GENERATIVE AI SOLUTIONS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED OCTOBER 31, 2024 AND 2023

(Expressed in Canadian Dollars)

(Unaudited)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Generative AI Solutions Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

GENERATIVE AI SOLUTIONS CORP.
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars - unaudited)

	As at October 31, 2024 $	As at January 31, 2024 $
ASSETS		
Current		
Cash	**852,165**	1,656,973
Accounts and other receivables	**71,122**	366,652
Prepaid expenses	**1,069,335**	710,828
	1,992,622	2,734,453
Non-current		
Equipment (Note 5)	**1,485,363**	2,127,476
TOTAL ASSETS	**3,477,985**	4,861,929
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	**325,138**	106,860
Deferred revenue	**3,891**	68,227
Convertible and promissory notes (Note 7)	**1,018,864**	682,452
Derivative liability (Note 7)	**62,197**	45,041
	1,410,090	902,580
Non-current		
Convertible and promissory notes (Note 7)	**-**	267,756
TOTAL LIABILITIES	**1,410,090**	1,170,336
EQUITY		
Share capital (Note 8)	**19,776,518**	19,539,018
Convertible promissory note reserve	**88,200**	88,200
Shares to be issued	**-**	237,500
Contributed surplus	**665,155**	615,106
Retained earnings (deficit)	**(18,218,227)**	(16,613,274)
Equity attributable to shareholders of parent	**2,311,646**	3,866,550
Non-controlling interest (Note 12)	**(243,751)**	(174,957)
TOTAL EQUITY	**2,067,895**	3,691,593
TOTAL LIABILITIES AND EQUITY	**3,477,985**	4,861,929

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

Approved and authorized for issuance on behalf of the Board on December 23, 2024:

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

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

GENERATIVE AI SOLUTIONS CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and nine months ended October 31, 2024 and 2023
(Expressed in Canadian Dollars - unaudited)

	Three months ended Oct 31, 2024	Three months ended Oct 31, 2023	**Nine months ended Oct 31, 2024**	Nine months ended Oct 31, 2023
	$	$	**$**	$
REVENUE				
Hosting services	**203,306**	-	**643,358**	-
COST OF SALES				
Amortization of equipment (Note 5)	**214,038**	-	**642,113**	-
Hosting expenses	**90,120**	-	**270,730**	-
GROSS LOSS	**(100,852)**	-	**(269,485)**	-
OPERATING EXPENSES				
Advertising and promotion	**87,486**	154,858	**263,302**	286,012
Bank service charges	**713**	-	**2,235**	-
Legal fees	**-**	-	**1,610**	-
Office and miscellaneous	**15,497**	11,215	**67,561**	133,152
Professional fees (Note 6)	**262,972**	302,115	**748,883**	698,363
Research and development	**76,918**	122,775	**270,120**	358,768
Rent	**10,500**	10,500	**31,500**	24,100
Share-based compensation (Note 6 and 8)	**16,683**	-	**50,049**	605,985
Travel	**541**	11,521	**18,103**	107,847
Transfer agent	**4,454**	-	**18,761**	-
	475,764	612,994	**1,472,124**	2,214,227
OPERATING LOSS	**(576,616)**	(612,994)	**(1,741,609)**	(2,214,227)
Other expenses (income)				
Accretion and interest expense (Note 7)	**12,082**	(75,033)	**68,656**	(98,762)
Other income	**(148,253)**	-	**(148,253)**	399
Unrealized exchange gain	**(1,374)**	-	**(4,810)**	73,952
Loss on settlement of debt	-	-	**-**	(171,963)
Bad debt expense	-	(9,352)	**-**	(9,352)
Fair value gain – derivative liability (Note 7)	-	-	**17,156**	-
Foreign exchange gain	**(112)**	533	**(611)**	33,967
	(438,959)	(696,835)		
Loss before income taxes			(1,673,747)	(2,385,986)
Current tax expense	-		**-**	-
Net and comprehensive loss for the period	**(438,959)**	(696,835)	**(1,673,747)**	(2,385,986)
Net loss attributable to				
Shareholders	**(421,654)**	(696,835)	**(1,604,953)**	(2,385,986)
Non-controlling Interest (Note 12)	**(17,305)**	-	**(68,794)**	-
	(438,959)	(696,835)	**(1,673,747)**	(2,385,986)
Loss per share (basic)	**(0.01)**	(0.01)	**(0.02)**	(0.04)
Weighted average number of common shares (basic)	**77,198,866**	66,094,031	**77,198,866**	66,094,031

