



**SCOPE AI CORP.**  
*(Formerly Scope Carbon Corp.)*

Financial Statements  
For the Nine Months Ended June 30, 2024 and 2023  
(Unaudited - expressed in Canadian Dollars)

## **Notice of no Auditor Review of Condensed Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**SCOPE AI CORP.**  
*(Formerly Scope Carbon Corp.)*  
**Condensed Interim Statements of Financial Position**  
**As at June 30, 2024 and September 30, 2023**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	June 30, 2024	September 30, 2023
<b>Assets</b>			
Current			
Cash and cash equivalents	10	1,259,452	50,572
Accounts and other receivables		21,491	41,165
Investments	4	4	4
Prepaid expenses		44,119	54,763
		1,325,066	146,504
<b>Liabilities</b>			
Current			
Accounts payable & accrued liabilities		24,879	231,164
Due to related parties	5	13,984	5,246
Other liabilities	6	-	122,000
		38,863	358,410
<b>Shareholder's Equity (Deficit)</b>			
Share capital	7	5,876,149	2,135,890
Reserves		2,171,921	1,226,658
Deficit		(6,761,867)	(3,574,454)
		1,286,203	(211,906)
		1,325,066	146,504

Approved and authorized on behalf of the Board of Directors on August 23, 2024

"Darien Lattanzi" Director

"Alan Tam" Director

**SCOPE AI CORP.***(Formerly Scope Carbon Corp.)***Condensed Interim Statements of Loss and Comprehensive Loss****For the three and nine months ended June 30, 2024 and 2023***(Unaudited - Expressed in Canadian Dollars)*

	Note	Three months ended June 30, 2024	June 30, 2023	Nine months ended June 30, 2024	June 30, 2023
		\$	\$	\$	\$
<b>Administration expenses</b>					
Advertising and promotion		220,549	3,901	247,889	13,093
Bank charges		571	297	1,738	1,156
Consulting and salaries	5	72,086	13,500	189,586	33,000
Currency exchange		1,126	9,240	4,936	10,978
Filing and transfer agent fees		14,562	10,705	67,106	34,492
Investor relations		30,192	16,667	30,192	100,000
Office expenses	5	13,384	202	24,706	3,051
Professional fees		67,063	78,130	161,449	172,922
Research and development	5 & 9	27,689	652,121	90,671	842,847
Share-based compensation	7	558,417	103,025	1,705,263	1,061,936
Travel and entertainment		1,597	7,437	1,920	7,530
		(1,007,236)	(895,225)	(2,525,456)	(2,281,005)
<b>Other items</b>					
Impairment of investments	4	-	-	(688,294)	-
Interest and other income		21,520	94	26,337	30,441
<b>Net loss and comprehensive loss for the period</b>					
		(985,716)	(895,131)	(3,187,413)	(2,250,564)
<b>Basic and diluted net loss per share</b>					
	7	(0.02)	(0.02)	(0.08)	(0.06)
<b>Weighted average number of shares outstanding</b>					
		45,437,364	37,247,254	41,439,181	37,082,419

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

**SCOPE AI CORP.***(Formerly Scope Carbon Corp.)***Condensed Interim Statements of Changes in Shareholders' Equity (Deficit)****For the nine months ended June 30, 2024 and 2023***(Unaudited - Expressed in Canadian Dollars)*

