

MiMedia Holdings Inc.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Expressed in United States Dollars)

(Unaudited)

**NOTICE OF NO AUDIT OR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management. The Corporation's independent auditor has not performed a review of these interim consolidated financial statements.

MiMedia Holdings Inc.

Unaudited Condensed Interim Consolidated Statements of Financial Position
(United States Dollars, unless otherwise indicated)

As at	Notes	June 30, 2024	December 31, 2023
ASSETS		\$	\$
Current			
Cash and cash equivalents	5	396,812	1,720,004
Accounts and other receivables	6	17,373	16,022
Prepaid expenses		25,957	75,165
Total Current Assets		440,142	1,811,191
Loan receivable	7	136,989	136,156
Security deposit and other assets		10,170	10,876
Total Assets		587,301	1,958,223
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current			
Accounts payable and accrued liabilities	8	833,735	944,067
Deferred revenue		891	1,086
Total Current Liabilities		834,626	945,153
Convertible debentures	9	3,893,790	3,855,031
Total Liabilities		4,728,416	4,800,184
Shareholders' Equity (Deficiency)			
Share capital	10	58,799,124	58,239,390
Reserves	11	2,057,312	1,967,057
Accumulated other comprehensive income (loss)		23,735	(72,550)
Accumulated deficit		(65,021,286)	(62,975,858)
Total Shareholders' Deficiency		(4,141,115)	(2,841,961)
Total Liabilities and Shareholders' Deficiency		587,301	1,958,223
Going concern	2		
Commitments and contingencies	18		
Subsequent events	19		

APPROVED ON BEHALF OF THE BOARD:

Chris Giordano
Director

John MacPhail
Director

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

MiMedia Holdings Inc.

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(United States Dollars, unless otherwise indicated)

		Three months ended		Six months ended	
	Notes	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenue		\$	\$	\$	\$
Subscription revenue		1,158	1,275	2,331	2,541
Partner income		(108)	750	1,799	2,816
Total Revenue		1,050	2,025	4,130	5,357
Operating Expenses					
Research and development	12(a)	293,573	256,867	623,341	469,579
Selling expenses	12(b)	189,335	158,688	384,912	281,677
General and administrative	12(c)	406,474	482,660	701,900	922,832
Operating Expenses		889,382	898,215	1,710,153	1,674,088
Other Income (Expenses)					
Foreign exchange gain (loss)		7,175	(26,923)	36,139	(57,479)
Accretion	9	(85,246)	(44,607)	(169,855)	(52,621)
Interest expense	9	(113,567)	(62,940)	(226,784)	(74,648)
Interest income	5,7	6,657	19,187	21,095	21,847
		(184,981)	(115,283)	(339,405)	(162,901)
Net Loss Before Tax		(1,073,313)	(1,011,473)	(2,045,428)	(1,831,632)
Deferred income tax recovery	13	-	-	-	77,541
Net Loss		(1,073,313)	(1,011,473)	(2,045,428)	(1,754,091)
Other comprehensive income: (items that may be subsequently reclassified to profit or loss)					
Foreign currency translation differences		31,925	(17,279)	96,285	(16,179)
Total Comprehensive Loss		(1,041,388)	(1,028,752)	(1,949,143)	(1,770,270)
Loss per share					
Basic and diluted		\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.02)
Weighted average shares outstanding – Basic and diluted	10	72,918,536	71,193,314	72,707,762	71,159,083

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

MiMedia Holdings Inc.

Unaudited Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)
(United States Dollars, unless otherwise indicated)

