

---

**METAGUEST.AI INCORPORATED**  
(Formerly BNSELLIT TECHNOLOGY INC.)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**June 30, 2024**

---

**NOTICE TO READER**

In accordance with National Policy 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited interim condensed consolidated financial statements, which have been prepared by management and approved by the Audit Committee and Board of Directors.

**METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)**  
**Consolidated Statements of Financial Position**

<b>As at</b>	<b>June 30 2024</b>	<b>December 31 2023</b>
<b>Assets</b>		
Current assets		
Cash	\$ 56,063	\$ 3,477
Accounts receivable	27,552	10,604
Prepaid expenses	12,762	13,923
GST/HST receivable	48,431	41,709
	<u>144,808</u>	<u>69,713</u>
Deposits	3,580	3,580
Equipment (note 6)	1,745	2,053
Right of use asset (note 8)	221,148	266,902
Intellectual property (note 7)	743,806	875,065
<b>Total assets</b>	<u>\$ 1,115,087</u>	<u>\$ 1,217,313</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 431,918	\$ 191,711
Deferred revenue (note 11)	124,688	46,180
Bridge loan (note 10)	-	232,374
Current portion of convertible debentures (note 9)	407,910	166,235
Lease liability (note 8)	68,883	81,687
	<u>1,033,399</u>	<u>718,187</u>
Lease liability (note 8)	149,796	177,481
	<u>149,796</u>	<u>177,481</u>
<b>Total liabilities</b>	<u>1,183,195</u>	<u>895,668</u>
<b>Shareholders' equity</b>		
Share capital (note 12)	4,539,418	3,965,246
Shares to be issued (note 12)	62,545	55,843
Contributed surplus (note 12)	1,064,234	789,549
Equity portion of debentures (note 9)	30,912	17,479
Deficit	(5,765,217)	(4,506,472)
<b>Total shareholders' equity</b>	<u>(68,108)</u>	<u>321,645</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 1,115,087</u>	<u>\$ 1,217,313</u>

**NOTES:**

**Going concern (note 2)**

**Subsequent events (note 16)**

Approved on behalf of the Board

"Doug McCartney" \_\_\_\_\_ Director

"L. Evan Baergen" \_\_\_\_\_ Director

*See accompanying notes to consolidated financial statements.*

**METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)**  
**Consolidated Statements of Net and Comprehensive Loss**

<b>For the three and six months ended June 30</b>	<b>three months 2024</b>	<b>three months 2023</b>	<b>six months 2024</b>	<b>six months 2023</b>
<b>Net revenue</b>				
Revenue	\$ 327,908	\$ 75,419	\$ 555,923	\$ 102,830
Cost of sales	(55,034)	(3,080)	(67,248)	(4,302)
	<u>\$ 272,874</u>	<u>\$ 72,339</u>	<u>\$ 488,675</u>	<u>\$ 98,528</u>
<b>Expenses</b>				
Salaries, wages and benefits	440,962	110,282	728,598	233,466
Share based compensation (note 12(b))	137,343	137,342	274,685	269,065
Subcontractors	150,250	84,139	256,970	114,686
Depreciation	88,662	91,245	177,323	182,489
Professional fees	32,689	32,278	52,690	67,598
Office and administration	94,918	32,627	172,170	53,265
Interest and accretion	21,353	18,458	43,575	50,571
Travel	26,233	1,330	41,409	2,331
	<u>992,410</u>	<u>507,701</u>	<u>1,747,420</u>	<u>973,471</u>
<b>Net loss before extraordinary items</b>	<u>\$ (719,536)</u>	<u>\$ (435,362)</u>	<u>\$ (1,258,745)</u>	<u>\$ (874,943)</u>
Loss on settlement of debentures	-	21,467	-	21,467
<b>Net and comprehensive loss</b>	<u>\$ (719,536)</u>	<u>\$ (456,829)</u>	<u>\$ (1,258,745)</u>	<u>\$ (896,410)</u>
<b>Basic and diluted loss per share</b>	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
<b>Weighted average number of shares outstanding</b>	63,832,228	56,914,381	63,281,555	51,891,876

