

MyndTec Inc.

Interim Condensed Consolidated Financial Statements (Unaudited)

As at March 31, 2024

(Expressed in Canadian Dollars, unless otherwise noted)

Interim Condensed Consolidated Financial Statements

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MyndTec Inc.

Interim Unaudited Condensed Consolidated Statements of Financial Position As at March 31, 2024 and December 31, 2023

	March 31 <u>2024</u>	December 31 <u>2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 187,837	\$ 187,411
Trade and other receivables (notes 3 and 12)	15,211	13,527
Inventories (note 4)	180,803	184,418
Prepaid expenses and deposits	35,900	50,653
	<u>419,751</u>	<u>436,009</u>
Non-current assets		
Right-of-use asset (note 5)	7,784	13,622
Equipment (note 6)	99,910	105,217
	<u>\$ 527,445</u>	<u>\$ 554,848</u>
Liabilities		
Current liabilities		
Trade and other payables (notes 7 and 12)	\$ 949,405	\$ 968,117
Deferred revenue (notes 8 and 12)	17,000	17,000
Current portion of long-term liabilities (note 9)	428,230	455,511
	<u>1,394,635</u>	<u>1,440,628</u>
Long-term liabilities, net of current portion		
Deferred revenue (notes 8 and 12)	29,750	34,000
Lease obligation (note 5)	-	-
Government loans (note 10)	-	-
Other long-term debt (note 11)	24,667	-
	<u>1,449,052</u>	<u>1,474,628</u>
Shareholders' deficiency		
Share capital (note 13)	15,148,450	14,971,184
Contributed surplus (note 13)	3,901,549	3,787,802
Accumulated deficit	(19,971,606)	(19,678,766)
Total deficiency	<u>(921,607)</u>	<u>(919,780)</u>
Total liabilities and shareholders' deficiency	<u>\$ 527,445</u>	<u>\$ 554,848</u>
Nature of business and going concern (notes 1, 2, 7, 10 & 18)		
Commitments and contingencies (note 18)		
Subsequent events (note 22)		

"Craig Leon" Director

"Bill Jackson" Director

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

MyndTec Inc.
Interim Unaudited Condensed Consolidated Statements of Loss and Comprehensive Loss
For the three-month periods ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue (notes 12 and 21)	\$ 69,141	\$ 38,309
Cost of sales	<u>34,317</u>	<u>17,376</u>
Gross margin	<u>34,824</u>	<u>20,933</u>
Expenses		
General and administration (note 14)	207,690	198,543
Research and development (note 14)	57,544	94,770
Quality and regulatory assurance	454	12,100
Selling and marketing	420	30,112
Share-based compensation (note 13)	31,143	27,572
Interest and accretion expense (note 16)	5,041	6,360
Depreciation and amortization (notes 5 and 6)	11,145	22,249
Public listing costs	<u>14,227</u>	<u>9,428</u>
Total operating expenses	<u>327,664</u>	<u>401,134</u>
Net and comprehensive loss	<u>\$ (292,840)</u>	<u>\$ (380,201)</u>
Loss per share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding - basic and diluted	<u>23,749,947</u>	<u>22,516,662</u>

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

MyndTec Inc.
Interim Unaudited Condensed Consolidated Statements of Changes in
Shareholders' Deficiency
For the three-month periods ended March 31, 2024 and 2023 and the year ended
December 31, 2023

	Share Capital <u>(note 13)</u>	Contributed Surplus <u>(note 13)</u>	Accumulated Deficit <u>(note 13)</u>	Total Deficiency <u>(note 13)</u>
Balance, December 31, 2022	\$ 13,853,744	\$ 3,176,353	\$ (17,955,436)	\$ (925,339)
Net loss and comprehensive loss	-	-	(380,201)	(380,201)
Private placements (note 13)	394,187	178,013	-	572,200
Issuance expenses (note 13)	(24,681)	(10,239)	-	(34,920)
Share-based compensation	-	27,572	-	27,572
Balance, March 31, 2023	\$ 14,223,250	\$ 3,371,699	\$ (18,335,637)	\$ (740,688)
Net loss and comprehensive loss	-	-	(1,343,129)	(1,343,129)
Debt conversion (notes 10 and 13)	378,062	-	-	378,062
Private placements (note 13)	390,472	252,887	-	643,359
Issuance expenses (note 13)	(20,600)	(7,414)	-	(28,014)
Share-based compensation	-	170,630	-	170,630
Balance, December 31, 2023	\$ 14,971,184	\$ 3,787,802	\$ (19,678,766)	\$ (919,780)
Net loss and comprehensive loss	-	-	(292,840)	(292,840)
Private placements (note 13)	184,844	84,626	-	269,470
Issuance expenses (note 13)	(7,578)	(2,022)	-	(9,600)
Share-based compensation	-	31,143	-	31,143
Balance, March 31, 2024	\$ 15,148,450	\$ 3,901,549	\$ (19,971,606)	\$ (921,607)

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

MyndTec Inc.