	Number of Shares				Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
	Multiple Voting Shares	Subordinate Voting Shares	Share Capital \$	Reserves \$	\$	\$	\$
Balance, January 1, 2023	7,515,550	33,483,429	58,131,081	1,219,670	1,027	(59,111,031)	240,747
Issuance of convertible debentures	-	-	-	284,005	-	-	284,005
Convertible debenture transaction costs	-	-	-	(40,408)	-	-	(40,408)
Deferred income tax on convertible debenture	-	-	-	(76,682)	-	-	(76,682)
Issuance of broker and advisory warrants	-	-	-	36,885	-	-	36,885
Shares issued for interest payments on convertible debentures	-	200,189	75,984	-	-	-	75,984
Shares returned to treasury for cancellation	(29)	-	-	-	-	-	-
Share conversions	(413,004)	2,065,020	-	-	-	-	-
Exercise of warrants	-	130,080	38,642	(8,129)	-	-	30,513
Share-based compensation	-	-	-	244,706	-	-	244,706
Foreign currency translation	-	-	-	-	(16,179)	-	(16,179)
Net loss for the period	-	-	-	-	-	(1,754,091)	(1,754,091)
Balance, June 30, 2023	7,102,517	35,878,718	58,245,707	1,660,047	(15,152)	(60,865,122)	(974,520)
Balance, January 1, 2024	6,925,156	36,765,521	58,239,390	1,967,057	(72,550)	(62,975,858)	(2,841,961)
Shares issued for interest payments on convertible debentures	-	1,855,821	448,356	-	-	-	448,356
Share issuance cost	-	-	(10,739)	-	-	-	(10,739)
Share conversions	(150,772)	753,860	-	-	-	-	-
Exercise of warrants	29	500,000	122,117	(31,243)	-	-	90,874
Issuance of warrants pursuant to service agreement	-	-	-	32,972	-	-	32,972
Share-based compensation	-	-	-	88,526	-	-	88,526
Foreign currency translation	-	-	-	-	96,285	-	96,285
Net loss for the period	-	-	-	-	-	(2,045,428)	(2,045,428)
Balance, June 30, 2024	6,774,413	39,875,202	58,799,124	2,057,312	23,735	(65,021,286)	(4,141,115)

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

MiMedia Holdings Inc.

Unaudited Condensed Interim Consolidated Statements of Cash Flows
(United States Dollars, unless otherwise indicated)

	Six months ended	
	June 30, 2024	June 30, 2023
Cash flows from operating activities	\$	\$
Loss for the period	(2,045,428)	(1,754,091)
Items not affecting cash from operations:		
Amortization of intangible assets	707	707
Accretion	169,855	52,621
Share-based compensation	88,526	244,706
Deferred income tax recovery	-	(77,541)
Shares issued for interest payments on convertible debentures	228,174	74,648
Warrants issued for services	32,972	-
Changes in non-cash working capital balances:		
Accounts and other receivables	(1,799)	(1,741)
Loan receivable	(833)	(832)
Prepaid expenses	39,118	91,673
Accounts payable and accrued liabilities	123,545	172,617
Deferred revenue	(193)	-
Net cash used in operating activities	(1,365,356)	(1,197,233)
Cash flows from financing activities		
Share issuance costs	(9,552)	-
Proceeds from issuance of convertible debenture	-	2,485,925
Convertible debenture transaction costs	-	(316,814)
Proceeds from exercise of warrants	90,874	30,513
Net cash provided by financing activities	81,322	2,199,624
Impact of currency translation on cash	(39,158)	51,582
Net increase (decrease) in cash during the period	(1,323,192)	1,053,973
Cash and cash equivalents, beginning of period	1,720,004	574,554
Cash and cash equivalents, end of period	396,812	1,628,527
Supplemental cash flow information (Note 17)		

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

MiMedia Holdings Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(United States Dollars, unless otherwise indicated)

1. NATURE OF OPERATIONS

MiMedia Holdings Inc. (the “Company”) was incorporated by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on May 22, 2018. The Company’s head office is 85 Broad Street, New York, NY 10004 and registered and records office address is 220 – 333 Terminal Avenue, Vancouver, BC V6A 4C1. The principal business of the Company is to provide a next generation consumer cloud platform that enables all types of personal media to be secured in the cloud, accessed seamlessly, across all devices, and on all operating systems at any time. The Company trades on the TSX Venture Exchange under the stock symbol MIM.

2. GOING CONCERN

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that assets will be realized, and liabilities discharged in the normal course of business for the foreseeable future. The Company has incurred losses since its inception and anticipates that losses will continue. For the six months ended June 30, 2024, the Company has incurred a comprehensive loss of \$1,949,143 (2023: \$1,770,270). The Company also had operating cash outflows of \$1,365,356 (2023: \$1,197,233). The Company has not generated sufficient cash inflows from operations. These conditions cast significant doubt about the Company’s ability to continue as a going concern. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate profitability and positive cash flow. These unaudited condensed interim consolidated financial statements do not give effect to the adjustments that would be necessary should the Company be unable to continue as a going concern and to realize its assets and liquidate its liabilities and commitments at amounts different from those in the accompanying condensed interim consolidated financial statements. Such adjustments could be material.

3. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), including International Accounting Standards (“IAS”) 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim consolidated financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited financial statements for the year ended December 31, 2023.