*See accompanying notes to consolidated financial statements.*

**METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)**  
**Consolidated Statements of Changes in Shareholders' Equity**

	Number of shares	Share capital	Shares to be issued	Contributed Surplus	Convertible Debentures	Deficit	Total
<b>Balance as at December 31, 2022</b>	46,813,565	\$ 2,987,547	\$ -	\$ 242,780	\$ 50,477	\$ (2,663,220)	\$ 617,584
Equity portion of debenture issuances (note 9)	-	-	-	-	5,983	-	5,983
Issuance of units (note 12(a))	14,269,702	856,182	-	-	-	-	856,182
Stock options issued (note 12(b))	-	-	-	269,065	-	-	269,065
Net and comprehensive loss for the period	-	-	-	-	-	(896,410)	(896,410)
<b>Balance as at June 30, 2023</b>	61,083,267	\$ 3,843,729	\$ -	\$ 511,845	\$ 56,460	\$ (3,559,630)	\$ 852,404
<b>Balance as at December 31, 2023</b>	61,429,934	\$ 3,965,245	\$ 55,843	\$ 789,549	\$ 17,479	\$ (4,506,472)	\$ 321,645
Share issuances (note 12(a))	2,942,365	574,173	6,702	-	-	-	580,874
Equity portion of debenture issuances (note 9)	-	-	-	-	13,433	-	13,433
Stock options issued (note 12(b))	-	-	-	274,685	-	-	274,685
Net and comprehensive loss for the period	-	-	-	-	-	(1,258,745)	(1,258,745)
<b>Balance as at June 30, 2024</b>	64,372,299	\$ 4,539,418	\$ 62,545	\$ 1,064,234	\$ 30,912	\$ (5,765,217)	\$ (68,108)

*See accompanying notes to consolidated financial statements.*

**METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)**  
**Consolidated Statements of Cash Flows**

For the six months ended June 30

2024

2023

**Operating activities**

Net and comprehensive loss \$ (1,258,745) \$ (896,410)

Non-cash items

Depreciation 186,257 182,487

Interest and accretion 26,166 28,388

Loss on settlement of debentures - (21,467)

Share based compensation 274,685 269,065

Changes in non-cash working capital

GST/HST receivable (6,722) 32,382

Accounts receivable (16,948) 9,238

Prepaid expenses 1,161 (2,573)

Deferred revenue 78,506 -

Accounts payable and accrued liabilities 240,207 (12,475)

(475,433) (411,365)

**Financing activities**

Shares issued 574,172 856,182

Shares to be issued 6,702 -

Issuance of convertible debentures 235,000 65,000

Payments on convertible debentures - (345,066)

Advance on bridge loan (235,000) -

Lease payments (52,855) (53,893)

528,019 522,223

**Increase (decrease) in cash**

52,586 110,858

**Cash, beginning of period**

3,477 105,394

**Cash, end of period**

\$ 56,063 \$ 216,252

*See accompanying notes to consolidated financial statements.*

**BNSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**June 30, 2024**

---

**1. Nature of operations**

METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.) and its wholly owned subsidiary METAGUEST INCORPORATED (Formerly BnSellit Technology (US) Incorporated) (the "Company") were incorporated under the laws of Alberta on February 4, 2021 and Delaware on May 21, 2021 respectively. The Company holds intellectual property related to the METAGUEST, BNSELLIT and BNBUYIT applications for iOS and Android operating systems.

The Company's corporate office is at 122 Judge Road, Unit 2, Toronto, ON, M8Z 5B7. The Company's Class A common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol METG.

**2. Going concern**

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue operating for the foreseeable future and will be able to realize a return on its assets and discharge its liabilities and commitments in the ordinary course of its business.

For the six months ended June 30, 2024 the Company incurred a net and comprehensive loss of \$1,258,745 (six months ended June 30, 2023 - \$874,943) and deficit of 5,765,217 (December 31, 2023 - \$4,506,472). In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. These conditions indicate the existence of material uncertainty that may cast significant doubt regarding the ability to continue of as a going concern.