Interim Unaudited Condensed Consolidated Statements of Cash Flows For the three-month periods ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from (used for) operating activities		
Net loss and comprehensive loss	\$ (292,840)	\$ (380,201)
Items not affecting cash:		
Share-based compensation	31,143	27,572
Depreciation and amortization (notes 5 and 6)	11,145	22,249
Accretion expense (note 16)	4,549	7,516
Deferred revenue (note 8)	(4,250)	(4,250)
	<u>(250,253)</u>	<u>(327,114)</u>
Changes in non-cash working capital items		
Trade and other receivables	(1,684)	6,816
Inventories	3,615	19,007
Prepaid expenses and deposits	14,753	(134,884)
Trade and other payables (note 7)	(18,712)	7,360
Net cash used in operating activities	<u>(252,281)</u>	<u>(428,815)</u>
Cash used in investing activities		
Purchase of equipment (note 6)	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
Cash from (used for) financing activities		
Lease payments (note 5)	(6,379)	(6,763)
Repayment of deferred payment agreement (note 7)	-	(24,450)
Repayment of government loans (note 10)	(30,000)	-
Issuance of other long term debt (note 11)	30,000	-
Repayment of other long term debt (note 11)	(784)	-
Net proceeds of private placements (note 13)	259,870	537,280
Net cash from financing activities	<u>252,707</u>	<u>506,067</u>
Increase in cash	426	77,252
Cash and cash equivalents, beginning of period	<u>187,411</u>	<u>68,621</u>
Cash and cash equivalents, end of period	<u>\$ 187,837</u>	<u>\$ 145,873</u>

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

MyndTec Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

1 Nature of business and going concern

MyndTec Inc. (the “Company” or “MyndTec”) is a medical technology company that researches, develops and distributes innovative therapies designed to improve function, maximize independence and enhance the quality of life for individuals with paralysis due to stroke or spinal cord injury. The Company is incorporated under the Business Corporations Act of Ontario and its head office is located at 1900 Minnesota Court, Suite 122, Mississauga, Ontario, L5N 3C9. The Company became a publicly traded entity on the Canadian Securities Exchange on February 16, 2022 and is listed under the symbol MYTC.

These unaudited interim condensed consolidated financial statements (the “financial statements”) have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. There is no certainty whether the Company will generate significant revenue or attain profitable operations in the near future, as it incurred a net and comprehensive loss of \$292,840 and had a negative cash flow from operating activities of \$252,281 for the three-month period ended March 31, 2024. As at March 31, 2024, the Company was in default on its Federal Economic Development Agency loan, with a principal balance of \$423,680 (note 10), and with respect to a claim by its former lawyer for \$715,652 in fees (note 7).

The Company has accumulated \$19,971,606 of losses as of March 31, 2024 and its ability to continue as a going concern is dependent on it raising future required capital, bringing its products to market and achieving and maintaining profitable operations. The outcome of these matters cannot be predicted at this time. As a result, there exists a material uncertainty which creates significant doubt regarding the Company’s ability to continue as a going concern. These financial statements do not include any adjustments and classifications of assets and liabilities, which might be necessary should the Company be unable to continue its operations. Such adjustments could be material.

2 Basis of presentation

Statement of compliance

These financial statements have been prepared by Management in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. These financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the most recent annual consolidated financial statements of the Company, including the notes thereto, for the year ended December 31, 2023.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 21, 2024.

Basis of consolidation

The financial statements include the accounts of the Company and its wholly owned subsidiary, MyndTec US Inc. which was incorporated by the Company in the United States on October 10, 2018. As at March 31, 2024, December 31, 2023 and March 31, 2023, the US subsidiary is inactive.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies, and the subsidiary is fully consolidated from its date of formation. All intercompany balances, transactions and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

Functional currency and presentation currency

These financial statements are presented in Canadian dollars (“CAD dollars”). The Company’s functional currency is Canadian dollars, and the functional currency of the Company’s wholly owned subsidiary is the United States dollar.

Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Estimates are based on management’s best knowledge of current events and actions the Company may undertake in the future. 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 future periods if the revision affects both current and future periods.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

2 Basis of presentation (continued)

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- **Going concern**

Judgement is required in determining if disclosure of a material uncertainty related to events or conditions which cast significant doubt on the Company's ability to continue as a going concern is required.

The estimates used by management in reaching this conclusion are based on information available as of the date of these audited consolidated financial statements were authorized for issuance and included an internally generated cash flow forecast. Accordingly, actual results could differ from those estimates and resulting variances may be material to management's assessment.

As indicated in notes 1, 7, 10 and 18, a material uncertainty exists which creates significant doubt regarding the Company's ability to continue as a going concern. These financial statements do not include any adjustments or reclassifications of assets and liabilities, which might be necessary should the Company be unable to continue its operations. Such adjustments could be material.

- **Stock options and warrants**

The Company uses the Black-Scholes valuation model to determine the fair value of stock option awards granted and warrants granted in conjunction with the share capital subscriptions. The fair value of the warrants granted in conjunction with the issuance of convertible debentures were determined using the Cox-Rubenstein Binomial model. Estimates are required for inputs to this model including the fair value of the underlying shares, the expected life of the option, volatility, expected dividend yield, forfeiture rates and the risk-free interest rate. Variation in actual results for any of these inputs will result in a different value of the share option realized from the original estimate. The assumptions and estimates used are further outlined in note 13.

- **Fair value of financial instruments**

The individual fair values attributable to the different components of a financing transaction, notably loans and borrowings and convertible debentures are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine the values attributable to each component of a transaction at the time of their issuance. When determining the discount rate used to estimate the fair value of government loans, the Company considers market conditions and other internal and external factors as well as third-party financing agreements entered into by the Company. In determining the fair value of the Health Technology Exchange loan, the Company uses judgment to estimate the future loan repayments based on projected future revenue. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

- **Income taxes**

The Company computes an income tax provision in each of the tax jurisdictions in which it operates. Actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the consolidated financial statements. Additionally, estimation of income taxes includes evaluating the recoverability of deferred tax assets against future taxable income based on an assessment of the ability to use the underlying future tax deductions before they expire. To the extent that estimates of future taxable income differ from the tax return, earnings would be affected in a subsequent period.