The Company’s interim results are not necessarily indicative of its results for a full year.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 26, 2024.

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b) Consolidation

These condensed interim consolidated financial statements are presented on a consolidated basis and include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

Entity	Country of Incorporation	Functional Currency	Percentage Owned	
			June 30, 2024	December 31, 2023
MiMedia Inc.	United States	United States Dollars	100%	100%

All intercompany balances and transactions have been eliminated on consolidation.

c) Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The accounting policies have been applied consistently to all periods presented in these condensed interim consolidated financial statements, unless otherwise indicated.

The condensed interim consolidated financial statements have been presented in United States dollars. The Company's functional currency is Canadian dollars and its subsidiary's is United States dollars.

The functional currency of each entity is determined using the currency of the primary economic environment in which that entity operates.

In preparation of the condensed interim consolidated financial statements of the Company, the results of foreign operations with a functional currency other than United States dollars are translated to United States dollars upon consolidation. Each entity's assets and liabilities are translated to United States dollars at the prevailing exchange rate at reporting date. The revenue and expenses of these foreign operations are translated to United States dollars using average exchange rates prevailing for each reporting period. Foreign exchange differences arising on translation are recognized directly in the consolidated statement of loss and comprehensive loss and presented in the foreign currency translation reserve within equity. On disposal of a foreign operation, the related cumulative translation difference recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

At the entity level, transactions in currencies other than the entity's functional currency are recorded at the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the prevailing exchange rates on the date of the statement of financial position. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the prevailing exchange rates on the date when the fair value was determined. Non-monetary items measured at historical costs in foreign currency are not re-translated. Exchange differences arising on the settlement of monetary items, and on the remeasurement of monetary items, are included in profit or loss for the period.

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d) Judgement and estimates

In preparing these condensed interim consolidated financial statements, management has made judgments, estimates, and assumptions that affect the applicability of the Company's accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. In preparing these condensed interim consolidated financial statements, the significant estimates and critical judgements were the same as those applied to the annual financial statements as at and for the year ended December 31, 2023.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 4 to the audited consolidated financial statements for the year ended December 31, 2023, and have been consistently followed in the preparation of these condensed interim consolidated financial statements.

5. CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023
	\$	\$
Cash	194,019	307,646
Guaranteed Investment Certificates ("GICs")	202,793	1,412,358
	396,812	1,720,004

The GICs are cashable, bear interest at a rate of 5.2% to 5.4% and are considered a cash equivalent. Interest earned on the cash equivalents and the Company's high-interest savings accounts amounted to \$20,252 for the six months ended June 30, 2024 (2023 – \$20,940).

6. ACCOUNTS AND OTHER RECEIVABLES

	June 30, 2024	December 31, 2023
	\$	\$
Accounts receivable	4,522	2,723
Sales taxes recoverable	12,851	13,299
	17,373	16,022

7. LOAN RECEIVABLE

On December 6, 2021, the Company advanced \$65,643 to an officer and director of the Company. The advance bears interest at 1.26% per annum, is due on demand and is secured by 646,946 Multiple Voting Shares of the Company. The advance is repayable upon sale of the share security.

On June 2, 2022, the Company further advanced \$67,458 to an officer and director of the Company. The advance shares the same terms as the December advance.

As at June 30, 2024, \$3,888 in interest was accrued on the advances (December 31, 2023: \$3,055).

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8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2024	December 31, 2023
	\$	\$
Trade payables	714,067	624,555
Interest payable on convertible debentures (Note 9)	-	224,717
Accrued liabilities and other payables	119,668	94,795
	833,735	944,067

9. CONVERTIBLE DEBENTURES

a) March 14, 2023 Convertible Debenture

On March 14, 2023, the Company completed a private placement of 10% unsecured convertible debenture units of the Company. Pursuant to the offering, the Company issued and sold 3,400 debenture units for aggregate gross proceeds to the Company of \$2,485,925 (\$3,400,000 CAD).

Each debenture unit consists of:

- i. \$1,000 CAD principal amount unsecured convertible debenture of the Company; and
- ii. 1,000 Subordinate Voting Share purchase warrants of the Company for a total of 3,400,000 subordinate share purchase warrants.

The outstanding principal amount of each convertible debenture is convertible at the option of the holder thereof, at any time prior to maturity, into Subordinate Voting Shares of the Company at a conversion price of \$0.50 CAD per Subordinate Voting Share. Each warrant is exercisable to acquire one Subordinate Voting Share at an exercise price of \$0.65 CAD until March 14, 2025.