The Company's continued existence is dependent upon the commercial success of the intellectual property and the Company's ability to raise additional capital or financing which is uncertain. These consolidated financial statements do not include any adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

**3. Statement of compliance**

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These unaudited interim condensed consolidated financial statements do not include all of the information required for full annual audited financial statements and should be read in conjunction with the Company's annual audited financial statements which have been prepared in accordance with IFRS.

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2024.

**4. Accounting policies**

These unaudited interim condensed consolidated financial statements of the Company have been prepared following the same accounting policies and methods of computation as the annual audited consolidated financial statements at December 31, 2023. The disclosures included below are incremental to those included in the annual audited financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual audited financial statements and notes thereto for the year ended December 31, 2023.

**BSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**June 30, 2024**

---

**5. Use of estimates and judgements**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key areas with estimate uncertainties are as follows:

- a. Indicators of impairment of IP – Management is required to assess, at each reporting date, whether there are any indicators that the asset may be impaired. Management is required to consider information from both external and internal sources.
- b. Fair value of bridge loan and convertible debentures – Management is required to determine the market interest rate for debt of the Company.
- c. Share based compensation – Management is required to determine the appropriate valuation model and determine the inputs for the model. The Company has made estimates on the volatility of its shares as well as the interest rate. The Company has used the Black Scholes model.
- d. Leases - The Company estimates the incremental borrowing rate used to measure the lease liability for the lease contract.

Key areas with judgments in applying accounting policies are as follows:

- a. Going concern – Management is required to make a judgment on whether the Company will be able to continue as a going concern. See note 2.

**6. Equipment**

	<b>Computer equipment</b>
<b>Cost</b>	
As at December 31, 2022	\$ 4,626
Additions	-
As at December 31, 2023	<u>4,626</u>
Additions	-
As at June 30, 2024	<u>\$ 4,626</u>
<b>Accumulated amortization</b>	
As at December 31, 2022	\$ 1,694
Amortization for the year	879
As at December 31, 2023	<u>2,573</u>
Amortization for the period	308
As at June 30, 2024	<u>\$ 2,881</u>
<b>Net Book Value</b>	
As at December 31, 2023	<u>\$ 2,053</u>
As at June 30, 2024	<u>\$ 1,745</u>

**BSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**June 30, 2024**

---

**7. METAGUEST platform intellectual property**

	<b>Intellectual property</b>
<b>Cost</b>	
As at December 31, 2022	\$1,312,598
Additions	-
As at December 31, 2023	<u>1,312,598</u>
Additions	-
As at June 30, 2024	<u>\$1,312,598</u>
 <b>Accumulated amortization</b>	
As at December 31, 2022	\$ 175,013
Amortization for the year	<u>262,520</u>
As at December 31, 2023	437,533
Amortization for the period	<u>131,259</u>
As at June 30, 2024	<u>\$ 568,792</u>
 <b>Net Book Value</b>	
As at December 31, 2023	<u>\$ 875,065</u>
As at June 30, 2024	<u>\$ 743,806</u>



**BNSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**June 30, 2024**

---

**8. Right of use asset and lease liability**

On December 1, 2023, the Company entered into a lease for an office facility. The lease has a term of 36 months and expires November 30, 2026 with an interest rate of 10.2% per annum. The Company's previous lease expired during 2023 with an interest rate of 6% per annum.

**Right of use asset**

As at December 31, 2022	\$ 194,694
Additions	274,528
End of lease	<u>(194,694)</u>
As at December 31, 2023	<u>\$ 274,528</u>
Additions	-
As at June 30, 2024	<u>\$ 274,528</u>

**Accumulated amortization**

As at December 31, 2022	\$ 110,045
Amortization for the period	92,275
End of lease	<u>(194,694)</u>
As at December 31, 2023	<u>\$ 7,626</u>
Amortization for the period	45,755
As at June 30, 2024	<u>\$ 53,381</u>

**Net Book Value**

As at December 31, 2023	<u>\$ 266,902</u>
As at June 30, 2024	<u>\$ 221,148</u>

**Lease liability**

As at December 31, 2022	\$ 87,400
Additions	265,719
Lease interest	4,680
Lease payments	<u>(98,631)</u>
As at December 31, 2023	<u>\$ 259,168</u>
Lease interest	12,366
Lease payments	<u>(52,855)</u>
	<u>\$ 218,679</u>
Less: current portion	<u>(68,883)</u>
As at June 30, 2024	<u>\$ 149,796</u>