	<b>Share Capital Number</b>	<b>Share Capital \$</b>	<b>Reserves \$</b>	<b>Deficit \$</b>	<b>Total \$</b>
<b>Balance, September 30, 2022</b>	<b>37,000,001</b>	<b>1,283,390</b>	<b>172,410</b>	<b>(369,080)</b>	<b>1,086,720</b>
Issued - exercise of warrants	500,000	100,000	-	-	100,000
Issued - technology agreement	250,000	502,500	-	-	502,500
Share-based compensation	-	-	1,061,936	-	1,061,936
Net loss	-	-	-	(2,250,564)	(2,250,564)
<b>Balance, June 30, 2023</b>	<b>37,750,001</b>	<b>1,885,890</b>	<b>1,234,346</b>	<b>(2,619,644)</b>	<b>500,592</b>
<b>Balance, September 30, 2023</b>	<b>39,000,001</b>	<b>2,135,890</b>	<b>1,226,658</b>	<b>(3,574,454)</b>	<b>(211,906)</b>
Issued - private placement	1,250,000	2,000,000	-	-	2,000,000
Less: Issue costs - cash	-	(9,741)	-	-	(9,741)
Issued - restricted share rights	400,000	760,000	(760,000)	-	990,000
Issued - exercise of warrants	4,950,000	990,000	-	-	1,705,263
Share-based compensation	-	-	1,705,263	-	-
Net loss	-	-	-	(3,187,413)	(3,187,413)
<b>Balance, June 30, 2024</b>	<b>45,600,001</b>	<b>5,876,149</b>	<b>2,171,921</b>	<b>(6,761,867)</b>	<b>1,286,203</b>

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

**SCOPE AI CORP.**  
*(Formerly Scope Carbon Corp.)*  
**Condensed Interim Statements of Cash Flows**  
**For the nine months ended June 30, 2024 and 2023**  
*(Unaudited - Expressed in Canadian Dollars)*

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
<b>Operating Activities</b>		
Net Loss	(3,187,413)	(2,250,564)
<i>Items not involving cash:</i>		
Impairment of investments	688,294	-
Fair value of shares issued	-	502,500
Unrealized foreign exchange	-	7,226
Interest income	-	(8,973)
Share-based payments	1,705,263	1,061,936
	<u>(793,856)</u>	<u>(687,875)</u>
<b>Changes in non-cash working capital</b>		
Taxes and other receivables	19,674	(15,724)
Prepays	10,644	(56,686)
Accounts payable and accrued liabilities	(206,285)	(46,215)
Due to related parties	8,738	-
	<u>(167,229)</u>	<u>(118,625)</u>
<b>Cash used in Operating Activities</b>	<u>(961,085)</u>	<u>(806,500)</u>
<b>Investing Activities</b>		
Investment redemption	-	1,001,638
Loans advanced	(688,294)	(460,119)
<b>Cash (used in) provided by Investing Activities</b>	<u>(688,294)</u>	<u>541,519</u>
<b>Financing Activities</b>		
Loan proceeds	50,000	-
Repayment of loans	(100,000)	-
Shares issued for cash, net	2,908,259	100,000
<b>Cash provided by Financing Activities</b>	<u>2,858,259</u>	<u>100,000</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	1,208,880	(164,981)
<b>Cash and Cash Equivalents, Beginning of Period</b>	50,572	193,995
<b>Cash and Cash Equivalents, End of Period</b>	<u>1,259,452</u>	<u>29,014</u>

Supplemental cash flow information (Note 10)

## **SCOPE AI CORP.**

*(Formerly Scope Carbon Corp.)*

### **Notes to the Condensed Interim Financial Statements**

**For the three and nine months ended June 30, 2024 and 2023**

*(Unaudited - Expressed in Canadian Dollars)*

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Scope AI Corp. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on June 20, 2018 as "Puffin Capital Ltd.". On February 11, 2022 the Company changed its name to "Scope Carbon Corp.". On March 26, 2024, as part of a rebranding, the Company changed its name to Scope AI Corp. The Company is continuing to develop AI analytical software and image recognition technology focusing on its recognition system called General Enterprise Machine Learning ("GEM"). The vision of the Company is to expand the capabilities of its GEM Platform and provide a one-tool solution in any visual information system. The Company's registered and corporate head office is located at 1800-510 West Georgia Street, Vancouver, British Columbia, V6B 0M3.

These condensed interim financial statements were prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As of June 30, 2024, the Company had a working capital surplus of \$1,286,203 (September 30, 2023 – working capital deficit of \$211,906). The Company incurred a net loss of \$3,187,413 for the nine months ended June 30, 2024 (2023 - \$2,250,564) and had an accumulated deficit of \$6,761,687 as of June 30, 2024 (September 30, 2023 - \$3,574,454).