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

GENERATIVE AI SOLUTIONS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the periods ended October 31, 2024 and 2023
(Expressed in Canadian Dollars - unaudited)

	Number of Shares										
	Common Shares	Class B Shares	Multiple Voting Shares	Share Capital	Special Warrants	Commitment to issue shares	Convertible Promissory Note Reserve	Contributed Surplus	Retained Earnings (Deficit)	Non-controlling Interest	Total
				$	$	$	$	$	$	$	$
Balance as at January 31, 2023	42,801,001	-	-	428,010	10,000	-	88,200		14,035	-	540,245
Private placements	8,175,000	-	-	1,214,675	-	-	-	-	-	-	1,214,675
Elimination of Ultron share capital following RTO	(51,176,001)	-	-	-	-	-	-	-	-	-	-
Common shares issued for the Ultron acquisition	51,176,001	-	-	-	-	-	-	-	-	-	-
RTO transaction	-	4,519,837	1,030	832,401	-	-	-	-	-	-	832,401
Conversion of preferred shares to common shares	-	213,893	(214)	-	-	-	-	-	-	-	-
Conversion to Class B Shares	-	815,611	(816)	-	-	-	-	-	-	-	-
Private Placements subsequent to RTO	9,595,531	-	-	5,373,497	-	-	-	-	-	-	5,373,497
Exercise of special warrants	200,000	-	-	10,000	(10,000)	-	-	-			-
Acquisition of Global AI Billing	7,500,000	-	-	8,550,000	-	-	-	-	-	-	8,550,000
Acquisition of Pulse AI	3,260,870	-	-	3,310,435	-	-	-	-	-	-	3,310,435
Share-based compensation	-	-	-	-	-	-	-	605,985	-	-	605,985
Comprehensive loss	-	-	-	-	-	-	-	-	(2,385,986)	-	(2,385,986)
Balance as at October 31, 2023	**71,532,402**	**5,549,341**		**-19,539,019**	**-**	**-**	**88,200**	605,985	(2,371,951)	-	18,041,252
Balance as at January 31, 2024	71,532,402	5,549,341		-19,539,018	-	237,500	88,200	615,106	16,613,274	(174,957)	3,691,593
Share-based compensation	-	-	-	-	-	-	-	50,049	-	-	50,049
Issuance of common shares to consultant	250,000	-	-	237,500	-	(237,500)	-	-	-	-	-
Comprehensive loss	-	-	-	-	-		-	-	(1,604,953)	(68,794)	(1,673,747)
Balance as at October 31, 2024	**71,782,402**	**5,549,341**		**-19,776,518**	**-**	**-**	**88,200**	**665,115**	**(18,218,227)**	**(243,751)**	**2,067,895**

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

GENERATIVE AI SOLUTIONS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended October 31, 2024 and 2023
(Expressed in Canadian Dollars – unaudited)

~~**(Expressed in Canadian Dollars)**~~

	2024 $	2023 $
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	**(1,673,747)**	(2,385,986)
Items not affecting cash		
Accretion and interest expense	**68,656**	-
Listing recovery	**-**	(73,952)
Amortization of equipment	**642,113**	22,500
Loss on settlement of debt	**-**	171,963
Fair value gain – derivative liability	**17,156**	-
Share-based compensation	**50,049**	605,985
Changes in non-cash working capital balances:		
Accounts and other receivable	**295,530**	(226,342)
Accounts payable and accrued liabilities	**218,278**	43,690
Deferred revenue	**(64,336)**	-
Prepaid expenses and deposits	**(358,507)**	(203,497)
Cash used by operating activities	**(804,808)**	(1,970,606)
INVESTING ACTIVITIES		
Cash from RTO transaction	**-**	566,969
Purchase of intangible asset	**-**	(68,053)
Purchase of property, plant, and 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 shares	-	6,588,172
Cash provided by financing activities	**-**	5,757,727
CHANGE IN CASH DURING THE PERIOD	**(804,808)**	1,717,585
CASH, BEGINNING OF PERIOD	**1,656,973**	444,885
CASH, END OF PERIOD	**852,165**	2,162,470

The accompanying notes are an integral part of these unaudited condensed 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. 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.