The Company is committed to future lease payments as follows:

2024 - \$52,856
2025 - \$105,710
2026 - \$96,901

**BSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**June 30, 2024**

---

**9. Convertible debentures**

**a) \$0.25 Debentures**

On June 6, 2022 (\$100,000), June 30, 2022 (\$46,000), July 4, 2022 (\$90,000), September 12, 2022 (\$95,000), October 21, 2023 (\$112,000), November 9, 2022 (\$50,000), January 31, 2023 (\$25,000), February 28, 2023 (\$15,000) and March 2, 2023 (\$25,000) the Company issued 10% convertible debentures in the principal amount of \$558,000 (see Note 12 and Note 15).

The convertible debentures mature eighteen months from the issue date and are convertible at any point prior to maturity, at the option of the debenture holders, into Class A common shares of the Company at a price of \$0.25 per Class A common share. Interest on the principal amount outstanding is calculated and payable on the 30<sup>th</sup> of each month and was first payable on June 30, 2022.

If the volume weighted average price of the Class A common shares, on the Canadian Securities Exchange, for 10 consecutive trading days equals or exceed \$0.60, the Company may force conversion of all of the principal amount of the convertible debentures at the conversion price, upon giving holder fifteen days advance written notice.

Upon initial recognition, the Company allocated the proceeds between the components based on the fair value of the debt and the residual to the equity component. The fair value of the liability component of \$501,540 (December 31, 2022 - \$442,523) was determined using a market rate of 17%. The value of the equity component amounted to \$56,460 (December 31, 2022 - \$50,477).

On April 21, 2023, the Company settled \$388,000 of the convertible debentures for units of the Company at \$0.06 per unit.

During the period, the Company amended the expiry date of the remaining \$170,000 in convertible debentures to December, 31, 2024.

As at June 30, 2024, the outstanding balances associated with the convertible debentures were as follows:

	<b>June 30</b>	<b>December 31</b>
	<b>2024</b>	<b>2023</b>
<b>Liability component of the convertible debenture</b>		
Opening balance	\$ 166,235	\$ 454,749
Additions	-	59,017
Repayment on settlement	-	(388,000)
Loss on settlement	-	21,467
Accretion	3,614	19,002
Interest	8,477	27,927
Interest paid	(8,477)	(27,927)
	<u>\$ 169,849</u>	<u>\$ 166,235</u>
Less: Current portion	\$ 169,849	166,235
	<u>\$ -</u>	<u>\$ -</u>

**BNSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**June 30, 2024**

---

**9. Convertible debentures, continued**

**b) \$0.30 Debentures**

On February 8, 2024, the Company closed a secured convertible loan in the amount of \$235,000 with a private lender, a company with common officers and directors of the Company. The convertible loan bears an interest rate of 12%, is convertible at a price of \$0.30 per common share and has a maturity date of February 6, 2025. The Corporation has also issued 117,500 share purchase warrants, to the Lender, exercisable for two years at a price of \$0.30 per share. The Convertible Loan is secured by a general security agreement between the parties. Proceeds of the Convertible Loan were used to repay the \$210,000 secured bridge loan (note 10).

Upon initial recognition, the Company allocated the proceeds between the components based on the fair value of the debt and the residual to the equity component. The fair value of the liability component of \$221,567 was determined using a market rate of 16%. The value of the equity component amounted to \$13,433.

As at June 30, 2024, the outstanding balances associated with the convertible debenture were as follows:

	<b>June 30</b>	<b>December 31</b>
	<b>2024</b>	<b>2023</b>
<b>Liability component of the convertible debenture</b>		
Opening balance	\$ -	\$ -
Additions	235,000	-
Fair value discount	(8,111)	-
Interest	11,172	-
Accretion	-	-
	<u>\$ 238,061</u>	<u>\$ -</u>
Less: Current portion	\$ 238,061	-
	<u>\$ -</u>	<u>\$ -</u>

**10. Bridge loan**

On December 14, 2022, the Company entered into a \$210,000 loan facility with an arms length individual investor. The loan bears an interest rate of 12%, a 2% structuring fee and was due on or before April 14, 2023. The loan was repaid on February 8, 2024.