In determining the amount of current and deferred tax, the Company considers the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

- **Revenue recognition**

The Company recognizes revenue on the transfer of promised services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services by applying the following steps:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations; and,
- recognize revenue when, or as, the Company satisfies a performance obligation.

MyndTec Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

2 Basis of presentation (continued)

Use of estimates and judgements (continued)

- **Revenue recognition (continued)**

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Company derives treatment revenue based upon the use of the Company's MyndMove devices by treatment clinics; as well as the sale of its products and supplies to research institutions and treatment clinics. Treatment revenue is recognized on a monthly basis as services are provided. The sale of its products and supplies is recognized when delivered to the customer and all performance obligations have been satisfied. The sale of extended warranties is deferred and recognized over the warranty period.

The Company recognizes revenue upon transfer of control of products or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for the products or services transferred. The Company evaluates contracts with customers to determine the appropriate performance obligations for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

The Company determines the transaction price at the outset of each arrangement and the total consideration is allocated to the distinct performance obligations based on their relative fair value. The Company has determined that the recurring services promised in a contract with a customer represent a series of distinct services that are substantially the same and have the same pattern of transfer over time to the customer and each delivery of service is accounted for as a single distinct performance obligation.

The timing of revenue recognition and the contractual payment schedules often differ, resulting in some contractual payments being billed prior to the commencement of service. These amounts that are billed, but not earned, are recognized as deferred revenue in the consolidated statements of financial position. When products or services have been transferred to customers and revenue has been recognized, but not billed, the Company recognizes and includes these amounts as unbilled trade receivables in the consolidated statements of financial position.

3 Trade and other receivables

The aging of trade and other receivables net of expected credit losses, as at March 31, 2024 and December 31, 2023 were as follows:

	March 31	December 31
	<u>2024</u>	<u>2023</u>
Trade receivables		
0 - 30 days	\$ 7,468	\$ 4,118
31-90 days	1,413	5,134
Over 90 days	1,048	30
	<u>\$ 9,929</u>	<u>\$ 9,282</u>
Commodity taxes	5,282	4,245
	<u>\$ 15,211</u>	<u>\$ 13,527</u>

The Company provides for expected credit losses based on its assessment of probability of specific losses, estimates of future individual exposures and provisions based on historical experience. During the three-month period ended March 31, 2024 the Company recorded \$nil (March 31, 2023 - \$nil) expected credit losses.

MyndTec Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

4 Inventories

The following are the Company's inventories as at March 31, 2024 and December 31, 2023:

	March 31	December 31
	<u>2024</u>	<u>2023</u>
Production parts and clinical supplies	\$ 52,892	\$ 41,717
Finished devices	127,911	142,701
	<u>\$ 180,803</u>	<u>\$ 184,418</u>

During the three-month period ended March 31, 2024, inventory of \$19,242 was recorded to cost of goods sold (March 31, 2023 - \$6,663). During the three-month period ended March 31, 2024, the Company recognized a \$16,130 write down of inventory (March 31, 2023 - \$nil), which has been included in other general and administration expenses in the interim condensed consolidated statement of loss and comprehensive loss.

5 Right-of-use asset and lease obligations

Changes in the right-of-use asset and lease obligation for the three-month period ended March 31, 2024 and year ended December 31, 2023 are as follows:

Right-of-use asset

	March 31	December 31
	<u>2024</u>	<u>2023</u>
Cost		
Balance - beginning and end of period	<u>\$ 70,056</u>	<u>\$ 70,056</u>
Accumulated depreciation		
Balance - beginning of period	56,434	33,082
Amortization	5,838	23,352
Balance - end of period	<u>62,272</u>	<u>56,434</u>
Net book value - end of period	<u>\$ 7,784</u>	<u>\$ 13,622</u>

Lease obligation

	March 31	December 31
	<u>2024</u>	<u>2023</u>
Balance - beginning of period	\$ 6,253	\$ 31,213
Accreted interest expense (note 16)	126	2,518
Lease payments	<u>(6,379)</u>	<u>(27,478)</u>
Balance - end of period	-	6,253
Less current portion (note 9)	-	6,253
Long-term portion	<u>\$ -</u>	<u>\$ -</u>

The Company's right-of-use asset relates to the Company's three-year office premises lease that commenced on August 1, 2021. The Company's fair value estimate of this office lease addition and initial liability was \$70,056, utilizing an incremental borrowing rate of 13.5%. Variable lease payments for the three-month period ended March 31, 2024 were \$8,333 (March 31, 2023 - \$7,911), recognized in general and administrative expenses in the interim condensed consolidated statements of loss and comprehensive loss.