The Convertible Debentures mature on March 14, 2026, and bear interest at a rate of 10% per annum, payable in cash or Subordinate Voting Shares, at the option of the Company, on a semi-annual basis. Any payment of interest pursuant to the issuance of Subordinate Voting Shares will be subject to the prior approval of the TSX Venture Exchange (the "Exchange") and the issue price per Subordinate Voting Share shall be at the then applicable Market Price (as such term is defined in the applicable policies of the Exchange). On June 30, 2023, the Company made its first interest payment of \$75,984 by issuing 200,189 Subordinate Voting Shares.

If, at any time following the date that is four months from the closing date of the debenture offering (or any subsequent closing date), the daily volume weighted average trading price of the Subordinate Voting Shares on the TSX Venture Exchange is greater than \$1.00 CAD per Subordinate Voting Share for the preceding 10 consecutive trading days, the Company shall have the option to convert all of the principal amount of the then outstanding convertible debentures into Subordinate Voting Shares at the conversion price with at least 30 days' prior written notice to the holders of convertible debentures.

In connection with the issuance of this convertible debenture, the Company paid:

- i. a cash commission equal to \$106,566, being an amount equal to 5.0% of the aggregate gross proceeds of the brokered portion of the convertible debenture offering;

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- ii. 291,500 non-transferable broker warrants, valued at \$32,308 based on their grant date fair value determined using the Black-Scholes Option Pricing Model (Note 11), being such number of broker warrants as is equal to 5.0% of the gross proceeds of the brokered portion of the offering divided by the conversion price;
- iii. a cash advisory fee in the amount of \$15,098; and
- iv. 41,300 non-transferable advisory fee warrants, valued at \$4,577 based on their grant date fair value determined using the Black-Scholes Option Pricing Model (Note 11).

Each broker warrant and advisory warrant is exercisable to acquire one unit, consisting of one Subordinate Voting Share and one-half of one compensation unit warrant, at an exercise price of \$0.50 CAD until March 14, 2025. Each compensation unit warrant will be exercisable to purchase one Subordinate Voting Share on the same terms and conditions applicable to the convertible debenture warrants.

The Company also incurred \$195,149 in directly attributable transaction costs for legal fees and other agent expenses.

Upon initial recognition, these debentures were determined to be a financial instrument comprising an equity classified conversion feature and warrants with a host debt component. The fair value of the convertible debenture (host debt) in the amount of \$2,201,920 was measured using a discount rate of 15%, which was determined to be a market rate for similar unsecured debt without the conversion feature. The residual amount of \$284,005 was allocated to equity (conversion feature). The issuance costs of \$353,698 were prorated and allocated to the convertible debenture and equity components in the amount of \$313,290 and \$40,408, respectively.

b) July 20, 2023 Convertible Debenture

On July 20, 2023, the Company completed a private placement of 10% unsecured convertible debenture units of the Company. Pursuant to the offering, the Company has issued and sold 2,800 debenture units for aggregate gross proceeds to the Company of \$2,125,883 (\$2,800,000 CAD).

Each debenture unit consists of:

- i. \$1,000 CAD principal amount unsecured convertible debenture of the Company; and
- ii. 1,000 Subordinate Voting Share purchase warrants of the Company for a total of 2,800,000 subordinate share purchase warrants.

The outstanding principal amount of each convertible debenture is convertible at the option of the holder thereof, at any time prior to maturity, into Subordinate Voting Shares of the Company at a conversion price of \$0.50 CAD per Subordinate Voting Share. Each warrant is exercisable to acquire one Subordinate Voting Share at an exercise price of \$0.65 CAD until March 14, 2025.

The Convertible Debentures mature on March 14, 2026, and bear interest at a rate of 10% per annum, payable in cash or Subordinate Voting Shares, at the option of the Company, on a semi-annual basis. Any payment of interest pursuant to the issuance of Subordinate Voting Shares will be subject to the prior approval of the TSX Venture Exchange (the "Exchange") and the issue price per Subordinate Voting Share shall be at the then applicable Market Price (as such term is defined in the applicable policies of the Exchange).

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If, at any time following the date that is four months from the closing date of the debenture offering (or any subsequent closing date), the daily volume weighted average trading price of the Subordinate Voting Shares on the TSX Venture Exchange is greater than \$1.00 CAD per Subordinate Voting Share for the preceding 10 consecutive trading days, the Company shall have the option to convert all of the principal amount of the then outstanding convertible debentures into Subordinate Voting Shares at the conversion price with at least 30 days' prior written notice to the holders of convertible debentures.