As at June 30, 2024, the outstanding balances associated with the bridge loan were as follows:

	<b>June 30</b>	<b>December 31</b>
	<b>2024</b>	<b>2023</b>
<b>Loan</b>		
Balance	\$ 232,374	\$ 206,419
Payments	(210,000)	-
Accretion	-	3,581
Interest and fees	2,626	25,200
Interest paid	(25,000)	(2,826)
	<u>\$ -</u>	<u>\$ 232,374</u>

**BNSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**June 30, 2024**

---

**11. Deferred revenue**

Sales include monthly subscription sales covering periods beyond June 30, 2024.

	<b>June 30</b>	<b>December 31</b>
	<b>2024</b>	<b>2023</b>
<b>Deferred revenue</b>		
Opening balance	\$ 46,180	\$ -
Additions from contracts with customers	78,508	46,180
	<u>\$ 124,688</u>	<u>\$ 46,180</u>
Less: Current portion	\$ 124,688	\$ 46,180
	<u>\$ -</u>	<u>\$ -</u>

**12. Share capital**

**(a) Capital**

**Authorized with an unlimited number of the following shares:**

Class A voting common shares

Class B non-voting common shares

**Issued:**

<b>Class A common shares</b>	<b>Number of</b>		<b>Value</b>
	<b>Shares</b>		
Balance as at December 31, 2023	61,429,934	\$	3,965,245
Issued (i - v)	2,942,365		574,174
Balance as at June 30, 2024	<u>64,372,299</u>		<u>4,539,418</u>

- (i) On January 16, 2024, the Company issued 250,100 units at a deemed issue price of \$0.30 per unit for gross proceeds of \$75,030. Each unit consisted of one Class A common share and one half of one Class A common share purchase warrant, exercisable at \$0.50 for 18 months. The Company allocated the full value of the units to the shares using the residual method and estimating the fair value of the Class A common share.
- (ii) On March 12, 2024, the Company issued 433,650 units at a deemed issue price of \$0.30 per unit for gross proceeds of \$130,095. Each unit consisted of one Class A common share and one half of one Class A common share purchase warrant, exercisable at \$0.50 for 18 months. The Company allocated the full value of the units to the shares using the residual method and estimating the fair value of the Class A common share.
- (iii) On April 12, 2024, the Company issued 312,550 units at a deemed issue price of \$0.30 per unit for gross proceeds of \$93,765. Each unit consisted of one Class A common share and one half of one Class A common share purchase warrant, exercisable at \$0.50 for 18 months. The Company allocated the full value of the units to the shares using the residual method and estimating the fair value of the Class A common share.
- (iv) On June 26, 2024, the Company issued 403,384 units at a deemed issue price of \$0.30 per unit for gross proceeds of \$121,015. Each unit consisted of one Class A common share and one half of one Class A common share purchase warrant, exercisable at \$0.50 for 18 months. The Company allocated the full value of the units to the shares using the residual method and estimating the fair value of the Class A common share.
- (v) During the period ended June 30, 2024, the Company issued 1,542,681 shares from the exercise of \$0.10 warrants for gross proceeds of \$154,268.

**BNSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**June 30, 2024**

**12. Share capital, continued**

**(b) Stock option plan**

On June 10, 2022 the shareholders of the Company approved a stock option plan (the "Plan") under which the directors of the Company may grant options to qualified directors, officers and consultants of the Company. The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the trading day. The maximum term of any option cannot exceed ten years. The maximum aggregate number of common shares under option at any time under the Plan shall not exceed 10% of the issued and outstanding Class A common shares on a non-diluted basis at any time.