MyndTec Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

6 Equipment

<u>Net Book Value (NBV)</u>	Computers		Treatment	<u>Total</u>
	Software and <u>Equipment</u>	<u>Tooling</u>	<u>Devices</u>	
Balance, December 31, 2022	\$ 6,405	\$ 44,469	\$ 152,176	\$ 203,050
Depreciation during the period	(909)	(3,071)	(12,431)	(16,411)
Balance, March 31, 2023	\$ 5,496	\$ 41,398	\$ 139,745	\$ 186,639
Depreciation during the period	(2,740)	(41,398)	(37,284)	(81,422)
Balance, December 31, 2023	\$ 2,756	\$ -	\$ 102,461	\$ 105,217
Depreciation during the period	(186)	-	(5,121)	(5,307)
Balance, March 31, 2024	\$ 2,570	\$ -	\$ 97,340	\$ 99,910
<u>NBV As at December 31, 2023</u>				
Cost	\$ 6,661	\$ -	\$ 158,170	\$ 164,831
Accumulated depreciation	(3,905)	-	(55,709)	(59,614)
Net book value	\$ 2,756	\$ -	\$ 102,461	\$ 105,217
<u>NBV As at March 31, 2024</u>				
Cost	\$ 6,661	\$ -	\$ 158,170	\$ 164,831
Accumulated depreciation	(4,091)	-	(60,830)	(64,921)
Net book value	\$ 2,570	\$ -	\$ 97,340	\$ 99,910

7 Trade and other payables

The following are included in trade and other payables as at March 31, 2024 and December 31, 2023:

	<u>March 31</u> <u>2024</u>	<u>December 31</u> <u>2023</u>
Trade and other payables	\$ 219,967	\$ 239,155
Warranty provision	13,786	13,310
Deferred payment agreement	550,000	550,000
Legal fees incurred after January 24, 2022	165,652	165,652
	<u>\$ 949,405</u>	<u>\$ 968,117</u>

Deferred Payment Agreement

On December 31, 2021, the Company entered into an agreement with its former legal firm, which was made in settlement of amounts payable by the Company for services provided in 2021 and up to January 24, 2022, that related to the preparation of the Company's non-offering prospectus and execution of its February 2022 private placement. The agreement provided for deferral of \$339,000 of fees, to be paid at \$2,500 per month from February 1, 2022 to June 1, 2023 plus \$296,500 due and payable on June 30, 2023. In the event the Company closes a private placement or public offering, the Company was required to pay down the outstanding balance as follows:

1. if the offering is less than \$3 million, the payment will be 5% of the original deferred balance;
2. if the offering is \$3 million or more, the payment will be for the outstanding balance.

Interest accrued on the balance beginning January 24, 2022 at an annual rate equal to the Royal Bank of Canada prime rate plus 5%, calculated and compounded monthly. Conditional upon the Company respecting the payment terms, the interest will be waived.

MyndTec Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

7 Trade and other payables (continued)

Loan payments of \$29,450 were made in 2023 (2022 - \$30,000) and the remainder of the loan was due for payment by June 30, 2023.

On June 30, 2023, the entire deferred payment balance became due; the Company was unable to pay this obligation; and, the Company became in default of this agreement. As at December 31, 2023, the former legal firm demanded its full entitlement under the agreement, which required the Company to expense \$255,792 of penalties, included in public company costs in the consolidated statement of net and comprehensive loss, and has charged the Company \$14,658 in interest expense, creating a total addition to the Company's losses of \$270,450 in the year ended December 31, 2023.

The Company has not accrued any interest on this loan from June 1, 2023 to March 31, 2024, given the creditor has not made additional claims and the Company has made significant counterclaims.

Disputed expenses and Company's Court Assessment

On April 6, 2022, the Company obtained an Order for Assessment from the Ontario Superior Court of Justice to assess \$198,570 of legal fees, of which the Company had already paid \$32,918 and \$165,652 remains unpaid. The Company intends to add the fore-noted \$270,450 of interest and penalties to this Assessment, if it is unable to make alternate settlement arrangements.

Deferred Payment Agreement and Disputed Expenses.

The Company does not have funds to settle the \$550,000 of deferred payment agreement obligations or the \$165,652 of disputed expenses and has asked its former legal firm to accept a lesser settlement, similar to the arrangement it made with the Health Technology Exchange or, perhaps, in cash (note 10).

On December 21, 2023 the Company's former legal firm filed a Statement of Claim with the Ontario Superior Court of Justice, in the amount of \$715,202 to collect their fees. On January 29, 2024, the Company filed a Statement of Defense and Counterclaim with respect to the December 21, 2023 Claim for Damages, which was filed against the Company by the Company's former legal firm.

As of March 31, 2024, there have been no mediation meetings or other formal proceedings in respect of this matter.

8 Deferred revenue

Current plus long-term deferred revenue was \$46,750 as at March 31, 2024 (December 31, 2023 - \$51,000), net of \$4,250 of income recognized in the three-month period ended March 31, 2024 (March 31, 2023 - \$4,250). The deferred revenue as at March 31, 2024 and December 31, 2023 relates to a five-year extended warranty for the engineering, manufacturing and delivery of devices to a research facility, the KITE Research Institute at the University Health Network, in Toronto, Canada, which is significantly influence by a director of the Company (note 12).