As of June 30, 2024, the Company does not have sufficient capital to meet the requirements for its administrative overhead or maintaining its development programs. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. To finance future activities, the Company will be required to issue further share capital through private placements and the exercise of options and warrants or obtain debt. There can be no assurance that such financing will be available to the Company and, therefore, a material uncertainty exists which casts significant doubt over the Company's ability to continue as a going concern.

The economic uncertainties around persistent inflation pressure, geopolitical events and other global factors have the potential to slow growth in the global economy. Future developments in these challenging areas could impact on the Company's results and financial condition and the full extent of that impact remains unknown. However, as of June 30, 2024, the Company has not been significantly impacted by these matters.

These condensed interim financial statements do not include the adjustments to assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

#### **2. BASIS OF PRESENTATION**

##### ***Statement of compliance***

These condensed interim financial statements have been prepared in accordance with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting, using historical cost, except for cash flow information and financial instruments measured at fair value. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2023 which have been prepared in accordance with IFRS as issued by the IASB. The Company's functional and presentation currency is the Canadian dollar.

##### ***Material Accounting Policy Information and Accounting Judgments***

The same material accounting policies are used in the preparation of these condensed interim financial statements as for the most recent audited annual financial statements and reflect all the adjustments necessary for fair presentation in accordance with IFRS of the results for the interim periods presented.

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The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Areas of significant judgement and estimates made by management for the three and nine months ended June 30, 2024 in the application of IFRS that have a significant effect on the Company's financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 4 of the Company's audited financial statements for the year ended September 30, 2023.

### 3. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, accounts and other receivables and investments, excluding derivative assets, which are classified as financial assets at amortized cost, and accounts payable and accrued liabilities, due to related parties and other liabilities, which are classified as financial liabilities at amortized cost. The carrying values of all these instruments approximate their fair values due to the short period to maturity.

### 4. INVESTMENTS

Investments as of June 30, 2024, were as follows:

	Farm Flight Inc. ("Farm Flight")					Total \$
	GIC \$	Convertible Note \$	Warrants \$	Loan Agreement \$	Loan Facility \$	
Balance as at September 30, 2022	1,001,638	-	-	-	-	1,001,638
Additions	-	136,590	-	95,566	520,596	752,752
Fair value of warrants - recognition	-	(12,842)	12,842	-	-	-
Fair value of warrants - subsequent	-	-	(3,541)	-	-	(3,541)
Finance charge	-	-	-	(4,839)	-	(4,839)
Redemptions / interest received	(1,018,656)	-	-	-	-	(1,018,656)
Interest accretion	17,018	7,681	-	1,856	9,686	36,241
Foreign Exchange	-	(660)	(646)	(429)	6,735	5,000
Impairment	-	(130,768)	(8,654)	(92,153)	(537,016)	(768,591)
<b>Balance as at September 30, 2023</b>	-	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>
Additions	-	-	-	-	688,294	688,294
Impairment	-	-	-	-	(688,294)	(688,294)
<b>Balance as at June 30, 2024</b>	-	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>



## **SCOPE AI CORP.**

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### **Notes to the Condensed Interim Financial Statements**

**For the three and nine months ended June 30, 2024 and 2023**

*(Unaudited - Expressed in Canadian Dollars)*

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During the nine months ended June 30, 2024, the Company advanced a total of \$688,294 (USD\$504,000) to Farm Flight pursuant to the Loan Facility Agreement.

Management undertook a review of the financial condition of Farm Flight and concluded that it does not expect imminent cash flows from these instruments. Management therefore recorded an impairment of \$615,884 during the three months ended December 31, 2023, and \$72,410 during the three months ended March 31, 2024 (\$768,591 during the three months ended September 30, 2023) in accordance with Level 3 of the fair value hierarchy.

#### **5. RELATED PARTY TRANSACTIONS**

Related party transactions are in the normal course of operations and have been measured at the exchange amount of consideration agreed between the related parties. Except as disclosed elsewhere, the Company entered into the following related party transactions with amounts due to related parties being unsecured, non-interest-bearing, and with no formal terms of repayment:

- Fees in the amount of \$15,000 (2023 – \$nil) were charged by James Young Consulting, a company controlled by James Young, a director and officer of the Company, pursuant to a contract for consulting services.