A summary of the Company's stock option activity for the six months ended June 30, 2024 is as follows:

	Number Of Options	Weighted- Average Exercise Price
Outstanding, December 31, 2023 and June 30, 2024	3,410,000	\$ 0.375

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at June 30, 2024 are as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted- Average Exercise Price	Average Remaining Contractual Life (years)	Number Exercisable	Weighted- Average Exercise Price
\$0.375	3,410,000	\$0.375	2.9	2,406,667	\$0.375

**(c) Warrants**

During the six months ended June 30, 2024, 1,542,681 warrants at a price of \$0.10 were exercised.

During the six months ended June 30, 2024, 699,842 warrants were issued exercisable at a price of \$0.50 expiring 18 months from the issue date (July 16, 2025 – 125,050, September 12, 2025 – 216,825, October 12, 2025 – 156,275 and December 26, 2025 – 201,692) (see note 12(a)(i - ii)).

During the six months ended June 30, 2024, 117,500 warrants were issued exercisable at a price of \$0.30 expiring on February 8, 2026 (see note 9(b)).

Warrants	Number of Warrants	Value
Balance as at December 31, 2023	7,308,177	\$ -
Warrants issued from units for cash	699,842	-
Warrants exercised for cash	(1,542,681)	-
Warrants issued as bonus on convertible debenture	117,500	-
Balance June 30, 2024	6,582,838	\$ -

**BNSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**June 30, 2024**

---

**13. Related party transactions**

During the six months ended June 30, 2024, the Company paid wages and related benefits to individuals related to a director of the Company in the amount of \$57,000 (six months ended June 30, 2023 - \$44,333).

During the six months ended June 30, 2024, the Company incurred fees of \$21,182 (six months ended June 30, 2023 - \$19,524) from companies related to directors of the Company for legal services.

On February 8, 2024, the Company closed a secured convertible loan in the amount of \$235,000 with a private lender, a company with common officers and directors of the Company (see Note 9(b)).

The Company considers key management to be the CEO, CFO, CTO and COO. Key management compensation recognized in wages and related benefits and subcontractors as follows:

<b>Six months ended June 30</b>	<b>2024</b>		<b>2023</b>	
Salaries, consulting and benefits	\$	66,000	\$	50,000
Share based compensation		103,268		102,700
	\$	169,268	\$	152,700

**14. Capital management**

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, provide adequate working capital and maintain cash on hand. The Company defines capital as the Company's shareholders' equity. At June 30, 2024 the Company had equity of (\$22,491) (December 31, 2023 - \$321,644). The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

## **15. Financial instruments and risk management**

### Fair value measurements

Financial instruments carried at fair value on the statement of financial position are assessed using the following hierarchy based on the amount of observable inputs used to value the instrument.

- ♦ Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- ♦ Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- ♦ Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

Due to the short term nature of the cash, accounts receivable and accounts payable and accrued liabilities the carrying value approximates its fair value. The bridge loan and convertible debenture have been recorded at fair value using market rates for debt with similar terms.

### Liquidity risk

Liquidity risk is the potential for the Company to have difficulty in meeting its obligations associated with financial liabilities as they become due. The Company's financial liabilities consist of the accounts payable and accrued liabilities, bridge loan and convertible debentures. The accounts payable and accrued liabilities, bridge loan and the current portion of convertible debentures have contractual maturities of less than one year. The long term portion of convertible debentures matures in 2024.

## **16. Subsequent events**

On August 14, 2024, the Company issued 666,650 units at a deemed issue price of \$0.30 per unit for gross proceeds of \$199,995. On August 29, 2024, the Company issued 377,720 units at a deemed issue price of \$0.30 per unit for gross proceeds of \$113,311. Each unit consisted of one Class A common share and one half of one Class A common share purchase warrant, exercisable at \$0.50 for 18 months.

Subsequent to June 30, 2024, the Company issued 570,350 shares from the exercise of \$0.10 warrants for gross proceeds of \$57,035.

## **17. Contingency**

The Company received a statement of claim from a former capital markets service provider (the "Claimant"), stating that the Company did not provide a notice of termination of its marketing agreement (the "Agreement"). In July 2022, the Company and the Claimant amended the Agreement whereby the Claimant covenanted that it shall continue to perform its services as set forth in the Agreement until the expiration of the initial period (being October 5, 2022). The Company believes the allegations made in the statement of claim are entirely without merit and the action will be vigorously defended by the Company.