9 Current portion of long-term liabilities

The current portion of long-term liabilities as at March 31, 2024 and December 31, 2023 includes::

	March 31	December 31
	<u>2024</u>	<u>2023</u>
Payable in cash		
Federal Economic Development Agency (note 10)	\$ 423,680	\$ 419,257
Health Technology Exchange (note 10)	1	1
Canadian Emergency Business Account (note 10)	-	30,000
Total government loans	<u>423,681</u>	<u>449,258</u>
Lease obligations (note 5)	-	6,253
Other long-term debt (note 11)	4,549	-
	<u>\$ 428,230</u>	<u>\$ 455,511</u>

MyndTec Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

10 Government loans

Government loans as at March 31, 2024 and December 31, 2023 include:

	March 31	December 31
	<u>2024</u>	<u>2023</u>
Federal Economic Development Agency (FEDA)	\$ 423,680	\$ 419,257
Health Technology Exchange (HTX) (note 18)	1	1
Canadian Emergency Business Account (CEBA)	-	30,000
	<u>423,681</u>	<u>449,258</u>
Less current portion (note 9)	423,681	449,258
Long-term portion	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Federal Economic Development Agency of Southern Ontario (FEDA) loan

The FEDA loan is unsecured, non-interest bearing and it provided initial financing of \$919,518. On December 3, 2021, the payment terms for this loan were amended and, as at March 31, 2024, the principal balance outstanding of this loan is \$423,680 (December 31, 2023 – \$419,257), due on demand.

On December 1, 2022, the Company defaulted on a payment due to FEDA and on December 31, 2022 the Company exhausted the allowed time to cure the default and the loan became immediately due and payable. No payments have been made since November 1, 2022.

During the three-month period ended March 31, 2024, the Company recognized \$4,423 (March 31, 2023 – \$nil) of accretion expense (note 16) and the Company made repayments of \$nil (March 31, 2023 - \$nil).

Health Technology Exchange (HTX) loan

The HTX loan was unsecured, required interest at 3.1% per annum, was repayable based on 10% of certain preceding year gross revenue and provided initial financing of \$749,600. As at March 31, 2024, the principal balance outstanding on this loan is \$378,059 (December 31, 2023 – \$378,059). During the three-month period ended March 31, 2024, the Company made a cash repayment of \$nil (March 31, 2023 – \$nil) and the Company recognized \$nil (March 31, 2023 – \$5,810) of accretion expense (note 16) on this loan.

On July 6, 2023 the Company closed a settlement agreement with the Health Technology Exchange whereby the Company's repayment obligation of \$756,121 was fixed as of May 29, 2023 and then, partially repaid by the issuance of 540,088 in common shares (note 14) at a market price of \$0.70 per share, for a total of \$378,062. The \$378,059 remainder of the obligation was forgiven, subject to the condition that the Company's MyndMove product revenues do not exceed \$1,000,000 in the twelve-month period ended May 29, 2024.

Pursuant to the Company's July 6, 2023 settlement agreement with HTX, the Company has determined the March 31, 2024 and December 31, 2023 fair value of the HTX loan to be the share settlement amount of one dollar (\$1) for the contingent forgiveness of \$378,059 (note 18). In the year ended December 31, 2023, the Company recorded a fair value adjustment loss of \$105,436 and for three-month periods ended March 31, 2024 and 2023 – \$nil.

Federal Canadian Emergency Business Account (CEBA) loan

The Federal CEBA loan is part of the Canadian federal government's support program in response to the COVID-19 pandemic, wherein the Company was able to obtain a \$30,000 non-interest-bearing loan, net of a \$10,000 forgivable amount. This loan was paid on January 22, 2024 to assure the \$10,000 forgiveness.

During the three-month period ended March 31, 2024, the Company recognized \$nil (March 31, 2023 – \$801) of accretion expense on this loan (note 16) and repaid \$30,000 (March 31, 2023 – \$nil) of the principal.

MyndTec Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

10 Government loans (continued)

A reconciliation of the government loans is as follows:

	March 31	December 31
	<u>2023</u>	<u>2023</u>
Balance - beginning of period	\$ 449,258	\$ 702,976
Loan payments	(30,000)	-
Conversion to equity	-	(378,062)
Accretion expense (note 16)	4,423	18,908
Fair value adjustment of government loans	-	105,436
Balance - end of period	<u>423,681</u>	<u>449,258</u>
Less current portion (note 9)	423,681	449,258
Long-term portion	<u>\$ -</u>	<u>\$ -</u>

11 Other long-term debt

On January 22, 2024, the Company's Canadian Emergency Business Account loan (note 10) was repaid from the proceeds of a loan from the Royal Bank of Canada (RBC). The \$30,000 RBC loan is repayable in equal amounts over 60 months, commencing on February 22, 2024, with interest at RBC prime plus 2.84%.

During the three-month period ended March 31, 2024, the Company recognized \$492 of interest expense (note 16) and repaid \$784 of the principal on this loan. At March 31, 2024 the outstanding principal was \$29,216.

12 Related party balances and transactions

During the three-month periods ended March 31, 2024 and 2023, the Company recognized treatment revenues and device sales revenues from LBB Applied Technology Inc., a significant shareholder of the Company and the Company's distributor in the USA. that was previously able to nominate one director to the Company's Board of Directors. These transactions were made in the normal course of business.

The Company has a shareholder and director, who is employed by the KITE Research Institute at the University Health Network in Toronto, Canada (KITE), an Institution over which he has significant influence and to which the Company is committed to a long-term license agreement (note 18), requiring the semi-annual payment of royalty fees. In addition, the Company has entered into contracts with this Institution to sell MyndMove devices, which have been modified for research purposes; and to purchase research and development (R&D) services.

In 2017, the Board approved the remuneration of a director and shareholder, for services as interim CEO provided to the Company in addition to his role as director. As at March 31, 2023, the entire \$75,000 amount remained unpaid and was included in trade and other payables. In the fourth quarter of 2023, the amount was forgiven by the director and shareholder and recorded as a reduction of general and administration salaries and benefits.