In connection with the issuance of this convertible debenture, the Company paid:

- i. a cash commission equal to \$104,016, being an amount equal to 5.0% of the aggregate gross proceeds of the brokered portion of the convertible debenture offering; and
- ii. 274,000 non-transferable broker warrants, valued at \$34,712 based on their grant date fair value determined using the Black-Scholes Option Pricing Model (Note 11), being such number of broker warrants as is equal to 5.0% of the gross proceeds of the brokered portion of the offering divided by the conversion price.

The Company also incurred \$97,463 in directly attributable transaction costs for legal fees and other agent expenses.

Upon initial recognition, these debentures were determined to be a financial instrument comprising an equity classified conversion feature and warrants with a host debt component. The fair value of the convertible debenture (host debt) in the amount of \$1,906,408 was measured using a discount rate of 15%, which was determined to be a market rate for similar unsecured debt without the conversion feature. The residual amount of \$219,475 was allocated to equity (conversion feature). The issuance costs of \$236,191 were prorated and allocated to the convertible debenture and equity components in the amount of \$211,807 and \$24,384, respectively.

A continuity schedule of the Company's convertible debentures is as follows:

	July 20, 2023	March 14, 2023	TOTAL
	Debenture	Debenture	
	\$	\$	\$
Balance, December 31, 2022	-	-	-
Issued during the year	2,125,883	2,485,925	4,611,808
Conversion feature	(219,475)	(284,005)	(503,480)
Broker warrants	(31,128)	(28,617)	(59,745)
Advisory warrants	-	(4,054)	(4,054)
Transaction costs	(180,679)	(280,619)	(461,298)
Accretion	64,766	145,374	210,140
Foreign currency translation	(5,720)	67,380	61,660
Balance, December 31, 2023	1,753,647	2,101,384	3,855,031
Accretion	74,370	95,485	169,855
Foreign currency translation	(59,636)	(71,460)	(131,096)
Balance, June 30, 2024	1,768,381	2,125,409	3,893,790

As at June 30, 2024, no interest was accrued on the convertible debentures (December 31, 2023 - \$224,717) (Note 8).

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10. SHARE CAPITAL

At June 30, 2024, the authorized capital of the Company consists of an unlimited number of Subordinate Voting Shares and Multiple Voting Shares with no par value. As at June 30, 2024, the Company had 39,875,202 Subordinate Voting Shares and 6,774,413 Multiple Voting Shares. Each Multiple Voting Share may be converted into five Subordinate Voting Shares and entitles holders to five votes.

For the purpose of the loss per share calculation, the Multiple Voting Shares were converted into Subordinate Voting Shares.

Activities during the six months ended June 30, 2024

During January 2024, the Company made an interest payment of \$221,701 on its convertible debentures (Note 9) by issuing 1,017,983 Subordinate Voting Shares.

During March 2024, the Company issued 500,000 Subordinate Voting Shares in connection with the exercise of Subordinate Voting Share warrants for proceeds of \$90,870. \$31,243 was reclassified from reserves to share capital on exercise of the warrants.

During June 2024, the Company issued 29 Multiple Voting Shares in connection with the exercise of Multiple Voting Share warrants for proceeds of \$4.

During June 2024, the Company made an interest payment of \$226,655 on its convertible debentures (Note 9) by issuing 837,838 Subordinate Voting Shares.

During the six months ended June 30, 2024, 150,772 Multiple Voting Shares were converted to 753,860 Subordinate Voting Shares.

Activities during the six months ended June 30, 2023

During the six months ended June 30, 2023, 413,004 Multiple Voting Shares were converted to 2,065,020 Subordinate Voting Shares, and 29 Multiple Voting Shares were returned to treasury for cancellation and were transferred back to the Company by their respective shareholders for no consideration.

During the six months ended June 30, 2023, the Company issued 130,080 Subordinate Voting Shares in connection with the exercise of Subordinate Voting Share warrants for proceeds of \$30,513. \$8,129 was reclassified from reserves to share capital on exercise of the warrants.

During the six months ended June 30, 2023, the Company made its first interest payment of \$75,984 on its March 14, 2023 convertible debenture (Note 9) by issuing 200,189 Subordinate Voting Shares.