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”) , 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 comparative financial statements in periods prior to the Transaction as its continuing business, except for the legal capital shown in the consolidated statements of changes in equity, which have been adjusted to reflect the share capital of the Company.

These unaudited condensed interim consolidated financial statements comprise the financial statements of the Company and its legal subsidiaries (Note 2(c)).

These unaudited condensed interim consolidated 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. During the first nine months ended October 31, 2024, the Company incurred a net loss of $1,673,747 and as at October 31, 2024 had an accumulated deficit of $18,218,227. 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. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. 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 unaudited condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were inappropriate. If the going concern basis were not appropriate, adjustments would be necessary to present these unaudited condensed interim consolidated financial statements on a liquidation basis, which could significantly differ from accounting principles applicable to a going concern. Such adjustments could be material.

(Expressed in Canadian Dollars - unaudited)

2. BASIS OF PREPARATION

a) Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The principal accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are set out below.

These policies have been consistently applied to all years presented.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on December 23, 2024.

b) Basis of measurement

These unaudited condensed interim consolidated 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.

c) Basis of consolidation

These unaudited condensed interim consolidated 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 unaudited condensed interim consolidated 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	Consolidated since
Global AI Billing Corp.	Canada	100%	May 2, 2023
Global AI Newswire Inc.	Canada	70%	May 29, 2023
Ultron Capital Inc.	Canada	100%	April 17, 2023
GenAI Tobacco Inc.	Canada	80%	May 19, 2023
MAI Cloud Solutions Inc.	Canada	100%	June 12, 2023
1431885 B.C. Ltd.	Canada	70%	August 4, 2023
Pulse AI Compute Solutions Inc.	Canada	100%	June 19, 2023
R&R&D Solutions Inc.	Canada	100%	January 31, 2023

(Expressed in Canadian Dollars - unaudited)

3. MATERIAL ACCOUNTING POLICIES

a) Material accounting estimates and judgements

The accounting policies applied in these unaudited condensed consolidated interim financial statements are the same as those applied in the Company's annual audited financial statements as at and for the year ended January 31, 2024.

4. REVERSE TAKEOVER TRANSACTIONS

a) Transaction during the year ended January 31, 2024:

On April 17, 2023, the Company closed the Transaction with Ultron under the terms of the business combination agreement dated February 16, 2023 (Note 1). The transaction was undertaken to establish a presence in the AI industry by leveraging Ultron's existing connections in this field. At the time of the transaction, Ultron was engaged in ongoing negotiations with various vendors and parties regarding potential acquisitions that could significantly enhance revenues in the AI sector. The synergy created by this transaction was expected to position the Company for future success in the AI industry.

Per the agreement, the Company acquired all issued and outstanding securities of Ultron in exchange for 51,176,001 common shares of the Company. Prior to the transaction, the Company had 5,549,341 Class B shares outstanding. Upon completion, former Ultron shareholders held approximately 90% of the total issued and outstanding common shares of the Company, resulting in a reverse takeover of the Company by Ultron. This constituted a fundamental change for the Company as defined by the policies of the CSE.

Since the Company did not meet the definition of a business according to IFRS 3 – *Business Combinations*, the transaction has been accounted for as a share-based payment transaction under IFRS 2 – *Share-based Payment.* Consequently, the transaction has been treated as a capital transaction with Ultron identified as the acquirer, and the equity consideration measured at fair value in accordance with IFRS 2.