MyndTec Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

12 Related party balances and transactions (continued)

A summary of the Company's related party transactions follows:

	March 31		December 31
	<u>2024</u>	<u>2023</u>	<u>2023</u>
Revenue during the three-month period ended			
Sale of devices and parts	24,747	5,003	
	<u>\$ 24,747</u>	<u>\$ 5,003</u>	
Expenses during the three-month period ended			
Share-based compensation for directors and senior officers	\$ 10,688	\$ 15,816	
Salaries, fees and benefits for directors and senior officers	85,518	126,227	
License fees	2,561	1,232	
	<u>\$ 98,767</u>	<u>\$ 143,275</u>	
Assets - as at the date specified			
Accounts receivable	\$ 3,503	\$ 7,131	\$ 5,360
Liabilities - as at the date specified			
Due to director	\$ -	\$ 75,000	\$ -
License fees and expenses payable	\$ 89,782	\$ 10,770	\$ 96,759
Deferred revenue	\$ 46,750	\$ 63,750	\$ 51,000

13 Share capital, warrants and stock options

The Company is authorized to issue an unlimited number of common shares. The following is a summary of the Company's issued securities:

	Common Shares	Warrants	Stock Options	Fully Diluted Total
Balance, December 31, 2022	21,838,500	5,998,239	1,115,000	28,951,739
Private placement	762,932	762,932	-	1,525,864
Balance, March 31, 2023	22,601,432	6,761,171	1,115,000	30,477,603
Rights forfeited or expired	-	(1,259,535)	(155,000)	(1,414,535)
Options issued	-	-	525,000	525,000
Debt conversion (note 10)	540,088	-	-	540,088
Private placements	857,811	857,811	-	1,715,622
Balance, December 31, 2023	23,999,331	6,359,447	1,485,000	31,843,778
Rights forfeited or expired	-	-	(25,000)	(25,000)
Private placements	359,294	359,294	-	718,588
Balance, March 31, 2024	24,358,625	6,718,741	1,460,000	32,537,366

**Notes to the Unaudited Interim Condensed Consolidated Financial Statements
For the three-month periods ended March 31, 2024 and 2023**

13 Share capital, warrants and stock options (continued)

2024 Private Placements

On February 13, 2024 and March 19, 2024, the Company completed Private Placements of 359,294 Units, in total, with its largest shareholder, at \$0.75 per Unit, for a total of \$269,470. Each Unit was comprised of one common share and one warrant. The warrants have an exercise price of \$0.90 per warrant and expire three years from the date of issuance.

The subscribers ultimately received 359,294 common shares of the Company and 359,294 warrants to acquire common shares of the Company at \$0.90. The warrants expire February 13, 2027 and March 19, 2027. Of the \$259,870 in net proceeds, \$82,604 was allocated to the value of the warrants, based on a Black Scholes valuation of the warrants with an exercise price of \$0.90; a weighted average estimated \$0.50 value of common shares; a weighted-average volatility rate of 91.0%; an expected 3-year life for the warrants; and a weighted-average risk-free interest rate of 3.94%.

2023 Private Placements

On January 11, 2023 and May 23, 2023, the Company completed Private Placements of 1,259,038 Units, in total, with its two largest shareholders, at \$0.75 per Unit, for a total of \$944,280. On November 3, 2023 and December 20, 2023, the Company completed Private Placements of 361,705 Units, in total, with its largest shareholder, at \$0.75 per Unit, for a total of \$271,279. Each Unit was comprised of one Common share and one warrant. The warrants have an exercise price of \$0.90 per warrant and expire three years from the date of issuance.

The subscribers ultimately received 1,620,743 common shares of the Company and 1,620,743 warrants to acquire common shares of the Company at \$0.90. The warrants expire January 11, May 23, November 3 and December 20 of 2026. Of the \$1,152,625 in net proceeds, \$413,247 was allocated to the value of the warrants, based on a Black Scholes valuation of the warrants with an exercise price of \$0.90; a weighted average estimated \$0.77 value of common shares; a weighted-average volatility rate of 91.88%; an expected 3-year life for the warrants; and a weighted-average risk-free interest rate of 3.77%.

Debt Conversion to Equity and Forgiveness of Government Debt

On July 6, 2023, the Company closed a settlement agreement with the HTX (note 10), whereby the Company's repayment obligation of \$756,121 was fixed as of May 29, 2023 and, then, partially repaid by the issuance of 540,088 in common shares, at \$0.70 per share, for a total of \$378,062.

The \$378,059 remainder of the obligation was forgiven, subject to the condition that the Company's MyndMove product revenues do not exceed \$1,000,000 in the twelve-month period ended May 29, 2024. The Company has recorded the fair value of this outstanding obligation at one dollar (\$1), as explained in notes 11 and 18 of the Company's financial statements.

Warrants and Options

On March 31, 2024 the Company has 6,718,741 fully vested warrants outstanding, exercisable into one common share per warrant, as follows:

- 4,738,704 at an exercise price of \$1.00, that expire on February 16, 2027.
- 762,932 at an exercise price of \$0.90, that expire in the three-month period ending March 31, 2026
- 857,811 at an exercise price of \$0.90, that expire in the nine-month period ending December 31, 2026
- 359,294 at an exercise price of \$0.90, that expire in the three-month period ending March 31, 2027

On March 31, 2024, the Company had 1,460,000 options outstanding, with a weighted average exercise price of \$0.90 and weighted average remaining life of 7.65 years. 1,009,167 of the options are fully vested.