11. STOCK OPTIONS AND WARRANTS

Options

The Company has established a stock option plan for its directors, officers, employees, and consultants under which the Company may grant options from time to time to acquire shares. The exercise price of each option shall be determined by the Board of Directors (but must be at least equal to the closing price of a Share on the TSX-V on the day immediately prior to the relevant grant date). Options may be granted for a maximum term of ten years from

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the date of grant. Options are non-transferable and expire immediately upon termination of employment for cause, or within 90 days of termination of employment or holding office as director or officer of the Company or in the case of death. Option vesting periods will be set by the Company's board upon grant.

On June 15, 2023, a new omnibus equity incentive plan was approved to supersede and replace the Company's existing stock option plan. The omnibus equity incentive plan is a "rolling up to 10% and fixed up to 10%" plan, as (i) the total number of Subordinate Voting Shares of the Company reserved for issuance upon the exercise of all options granted under the omnibus equity incentive plan must not exceed 10% of the total issued and outstanding Subordinate Voting Shares (on an as-converted basis as it relates to the Multiple Voting Shares of the Company) at the date of grant; and (ii) the total number of Subordinate Voting Shares that may be reserved for issuance pursuant to deferred share units, restricted share units, performance share units and other share-based compensation awards shall not exceed 7,119,111 Subordinate Voting Shares, representing 10% of the total issued and outstanding Subordinate Voting Shares (on an as converted basis as it relates to the Multiple Voting Shares) as at the date of approval of the omnibus equity incentive plan by the board of directors of the Company. The terms of stock option grants, as stipulated under the former stock option plan, remain unchanged.

On April 29, 2024, the Company granted 100,000 Subordinate Voting Share options to a director. The options are exercisable at a price of \$0.29 CAD until April 29, 2029 and vest quarterly over 12 months and immediately upon the sale of the Company. The options were determined to have a value of \$14,041 using the Black Scholes option pricing model with the following assumptions: share price of \$0.28 CAD, exercise price of \$0.29 CAD, risk-free rate of 3.81%, expected volatility of 86% and expected life of five years.

Total share-based compensation expense for the six months ended June 30, 2024, was \$88,526 (2023: \$244,706).

The following table summarizes information about the options outstanding and exercisable as at June 30, 2024:

Options outstanding			Options exercisable	
Exercise price	Number outstanding	Weighted-average remaining contractual life (years)	Number exercisable	Weighted-average remaining contractual life (years)
\$0.15 (\$0.19 CAD)	302,576	4.44	302,576	4.44
\$0.18 (\$0.25 CAD)	5,680,000	3.15	3,609,167	3.15
\$0.21 (\$0.29 CAD)	100,000	4.83	-	4.83
	6,082,576	3.24	3,911,743	3.24

	Options	Weighted average exercise price	
Outstanding at December 31, 2022	5,997,706	\$0.18	(\$0.25 CAD)
Expired	(15,130)	\$0.15	(\$0.19 CAD)
Outstanding at December 31, 2023	5,982,576	\$0.18	(\$0.25 CAD)
Granted	100,000	\$0.21	(\$0.29 CAD)
Outstanding at June 30, 2024	6,082,576	\$0.18	(\$0.25 CAD)

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Warrants

The following table summarizes information about the warrants outstanding and exercisable as at June 30, 2024:

Exercise price	Number of warrants outstanding	Weighted-average remaining contractual life (years)	Expiration date
Multiple Voting Shares			
\$0.20 (\$0.27 CAD)	1,745	0.23	September 23, 2024
\$1.90 (\$2.60 CAD)	2,436	0.84	May 1, 2025
\$1.90 (\$2.60 CAD)	33,046	2.62	February 13, 2027
	37,227	2.40	
Subordinate Voting Shares			
\$0.37 (\$0.50 CAD)	606,800	0.70	March 14, 2025
\$0.47 (\$0.65 CAD)	6,200,000	0.70	March 14, 2025
\$0.55 (\$0.75 CAD)	750,000	1.38	November 15, 2025
	7,556,800	0.77	