For purposes of this transaction, the consideration received was the fair value of the Company's net assets and liabilities, after deducting transaction costs, which on April 17, 2023 was $832,401.

The fair value of the consideration paid of $832,401 has been allocated as follows:

	$
Consideration paid	
Common shares deemed to be issued (5,549,341 at $0.15 per share)	832,401
Cash	3,869,250
Accounts receivable	20,747
Prepaid expenses and deposits	43,751
Due from intercompany	100
Accounts payable	(183,421)
Income taxes payable	(2,900,081)
Total fair value of net assets acquired	850,346
Transaction costs	(17,945)
Fair value of consideration paid	832,401

(Expressed in Canadian Dollars - unaudited)

b) Transaction during the year ended January 31, 2023:

On January 31, 2023, the Company acquired 100% of the outstanding shares of R&R&D Solutions Inc. ("RRD") (the "Acquisition") through the issue of 42,801,000 common shares of the company to the shareholders of RRD. The Acquisition resulted in the shareholders of RRD acquiring controlof the Company. Therefore, the Acquisition has been accounted for as a reverse acquisition and, as the Company did not meet the definition of a business as defined by IFRS 3 – *Business Combinations*, it has been accounted for as a share-based payment transaction in accordance with IFRS 2. The legal subsidiary, RRD, has been determined to have acquired control of theCompany and is the acquirer for accounting purposes.

The purchase consideration is measured as the fair value of the common shares the accounting acquirer would have had to issue to give previous shareholders of the accounting acquiree thesame percentage equity interest in the resultant combined entity together with the fair value of the deemed replacement of the equity component of the convertible promissory note. The previous shareholders of the accounting acquiree have a nominal interest in the resultant combined entity and therefore the fair value of the common shares was determined to be nominal. The fair value of the deemed replacement of the equity component of the convertible promissory note was measured on the date of the Acquisition using the Black-Scholes optionpricing model with the following assumptions:

Exercise price	$0.10
Share price	$0.05
Expected life	2.92 years
Risk-free interest rate	3.91%
Expected volatility	100%
Dividend rate	Nil

The difference between the fair value of the consideration paid and the fair value of the net assets acquired is recorded as a gain on the acquisition in the consolidated statement of income(loss) and comprehensive income (loss).

Fair value of consideration		
1 common share	$	-
Deemed replacement of equity component of convertible promissory note		88,200
		88,200
Identifiable net assets of the Company acquired by RRD		
Prepaid consulting fee		346,356
Accounts payable and accrued liabilities		(9,999)
Convertible promissory note		(226,912)
		109,445
Gain on acquisition	**$**	**21,245**

(Expressed in Canadian Dollars - unaudited)

5. EQUIPMENT

On July 27, 2023, the Company purchased equipment for $2,568,452. As at October 31, 2024, the Company has recorded amortization expense on the equipment of $1,083,089.

	Total
	$
Cost	
Balance, January 31, 2023	–
Additions	2,568,452
Balance, January 31, 2024	2,566,822
Balance, October 31, 2024	2,566,822
Balance, January 31, 2023	–
Depreciation	440,976
Balance, January 31, 2024	440,976
Depreciation	642,113
Balance, October 31, 2024	1,083,089
Balance, January 31, 2024	2,127,476
Balance, October 31, 2024	**1,485,363**

6. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties include key management personnel and may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are recorded at the exchange amount, being the amount agreed to between the related parties.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors. The Company incurred the following key management compensation during the periods ended October 31, 2024 and October 31, 2023:

	2024	2023
	$	$
Professional fees	**270,420**	192,516
Share-based compensation	**50,050**	478,409
	320,470	670,925

The Company accrued $52,051 (2023 - $nil) in accounts payable and accrued liabilities to a consulting company that has substantial holdings in the Company during the period ended October 31, 2024. This amount is unsecured, bears no interest and has no specific terms of repayment.