MyndTec Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

The Company estimated the fair value of the stock options granted in 2023 (2024 – none) using the Black-Scholes option pricing model with the following weighted average assumptions:

	<u>2023</u>	
	<u>June 15</u>	<u>May 17</u>
Options	25,000	500,000
Exercise Price	\$0.70	\$0.75
Estimated share price value	\$0.70	\$0.70
Volatility	112.87%	113.26%
Expected life in years	10	10
Risk-free interest rate	3.33%	3.09%
Dividend yield	nil	nil
Estimated value per option	\$0.656	\$0.655
Total valuation	\$16,402	\$327,286

Due to the absence of Company specific volatility rates, the Company chose comparable companies in a similar industry.

In the three-month period ending March 31, 2024 the Company recorded \$31,143 (March 31, 2023 – \$27,572) of share-based compensation expense, related to stock options, in the consolidated statement of loss and comprehensive loss, using the graded vesting method,

14 Breakdown of expenses by nature, for the three-month period ending:

	<u>2024</u>	<u>2023</u>
Salaries and benefits (note 15)	\$ 92,291	\$ 91,838
Accounting, legal and professional fees	50,233	41,651
Technology expense	16,465	23,905
Additional rent	8,333	7,911
Insurance	25,398	31,354
Other expenses	14,970	1,884
Total general and administration	<u>\$ 207,690</u>	<u>\$ 198,543</u>
Salaries and benefits (note 15)	\$ 47,707	\$ 82,316
Patent expenses	9,737	7,963
Other development expenses	100	4,491
Total research and development	<u>\$ 57,544</u>	<u>\$ 94,770</u>

15 Salaries and benefits, for the three-month periods ending:

	<u>2024</u>	<u>2023</u>
General and administration (note 14)	\$ 92,291	\$ 91,838
Research, development and quality control (note 14)	47,707	82,316
Selling and marketing	-	17,500
Total salaries and benefits	<u>\$ 139,998</u>	<u>\$ 191,654</u>

MyndTec Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

16 Interest and accretion expenses, for the three-month periods ending:

	<u>2024</u>	<u>2023</u>
Government loans (note 10)		
FEDA	\$ 4,423	\$ -
HTX	-	5,810
CEBA	-	801
Total government loans	<u>4,423</u>	<u>6,611</u>
Lease obligation (note 5)	<u>126</u>	<u>905</u>
Total accretion expense	4,549	7,516
Other long-term debt (note 11)	492	-
Short term interest	-	(1,156)
Total interest and accretion expense	<u>\$ 5,041</u>	<u>\$ 6,360</u>

17 Government grants and tax credits

Scientific research and experimental development tax credits

In the past, the Company has made claims for SR&ED deductions and related expenses for income tax purposes, based on the applicable legislation in the Income Tax Act (Canada). During the year ended December 31, 2023, the Company received and recorded \$174,148 of SR&ED claims, related to the December 31, 2021 and February 15, 2022 tax periods.

As of February 16, 2022, when the Company became publicly listed, it no longer qualifies for cash refundable SR&ED credits. Since that date, no subsequent income has been recorded. Further, no income will be cash refundable until the Company has utilized all of its income tax losses carried forward.

18 Commitments and contingencies

The Company is in default of its unsecured obligations to its former legal firm (note 7) and the FEDA (note 10), for which it does not have the funds to repay. As of December 31, 2023, the Company's only foreseeable option to settle these \$1,139,332 of obligations is to issue Company securities. Otherwise, the creditors might be inclined to commence legal proceedings. These obligations are an impediment to the Company's ability to complete future financings, which creates a material uncertainty and a going concern risk (note 1) for the Company.

Of the Company's existing outstanding options (note 13), 260,000 options with a Black Scholes value of \$170,189 and an expiry date of May 17, 2033 will vest and the value thereof will be recognized at such time as the Option Holder successfully introduces an acquisition to the Company, as specified in the respective contract between the parties.

The Company has recorded its obligation to HTX (note 10) equal to a one dollar (\$1) contingency for the risk that the \$378,059 contingent forgiveness might be reversed. The one-dollar contingency is based on the unlikely probability that the Company's MyndMove product revenues will exceed \$1,000,000 in the twelve-month period ended May 29, 2024.

On August 29, 2012, the Company entered into an agreement with a health services institution whereby it granted the Company an exclusive worldwide license to commercialize certain intellectual property related to a functional electrical stimulation device and system; for which the Institution received 400,000 of the Company's common shares, with a fair value of \$400,000. In addition, the Company is committed to paying a cumulative royalty on the net sales of stimulators used to treat motor dysfunction, as follows:

- 0% on the first \$1,000,000 cumulative net sales;
- 4% on the cumulative net sales exceeding \$1,000,000 but not greater than \$7,500,000; and,
- 1% on the cumulative net sales exceeding \$7,500,000.

The amount of these fees for the years ended December 31, 2023 and 2022 are disclosed in note 12.

The Company's current lease commitments, expiring July 31, 2024, are disclosed in Note 5. The Company has renewed that lease for another one-year period, effective August 1, 2024 - for a total fixed cost of \$30,855, plus variable common area costs, for the extra year. The lease renewal will not be capitalized, because of the short-term duration of the additional term.