On April 29, 2024, the Company entered into an employment agreement appointing James Young as Chief Executive Officer. Under the agreement, remuneration payable is \$10,000 per month, less statutory deductions, and an annual discretionary bonus (\$nil to date). In addition, the Company granted 1,000,000 restricted share rights (Note 7).

- Fees in the amount of \$34,453 (US\$25,000) (2023 – \$nil) were charged by Spresso Security – FZCO, a company controlled by Sean Prescott, a director of the Company, for development work on the Neural Network and QSP Platforms. Accounts payable as of June 30, 2024, were \$13,984 (US\$10,000) (September 30, 2023 - \$nil). Sean Prescott is the trustee to the Prescott Family Foundation (the "Foundation"), the counterparty to the Technology Acquisition Agreement (Note 9) and is an indirect controlling party to the Technology Agreement (Note 11).
- Fees in the amount of \$53,500 (2023 – \$nil) were charged by Lattz Equity, a company controlled by Darien Lattanzi, a director of the Company, pursuant to a contract for consulting services.
- Fees in the amount of \$45,000 (2023 – \$18,000) were charged by Alan Tam Inc, a company controlled by Alan Tam, a director and officer of the Company, pursuant to a contract for consulting services.
- Pursuant to a month-to-month sub-lease agreement, amounts of \$19,992 (2023 – \$nil) were charged by Munchen Motorwerks Ltd, a company of which Darien Lattanzi is also director, for office space rental. Accounts payable as of March 31, 2024, were \$nil (September 30, 2023 - \$5,246).

Key management personnel are the persons responsible for planning, directing and controlling the activities of an entity, and include the chief executive officer, chief financial officer and directors. The Company has no long-term employee or post-employment benefits.

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A summary of compensation awarded to key management, was as follows:

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
	<b>\$</b>	<b>\$</b>
Short-term benefits	169,573	18,000
Share-based payments	274,136	707,956
	<b>443,709</b>	<b>725,956</b>

**6. OTHER LIABILITIES**

Included within other liabilities, as at September 30, 2023, were \$50,000 with respect to funds received from a consultant for an on-demand interest-free short-term loan. On October 13, 2023, the Company received an additional on-demand interest-free short-term loan of \$25,000. On November 2, 2023, the Company repaid \$75,000, being the total loan amount outstanding. On October 13, 2023, the Company received an on-demand interest-free short-term loan of \$25,000 from a third party. On January 30, 2024, the Company repaid \$25,000, being the total loan amount outstanding.

Included within other liabilities, as at September 30, 2023, were \$72,000 with respect to funds received relative to future exercise of common share purchase warrants all of which was allocated to share capital on completion of exercise during the nine months ended June 30, 2024.

**7. SHARE CAPITAL**

**Authorized**

An unlimited number of common shares without par value, without special rights or restrictions attached and an unlimited number of preferred shares without par value, with special rights or restrictions attached.

**Issued share capital**

As of June 30, 2024, there were 45,600,001 (September 30, 2023 – 39,000,001) issued and fully paid common shares.

**a) Financings**

*Nine Months Ended June 30, 2024*

On October 27, 2023, the Company closed a non-brokered private placement for the issuance of 1,250,000 units at a price of \$1.60 per unit for aggregate gross proceeds of \$2,000,000. Each unit comprised one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$2.25 per share for a period of two years. The Company allocated the entire proceeds to common shares and \$nil to warrants by applying the residual method.

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**For the three and nine months ended June 30, 2024 and 2023**  
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**b) Other**

*Nine Months Ended June 30, 2024*

On May 8, 2024, pursuant to exercise of vested restricted share rights (Note 7(c)), the Company issued 400,000 common shares with a fair value of \$760,000 being the vested share-based compensation reclassified from contributed surplus to share capital.

*Nine Months Ended June 30, 2023*

On May 24, 2023, the Company issued 250,000 common shares with a fair value of \$2.01 per share pursuant to the Technology Acquisition Agreement (Note 9).