As at October 31, 2024, accounts payable and accrued liabilities included $225,661 (2023 - $209,991) due to Directors of the Company. This amount is unsecured, bears no interest and has no specific terms of repayment. During the period ended October 31, 2024, the Company engaged in the following transactions with Metachain

Technologies Inc., a related party due to common directors and its non-controlling interest in one of the Company's subsidiaries (Note 12):

- Research and development expenses of $262,344.
- On May 14, 2024, the Company issued 250,000 shares to Metachain Technologies, Inc. at a price of $0.95 per share per the terms of the Management Services Agreement entered into between the parties on May 4, 2023.

During the period ended October 31, 2024, the Company paid rent of $31,500 (2023 - $24,100) to an entity that is controlled by the spouse of the CEO of the Company, from the CEO and his spouse receive an economic benefit.

7. CONVERTIBLE INSTRUMENTS AND PROMISSORY NOTES

On January 10, 2023, the Company issued a convertible promissory note with a principal amount of $367,500 as payment for a consulting agreement. 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%. The difference between the face value of the note and the amount allocated to the liability component was allocated to the equity component. Subsequent to the initial recognition, the liability component of the convertible promissory note is carried at amortized cost. As at October 31, 2024, the amortized cost of the debt was $267,756. The equity component is not subsequently remeasured and remains the same.

On May 2, 2023, the Company issued a secured convertible debenture to Exponential Genomics, Inc.("Exponential") in connection with the Company's acquisition of Global AI Billing Corp (Note 10). The convertible debenture, which has a principal amount of $680,900 (US$500,000) and bears an interest rate of 5% per year, is convertible to the Company's common shares at a price of $0.79 per share and matured on May 2, 2024 (the 'Maturity Date'). The convertible debenture was secured against the Company's 10% interest in Remitz Inc. As the convertible debenture is denominated in USD, the instrument contains an embedded derivative liability. As a result, the Company recognized $606,639 (US$445,469) as the fair value of the liability and $344,423 (US$252,917) as the fair value of the derivative liability on issuance. The embedded derivative liability, on issuance, was valued using the Black-Scholes Option Pricing Model assuming an expected life of one year, expected dividend yield of 0%, a risk-free interest rate of 4.56% and an expected volatility of 145.88%. The embedded derivative liability, as at January 31, 2024, was re-measured to fair value at year-end using the Black-Scholes Option Pricing Model assuming an expected life of 0.25 years, expected dividend yield of 0%, a risk-free interest rate of 5.04% and an expected volatility of 354.70%. Accordingly, the Company recognized a gain on valuation of the derivative liability in the amount of $299,382 in the year ended January 31, 2024. As at October 31, 2024, the carrying value of the convertible debenture was $751,108 and the fair value of the derivative liability is $62,197.The convertible debenture terms have been amended such that, the maturity of the convertible debenture has been extended to May 2, 2025.

(Expressed in Canadian Dollars - unaudited)

	As at October 31, 2024	As at January 31, 2024
	$	$
Balance, beginning of year	**950,208**	226,912
Additions	**-**	1,574,136
Accretion and interest expense	**68,656**	140,357
Repayments	**-**	(1,001,013)
Loss on debt settlement	**-**	40,508
Foreign exchange	**-**	(30,692)
Balance, end of year	**1,018,864**	950,208
Current portion	**1,018,864**	682,452
Non-current portion	**-**	267,756

8. SHARE CAPITAL

Authorized Share Capital

The Company has an unlimited number of common shares and class B shares without par value authorized for issuance.

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 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 (April 17, 2025) after the RTO transaction 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.

The holders of Class B Shares are entitled to receive notice of and attend all meetings of the shareholders of the Company, except a meeting of which only the holders of another particular class or series of shares of the Company shall have the right to vote and will be entitled to one vote in respect of each Class B Share held at such meetings. The holders of Class B Shares will be entitled to receive dividends if, as and when declared by the Board. In the event of liquidation, dissolution or winding-up of the Company, the holders of Class B Shares will be entitled to share rateably in any distribution of the property or assets of the Company, subject to the rights of holders of any other class of securities of the Company entitled to receive assets or property of the Company upon such distribution in priority or rateably with all holders of Common Shares (on an as-converted basis).

