Poda Shareholders.
(iii) The Company converted all 816 of its outstanding Preferred Multiple Voting Shares into 815,611 Class B shares.
(iv) The Company completed a private placement for gross proceeds of $1,215,271 by issuance of 8,375,000 common shares
(v) The Company completed a private placement for gross proceeds of $5,372,901 by issuance of 9,595,531 units. Each unit consists of one common share and one common share purchase warrant at a conversion price of $1.65 per warrant share exercisable for a period of 24 months.
(vi) The Company issued 7,500,000 common shares in conjunction with the acquisition of all the securities of Global AI Billing at a value of $8,550,000.
(vii) The Company issued 3,260,870 common shares to acquire Pulse AI, at a value of $3,130,435.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

Warrants

Movements in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	Number of warrants	Weighted average exercise price $
Outstanding, January 31, 2022	1,288,846	21.00
Exercised	(858,335)	(3.00)
Outstanding, January 31, 2023	430,511	56.51
Granted	9,595,531	1.65
Expired	(163,011)	-
Outstanding, October 31, 2023	9,863,031	3.64

Warrants outstanding and exercisable as at October 31, 2023 are as follows:

Number of Warrants				
Outstanding	Exercisable	Exercise Price	Expiry Date	Contractual Life of Warrants Remaining
250,000	250.000	$75.00	August 4, 2024	0.76 years
17,500	17,500	$75.00	August 4, 2024	0.76 years
9,595,531	9,595,531	$1.65	June 6, 2025	1.60 years
9,863,031	9,863,031	$3.64		1.04 years

As at October 31, 2023, 9,863,031 warrants are outstanding with a weighed average exercise price of $3.64 and a weighted average remaining contractual life of 1.04 years.

Stock options

The Company has adopted a rolling incentive stock option plan (the “Option Plan”) which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange’s requirements, grant to Directors, officers, employees or consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 15% of the issued and outstanding common shares of the Company. Options and RSU’s granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

On April 17, 2023, the Company granted a total of 4,750,00 incentive stock options to advisors and other eligible persons of the Company. The options vested immediately and are exercisable over a period of five years at a price of $0.15 per share.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

Movements in the number of stock options outstanding and their related weighted average exercise prices are as follows:

	Number of options	Weighted average exercise price $
Outstanding, January 31, 2022	178,835	5.28
Exercised	(149,268)	(4.55)
Forfeitures and cancellations	(6,667)	(3.00)
Outstanding, January 31, 2023	22,900	11.07
Granted	4,750,000	0.15
Outstanding, October 31, 2023	4,772,900	0.20

Stock options outstanding and exercisable as at October 31, 2023 are as follows:

Number of Stock Options				
Outstanding	Exercisable	Exercise Price	Expiry Date	Contractual Life of Options Remaining
400	400	$4.73	March 15, 2024	0.37 years
6,667	6,667	$3.00	January 15, 2026	2.21 years
2,500	2,500	$3.00	March 30, 2026	2.41 years
13,333	13,333	$16.80	November 1, 2026	3.01 years
4,750,000	4,750,000	$0.15	April 17, 2028	4.47 years
4,772,900	4,772,900	$0.20		4.46 years

As at October 31, 2023, 4,772,900 stock options are outstanding with a weighed average exercise price of $0.20 and a weighted average remaining contractual life of 4.46 years.

The fair value of the options granted during the year using the Black Scholes option pricing model was $605,985 using the following assumptions: exercise price of $0.15, share price of $0.15, estimated volatility of 125%, expected life of 5 years and a risk-free rate of 3.15%.

For the period ended October 31, 2023, the Company recognized share-based compensation of $605,985 (2022: $nil) related to stock options granted and vested during the period.

12. Equipment

On July 27, 2023, the Company purchased equipment for $2,568,452. The Company did not record any amortization as the equipment wasn't available for use.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISKS

Fair values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at October 31, 2023 and January 31, 2023, as follows:

		October 31, 2023		
	Carrying value $	Level 1 $	Level 2 $	Level 3 $
Cash	2,162,470	2,162,470	-	-
Investment	9,866,000	-	-	9,866,000

		January 31, 2023		
	Carrying value $	Level 1 $	Level 2 $	Level 3 $
Cash	444,885	444,885	-	-

The fair values of other financial instruments, which include accounts payable, acquisition costs payable, convertible and promissory notes, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit risk

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure on any outstanding accounts receivable. The carrying amount of financial assets represents the maximum credit exposure.

Currency risk

The Company has minimal financial assets and liabilities held in foreign currencies.

Interest rate risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity. The Company's amounts due to related parties are non-interest bearing.

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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

14. CAPITAL MANAGEMENT

The Company manages its capital to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of all components of shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities, as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the period ended January 31, 2023.