**c) Equity Incentive Plan**

The Company established an Equity Incentive Plan (the "Plan") under which the board of directors may at any time authorize the granting of stock options, deferred share units and restricted share rights to such participants as it may select for the number of shares that it will designate, subject to the provisions of the Plan.

Stock Options

On October 3, 2022, the Company granted 1,500,000 options to directors and consultants at an exercise price of \$0.60 per common share expiring on October 3, 2027. The options vest one-third immediately, one-third six months from grant date and remainder twelve months from grant date. The fair value of the options granted was \$0.705 per option using the Black-Scholes model with the following assumptions: (i) grant date share price - \$0.80 per share; (ii) risk free rate – 3.23%; (iii) expected life - 5 years; (iv) expected volatility – 128.68%; and (v) expected forfeiture and dividends – nil. Volatility was estimated by using the common share's historical trading price of other companies in the same industry during the similar period. Stock options granted and outstanding were as follows:

	Number of options	Weighted average exercise price (\$)	Weighted average remaining life (years)
Balance - September 30, 2023	1,500,000	0.60	4.01
<b>Balance - June 30, 2024</b>	<b>1,500,000</b>	<b>0.60</b>	<b>3.26</b>
<b>Exercisable - June 30, 2024</b>	<b>1,500,000</b>	<b>0.60</b>	<b>3.26</b>

Expiry date	Exercise price (\$)	Remaining life (years)	Options Outstanding	Unvested	Exercisable
October 3, 2027	0.60	3.26	1,500,000	-	1,500,000

Restricted Share Rights

Pursuant to a consulting agreement with an advisor to the Company dated October 16, 2023, the Company granted 1,000,000 restricted share rights whereby each right vests as follows: 10% upon grant; 30% after six months; 30% after one year and the remaining 30% after eighteen months. Each vested right is redeemable for one common share of the Company at the time of vesting and expire April 16, 2025.

**SCOPE AI CORP.***(Formerly Scope Carbon Corp.)***Notes to the Condensed Interim Financial Statements****For the three and nine months ended June 30, 2024 and 2023***(Unaudited - Expressed in Canadian Dollars)*

Upon grant, the rights were fair valued at \$1,900,000, which is being recognized over the vesting period, and, as of June 30, 2024, a total of 400,000 rights have vested and been exercised.

Pursuant to employment agreement dated April 29, 2024 (Note7), the Company granted 1,000,000 restricted share rights whereby each right vests as follows: 10% after six months; 10% after nine and twelve months; 15% after fifteen and eighteen months and 20% after twenty-one and twenty-four months. Each vested right is redeemable for one common share of the Company at the time of vesting and expire five years from the date of grant. Upon grant, the rights were fair valued at \$1,850,000, which is being recognized over the vesting period, and, as of June 30, 2024, a total of nil rights have vested.

Restricted share rights outstanding were as follows:

	<b>Number of Rights</b>
Balance - September 30, 2023	-
Granted	2,000,000
Exercised	(400,000)
<b>Balance - June 30, 2024</b>	<b>1,600,000</b>
Unvested	(1,600,000)
<b>Exercisable - June 30, 2024</b>	<b>-</b>

<b>Expiry date</b>	<b>Number of Rights</b>
April 16, 2025	600,000
April 29, 2029	1,000,000
	<b>1,600,000</b>

During the three months ended June 30, 2024, the Company recorded \$nil in share-based compensation expense related to the vesting of stock options and \$558,417 related to the vesting of restricted share rights (three months ended June 30, 2023 - \$103,025 relating to vesting of stock options and \$nil related to the vesting of restricted share rights). During the nine months ended June 30, 2024, the Company recorded \$2,896 in share-based compensation expense related to the vesting of stock options and \$1,702,367 related to the vesting of restricted share rights (nine months ended June 30, 2023 - \$1,061,936 relating to vesting of stock options and \$nil related to the vesting of restricted share rights).