MyndTec Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

19 Capital Management

The Company's capital management objectives are to maintain financial flexibility in order to pursue its product development and commercialization strategy, and ultimately provide long-term returns to its shareholders. This strategy relies significantly on the Company's ability to demonstrate growing efficacy creation in its medical devices, in order to convince potential investors to invest more capital in the Company's development efforts.

The Company defines capital as the aggregate of its shareholder equity and borrowings.

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances. The Company is not subject to any externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis. There were no material changes to this approach during the three-month period ending March 31, 2024 and year ended December 31, 2023.

20 Financial instruments and risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms.

The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Credit loss impairment is determined based upon review of specific accounts as the Company does not have significant historical uncollectable receivables. As at March 31, 2024, the Company had \$2,461 in overdue trade and other receivables (March 31, 2023 – \$3,617).

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows, the issuance of share capital and if desired, the issuance of debt. The Company's trade and other payables are all due within twelve months from the date of these consolidated financial statements.

If unanticipated events occur that impact the Company's ability to meet its forecast and continue to fund customer acquisition cost, research and development, and administrative requirements, the Company may need to take additional measures to increase its liquidity and capital resources, including obtaining additional debt or equity financing or strategically altering the business forecast and plan. In this case, there is no guarantee that the Company will obtain satisfactory financing terms or adequate financing. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on the Company's results of operations or financial condition.

The Company is obligated to the following contractual maturities of undiscounted cash flows as at March 31, 2024:

	Payments Due			<u>Total</u>
	<u>Less than 1 year</u>	<u>2 - 3 years</u>	<u>After 3 years</u>	
Trade and other payables	\$ 949,405	\$ -	\$ -	\$ 949,405
Government loans	423,681	-	-	423,681
Other long-term debt	4,549	11,502	13,165	29,216
	<u>\$ 1,377,635</u>	<u>\$ 11,502</u>	<u>\$ 13,165</u>	<u>\$ 1,402,302</u>

MyndTec Inc.

**Notes to the Unaudited Interim Condensed Consolidated Financial Statements
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**Notes to the Unaudited Interim Condensed Consolidated Financial Statements
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20 Financial instruments and risk management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk:

- **Foreign currency risk** arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company's primary exposure with respect to foreign currencies is from United States dollar denominated cash, trade and other receivables, and trade and other payables. As at March 31, 2024, a 1% change in the foreign exchange rates would result in a \$1,336 impact to the financial statements (March 31, 2023 - \$206).
- **Interest rate risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as at December 31, 2023 and 2022 because all of its indebtedness is at fixed rates.
- **Other price risk** is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at December 31, 2023 and 2022.

Fair values

The carrying values of cash and cash equivalents, trade and other receivables excluding HST, trade and other payables excluding HST, and lease obligations are considered representative of their respective fair values due to the short-term period to maturity. The government loans approximate their fair value as the interest and discount rates are consistent with the current rates offered by the Company for its loans with similar terms. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- **Level 1** – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- **Level 2** – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- **Level 3** – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the year, there were no transfers of amounts between levels. The fair value of derivative and warrant liabilities and HTC government loan are determined using level 3 inputs.

Financial instruments measured at fair value using level 3 inputs:

	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
HTC government loan	Discounted cash flows (note 11)	- Discount rate - Expected timing of repayments based on revenue forecast	An increase revenue growth or decrease in discount rate would increase the fair value of the HTC government loan.

MyndTec Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month periods ended March 31, 2024 and 2023

21 Segmented information

The Company reports segment information based on internal reports used by the chief operating decision maker (“CODM”) to make operating and resource decisions and to assess performance. The CODM is the Chief Executive Officer.

The Company has revenues from sales in Canada and from Canada to the United States and Malasia. The Company has one operating segment which includes income related to its MyndMove, MyndSearch (a variation of MyndMove, which has been modified for research purposes) and MyndStep devices. The two types of revenue include: (1) treatment fees, from treatment clinics that use the Company’s MyndMove devices and (2) product sales, which are revenues from the sale of MyndMove, MyndSearch or MyndStep devices to clinics or research institutions and the sale of treatment supplies.

All treatment revenue devices are located in Canada. Revenues by geographical location and by services and products, delivered in the three-month periods ended March 31 2024 and 2023, were as follows:

	<u>2024</u>	<u>2023</u>
Revenue by geographic location of customers		
Canada	\$ 22,994	\$ 33,306
Non-Canadian	46,147	5,003
	<u>\$ 69,141</u>	<u>\$ 38,309</u>
Revenue by services and products delivered		
Treatment fees	\$ 18,450	\$ 16,600
Product sales	50,625	21,643
Other	66	66
	<u>\$ 69,141</u>	<u>\$ 38,309</u>

22 Subsequent events

Issuance of Stock Options

On April 24, 2024 the Company issued 37,500 share options in accordance with two service contracts that expire on December 31, 2024. The options vest at 4,166 per month over nine months commencing on April 30, 2024; may be exercised at \$0.75 per share; and, expire on April 24, 2034 - except the options will be forfeited on December 31, 2024 if the respective service contracts are not renewed.

Private Placements

On May 13, 2024, the Company received funds and accepted a subscription offer for a non-brokered private placement, from an existing shareholder, of 181,840 Units, at \$0.75 per Unit, for a total subscription price of \$136,380. Each Unit is comprised of one common share and one warrant. The warrants have an exercise price of \$0.90 per warrant and will expire three years after the closing date. It is expected that this transaction will close on or before May 31, 2024.