(Expressed in Canadian Dollars - unaudited)

Share Transactions

The Company issued the following shares during the period ended October 31, 2024:

(i) On May 14, 2024, the Company issued 250,000 shares to Metachain Technologies, Inc. at a price of $0.95 per share per the terms of the Management Services Agreement entered into between the parties on May 4, 2023.

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

(i) On February 8, 2023, the Company issued 213,893 common shares of the Company after the conversion of 214 preferred shares to the former Poda Shareholders.
(ii) On March 7, 2023, the Company completed a private placement for gross proceeds of $1,214,675 by issuance of 8,175,000 common shares and 200,000 common shares upon exercise of special warrants for gross proceeds of $10,000.
(iii) On April 13, 2023, the Company converted all 816 of its outstanding Preferred Multiple Voting Shares into 815,611 Class B shares.
(iv) On April 17, 2023, the Company acquired all of the issued and outstanding securities of Ultron in exchange for 51,176,001 common shares of the Company (Note 4).
(v) On April 17, 2023, the Company issued 5,549,341 common shares valued at $832,401 (Note 4).
(vi) On May 9, 2023, the Company issued 7,500,000 common shares in conjunction with the acquisition of all the securities of Global AI Billing Corp at a value of $8,550,000.
(vii) On June 6, 2023, the Company completed a private placement for gross proceeds of $5,373,497 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 common share for a period of 24 months. The warrants were assigned a $nil value.
(viii) On June 19 2023, the Company issued 1,630,435 common shares at a value of $1,532,609 to acquire Pulse AI Compute Solutions Inc.
(ix) On June 21, 2023, the Company issued 1,630,435 common shares for a performance milestone being satisfied, at a value of $1,597,826.

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, 2023	430,511	56.51
Granted	9,595,531	1.65
Expired	(163,011)	26.17
Outstanding, January 31, 2024	9,863,031	3.64
Expired	(267,500)	(2.03)
Outstanding, October 31, 2024	9,595,531	1.65

Warrants outstanding and exercisable as at October 31, 2024 are as follows:

Number of Warrants				
Outstanding	Exercisable	Exercise Price	Expiry Date	Contractual Life of Warrants Remaining

9,595,531	9,595,531	$1.65	June 6, 2025	0.60 years
9,595,531	9,595,531	$1.65		0.60 years

As at October 31, 2024, 9,595,531 warrants are outstanding with a weighted average exercise price of $1.65 and a weighted average remaining contractual life of 0.60 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 4,750,000 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.

On December 12, 2023, the Company granted a total of 500,000 incentive stock options to a Director of the Company. The options are exercisable over a period of five years at a price of $0.22 per share. 50% of the options vest on December 12, 2024 and the remaining 50% vest on December 12, 2025.

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, 2023	22,900	11.07
Granted	5,250,000	0.16
Outstanding, January 31, 2024	5,272,900	0.20
Expired	(400)	0.00
Outstanding, October 31, 2024	5,272,500	0.20

Stock options outstanding and exercisable as at October 31, 2024 are as follows:

Number of Stock Options				
Outstanding	Exercisable	Exercise Price	Expiry Date	Contractual Life of Options Remaining
6,667	6,667	$3.00	January 15, 2026	1.21 years
2,500	2,500	$3.00	March 30, 2026	1.41 years
13,333	13,333	$16.80	November 1, 2026	2.00 years
4,750,000	4,750,000	$0.15	April 17, 2028	3.46 years
500,000	-	$0.22	December 12, 2028	4.10 years
5,272,500	4,772,900	$0.20		3.52 years

As at October 31, 2024, 5,272,500 stock options are outstanding with a weighted average exercise price of $0.20 and a weighted average remaining contractual life of 3.52 years.

For the period ended October 31, 2024, the Company recognized share-based compensation of $50,049 (2023: $605,985) related to stock options granted and vested during the period.

Share-based compensation for options granted were measured using the Black-Scholes option pricing model with the following assumptions:

	2024	**2023**
Expected life	5.01 years	5 years
Volatility	125%	125%
Dividend yield	0%	0%
Risk-free interest rate	3.15% – 3.44%	3.15% - 3.44%

Option pricing models require the use of highly subjective estimates and assumptions, including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimate.