**d) Share Purchase Warrants**

Share purchase warrants issued, exercised and outstanding were as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price (\$)</b>	<b>Weighted average remaining life (years)</b>
Balance - September 30, 2023	7,250,000	0.19	0.44
Issued	625,000	2.25	
Expired	(1,250,000)	0.20	
Exercised	(4,950,000)	0.20	
<b>Balance - June 30, 2024</b>	<b>1,675,000</b>	<b>0.90</b>	<b>0.61</b>

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<b>Expiry date</b>	<b>Exercise price \$</b>	<b>Number of warrants outstanding</b>
September 2, 2024	0.10	1,050,000
October 27, 2025	2.25	625,000
		<b>1,675,000</b>

**e) Diluted Loss per Share**

Excluded from the calculation of diluted loss per share were 1,500,000 stock options, 1,675,000 share purchase warrants and 1,600,000 unvested restricted share rights (2023 – 1,500,000 stock options (1,000,000 vested and 500,000 unvested), 8,500,000 share purchase warrants and nil restricted share rights respectively), that could potentially dilute basic earnings per share in the future but were not included as being antidilutive for each of the three- and nine-month periods ending June 30, 2024 and June 30, 2023.

**8. SEGMENTED INFORMATION**

The Company's operations are in one reportable segment, being the acquisition and development of AI analytical software. Currently, the operations are all based in Canada.

**9. TECHNOLOGY ACQUISITION AGREEMENT**

On February 15, 2022, the Company entered in a technology acquisition agreement (the "Technology Acquisition Agreement") with the Foundation for the exclusive right of use to the Foundation's image recognition technology. A director of the Company is also the trustee to the Foundation (Note 5).

In consideration for the rights granted, the Company shall issue:

- 250,000 common shares on the latter of completion of expenditures of \$250,000 or February 15, 2023 (issued on May 24, 2023).
- An additional 250,000 common shares on the latter of completion of expenditures of \$600,000 or February 15, 2024.
- An additional 250,000 common shares on the latter of the Company generating revenue of \$250,000 or February 15, 2025.
- An additional 250,000 common shares on the latter of the Company generating revenue of \$500,000 or February 15, 2026.

(Together, the "Consideration Shares")

The Company has the option to accelerate the Technology Acquisition Agreement by providing to the Foundation notice of two business days and to issue all the Consideration Shares to the Foundation. Pursuant to the same agreement, the Company may terminate the Technology Acquisition Agreement at any time without cause, and without incurring any additional obligation, liabilities, or penalty, by providing at least 30 days' prior written notice to the Foundation.

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**10. SUPPLEMENTAL CASH FLOW INFORMATION**

	<b>June 30,</b>	<b>June 30,</b>
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Cash:		
Interest received	26,337	18,655
Non-Cash:		
Fair value of restricted share rights exercised	760,000	-
Fair value of shares issued for Technology Agreement	-	502,500
Impairment of investments	688,294	-
Share subscriptions received in prior period	72,000	-
Share-based compensation	1,705,263	1,061,936

Cash and cash equivalents consist primarily of cash at banks and other short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

As at June 30, 2024, \$1,218,149 was held in Prime-Linked Cashable GICs.

**11. SUBSEQUENT EVENTS**

Other than disclosed elsewhere, the following occurred subsequent to June 30, 2024:

On July 9, 2024, the Company entered into a technology agreement (the "Technology Agreement") with Ovryde Ltd. ("Ovryde") whereby Ovryde agreed to transfer its ownership and rights relating to delivery and application of quantum resilient entropy (the "QSE Technology"). On August 6, 2024, the Company closed the transaction and paid \$400,000 and issued 2,800,000 common shares (the "Consideration Shares"). The Consideration Shares will be restricted for a period of four months from the date of issue and be subject to certain voluntary restrictions on resale. The transaction is considered a related party transaction.

On July 30, 2024, the Company closed a non-brokered private placement for the issuance of 1,250,000 common shares at a price of \$1.60 per common share for aggregate gross proceeds of \$2,000,000.

On August 6, 2024, 1,050,000 common share purchase warrants exercisable at \$0.10 per common share purchase warrant were exercised for gross proceeds of \$105,000.