9. FINANCIAL INSTRUMENTS AND RISKS

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

Currency risk is the risk that the value of financial assets and liabilities denominated in currencies, other than the functional currency of the Company, will fluctuate due to changes in foreign currency exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company is exposed to foreign currency risk through cash held in bank and investment accounts which are denominated in United States dollars (USD). As at October 31, 2024 and 2023, the foreign currency risk was considered minimal.

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. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

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.

10. CAPITAL MANAGEMENT

The Company manages its capital structure, consisting of share capital, and will make adjustments to it depending on the funds available to the Company for its future operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to carry out its planned operations and pay for future general and administrative expenses, the Company expects to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the periods ended October 31, 2024 and 2023.

11. CONCENTRATION OF CUSTOMERS

As at October 31, 2024, the concentration of the Company's revenue is with one customer (2023: 0). Any adverse impact to this customer relationship could negatively impact the Company's operations.

12. NON-CONTROLLING INTEREST

If the Company does not own 100% of the subsidiary or associate (Note 2(d)), the non-controlling interest ("NCI") is classified as a component of equity.

1431885 B.C. Ltd.

In August 2023, the Company and its subsidiary, 1431885 B.C. Ltd. ("Subco"), acquired intellectual property assets (IP Assets) from Metachain Technologies Inc. ("Metachain"), a related party, for USD$50,000 in cash and 300 Subco common shares (Note 7). The acquisition of the IP Assets resulted in the Company holding 70% equity and Metachain holding 30%, giving rise to a non-controlling interest. The IP Assets were valued at $97,217 at acquisition date. During the period ended October 31, 2024, the subsidiary incurred $39,759 in consulting expenses (2023:$nil).

Global AI Newswire Inc.

In May 2023, the Company incorporate a new subsidiary, Global AI Newswire Inc. ("Global AI Newswire"), in partnership with a consulting firm that is a related party. Global AI Newswire was created with the intention of developing a newswire service for investors that uses artificial intelligence to perform various functions related to press releases issued by companies listed on a public stock exchange. The incorporation resulted in the Company holding 70% of the subsidiary's equity and the consulting firm holding 30%, giving rise to a non-controlling interest. During the period ended October 31, 2024, the subsidiary incurred $100,725 in research and development expenses (2023:$nil).

GenAI Tobacco Inc.

In May 2023, the Company incorporate a new subsidiary, GenAI Tobacco Inc. ("GenAI Tobacco"), in partnership with a consulting firm that is a related party. GenAI Tobacco was incorporated with the intention of building a large language model dedicated to harnessing the power of artificial intelligence for the tobacco industry. The incorporation resulted in the Company holding 80% of the subsidiary's equity and the consulting firm holding 20%, giving rise to a non-controlling interest. During the period ended October 31, 2024, the subsidiary incurred $58,242 in research and development expenses (2023:$nil).

As of October 31, 2024, non-controlling interest include the following amounts before intercompany eliminations:

(Expressed in Canadian Dollars - unaudited)

	1431885 B.C. Ltd.	Global AI Newswire Inc.	GenAI Tobacco Inc.	Total
NCI Percentage	30%	30%	20%	
	$	$	$	$
Assets	-	-	-	-
Liabilities	39,759	150,725	58,242	248,726
Non-controlling interest	11,928	45,217	11,648	68,794
Operating expenses	39,759	150,725	58,242	248,726
Net loss attributable to non-controlling interest	11,928	45,217	11,648	68,794

There are no items comprising other comprehensive income or loss during the period ended October 31, 2024 that would be attributed to the non-controlling interests.

A reconciliation of the beginning and ending balance for non-controlling interests is as follows:

		October 31, 2024		January 31, 2024
Balance - beginning of the year	$	(174,957)	$	-
Contribution on date control assumed		-		29,165
Share of net loss		(68,794)		(204,122)
Balance - end of the year or period	$	(243,751)	$	(174,957)