	Multiple Voting Share warrants	Weighted average exercise price	Subordinate Voting Share warrants	Weighted average exercise price
Outstanding at December 31, 2022	301,868	\$1.34	11,820,810	\$0.25 (\$0.32 CAD)
Granted	-	-	6,806,800	\$0.47 (\$0.64 CAD)
Exercised	-	-	(130,080)	\$0.24 (\$0.32 CAD)
Outstanding at December 31, 2023	301,868	\$1.34	18,497,530	\$0.33 (\$0.43 CAD)
Granted	-	-	750,000	\$0.55 (\$0.75 CAD)
Expired	(264,612)	\$1.27	(11,190,730)	\$0.23 (\$0.32 CAD)
Exercised	(29)	\$0.20	(500,000)	\$0.18 (\$0.25 CAD)
Outstanding at June 30, 2024	37,227	\$1.82	7,556,800	\$0.47 (\$0.65 CAD)

On April 30, 2024, the Company issued 750,000 Subordinate Voting Share warrants to a third-party vendor providing advisory services. Each warrant entitles its holder to acquire one Subordinate Voting Share of the Company at an exercise price of \$0.75 CAD until November 15, 2025. The Subordinate Voting Share warrants were determined to have a fair value of \$0.04 (\$0.06 CAD) based on the services provided.

Subordinate Voting Share warrants issued related to the March 14, 2023 convertible debenture issuance during the year ended December 31, 2023, were determined to have a fair value of \$0.11 (\$0.15 CAD). 3,400,000 share purchase warrants were issued to subscribers of the convertible debenture and their value has been considered as part of the equity residual component of the instrument (Note 9(a)). 291,500 broker warrants valued at \$32,308 (\$44,188 CAD) and 41,300 advisory warrants valued at \$4,577 (\$6,261 CAD) were granted in connection with the convertible debenture offering. The valuation of the broker and advisory warrants was computed using the Black Scholes option pricing model with the following assumptions: share price of \$0.40 CAD, exercise price of \$0.50 CAD, risk-free rate of 3.72%, expected volatility of 79%, and expected life of two years.

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Subordinate Voting Share warrants issued related to the July 20, 2023 convertible debenture issuance during the year ended December 31, 2023, were determined to have a fair value of \$0.13 (\$0.17 CAD). 2,800,000 share purchase warrants were issued to subscribers of the convertible debenture and their value has been considered as part of the equity residual component of the instrument (Note 9(b)). 274,500 broker warrants valued at \$34,712 (\$45,719 CAD) were granted in connection with the convertible debenture offering. The valuation of the broker warrants was computed using the Black Scholes option pricing model with the following assumptions: share price of \$0.40 CAD, exercise price of \$0.50 CAD, risk-free rate of 4.62%, expected volatility of 95%, and expected life of 1.65 years.

Reserves

As at June 30, 2024, the Company had the following reserves in equity:

	Options	Warrants	Convertible Debenture Conversion Feature	Total
	\$	\$	\$	\$
Balance, December 31, 2022	372,402	847,268	-	1,219,670
Exercise of warrants	-	(8,129)	-	(8,129)
Issuance of broker and advisory warrants	-	71,597	-	71,597
Issuance of convertible debentures	-	-	503,480	503,480
Convertible debenture transaction costs	-	-	(64,793)	(64,793)
Deferred income tax on debentures	-	-	(135,940)	(135,940)
Share-based compensation	381,172	-	-	381,172
Balance, December 31, 2023	753,574	910,736	302,747	1,967,057
Exercise of warrants	-	(31,243)	-	(31,243)
Issuance of warrants for services	-	32,972	-	32,972
Share-based compensation	88,526	-	-	88,526
Balance, June 30, 2024	842,100	912,465	302,747	2,057,312

The option and warrant reserves are used to recognize the value of option and warrant grants respectively.

12. SCHEDULE OF EXPENSES

	Three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
(a) Research and Development	\$	\$	\$	\$
Salary and employer contributions	72,282	69,797	160,709	129,132
Share-based compensation	5,212	13,152	11,928	29,908
Subcontracts	161,509	127,769	337,286	223,604
Services	54,570	46,149	113,418	86,935
	293,573	256,867	623,341	469,579

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(b) Selling Expenses				
Subcontracts	124,398	36,000	199,622	43,000
Services	(21,259)	22,478	2,080	42,687
Salary and employer contributions	62,063	60,553	125,192	121,576
Share-based compensation	5,212	13,152	11,928	29,908
Travel and entertainment	18,921	26,505	46,090	44,506
	189,335	158,688	384,912	281,677
(c) Administrative Expenses				
Salary and employer contributions	105,294	106,027	212,201	213,498
Share-based compensation	31,090	77,780	64,670	184,890
Insurance	19,203	22,502	35,925	27,735
Office expenses	6,284	3,582	8,238	3,582
Bank charges	859	1,084	2,127	1,983
Professional fees	218,636	246,879	328,191	437,745
Regulatory fees	11,381	1,860	15,316	9,087
Rent	7,680	7,318	15,360	14,636
Telecommunications	1,324	4,157	2,744	5,598
Travel and entertainment	4,369	11,117	16,421	23,371
Amortization of intangible assets	354	354	707	707
	406,474	482,660	701,900	922,832

13. INCOME TAXES

The Company calculated the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. During the six months ended June 30, 2024, the Company recognized a deferred income tax recovery of \$Nil (2023 - \$77,541).

14. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the period:

a) Key Management Compensation

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include executive management and non-executive directors. Key management personnel compensation comprised:

	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	\$	\$	\$	\$
Salaries and short-term benefits	192,508	196,269	385,205	393,282
Professional fees	62,364	63,888	124,674	112,396
Share-based compensation	41,859	104,084	88,526	244,706
	296,731	364,241	598,405	750,384

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b) Other Related Party Transactions

\$68,252 in accounts payable and accrued liabilities were owing to officers and directors at June 30, 2024 (December 31, 2023: \$56,863). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment. As at June 30, 2024, \$136,989 in loans receivable were owed by the Company to an officer and director. The loans receivable bear interest at 1.26% per annum, is due on demand and is secured by 646,946 Multiple Voting Shares of the Company.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The Company's financial instruments include cash and cash equivalents, accounts and other receivables, loans receivable, accounts payable and accrued liabilities and convertible debentures. IFRS 7 Financial Instruments: Disclosures ("IFRS 7") establishes a fair value hierarchy for financial instruments measured at fair value. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy are as follows:

- Level 1 - applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 - applies to assets or liabilities for which there are unobservable market data.

The recorded amounts of cash and cash equivalents, accounts and other receivables, loans receivable and accounts payable and accrued liabilities approximate their respective fair values due to their short-term nature. The carrying value of the convertible debentures approximates its fair value due to minimal changes in interest rates and the Company's overall interest rate risk on the instrument.

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement. The Company's loan receivable is categorized as Level 3.

Risk Management

The Company considers managing risk as being an integral part of its development and diversification strategies. The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company focuses on actively securing short to medium term cash flows by minimizing the exposures to financial markets. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, accounts and other receivables and loans receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. As at June 30, 2024 and December 31, 2023, the Company is

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not exposed to credit risk in regard of any particular customer. The Company's loan receivable is secured by shares valued at \$874,443 as of June 30, 2024. The carrying amount of financial assets thus represent the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company is exposed to this risk primarily through its convertible debt and accounts payable and accrued liabilities. The Company's approach to managing liquidity is to maintain sufficient cash to meet obligations when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Contractual undiscounted cash flow requirements for financial liabilities as at June 30, 2024 are as follows:

	Less than 1 year	1 – 5 years	After 5 years	Total
	\$	\$	\$	\$
Accounts payable and accruals	833,735	-	-	833,735
Convertible debentures	-	4,529,846	-	4,529,846

The Company endeavors to ensure that it has sufficient cash on demand to meet its obligations as they become due by preparing expenditure budgets, which are regularly monitored and updated as considered necessary. The Company also manages its liquidity risk through the financial support of its shareholders and key management personnel.

Foreign Currency Risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations affect the costs that the Company incurs in its operations.

The Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than its functional currencies. The fluctuation in foreign currencies will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity. At June 30, 2024, the Company held net financial assets of \$179,877 denominated in currencies other than functional currencies. A 10% change in the foreign exchange rate would result in a change in the net income for the period of approximately \$26,000.

16. CAPITAL MANAGEMENT

The Company includes total debt instruments and equity in its definition of capital. The Company's objectives are to preserve its ability to continue its operation to ensure its sustainability and to provide an adequate return to its shareholders, and to ensure sufficient equity financing in a way that maximizes the shareholders' return given the assumed risks of its activities. The Company may issue new shares following approval by the Board of Directors.

The Company's objectives in terms of capital management have not changed during the six months ended June 30, 2024.

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On March 15, 2022, the Company closed its qualifying transaction and became listed on the TSX Venture Exchange and is now subject to various TSXV listing requirements. The Company is not subject to any other external capital requirements as at June 30, 2024.

17. SUPPLEMENTAL CASH FLOW INFORMATION

		For the six months ended	
		June 30, 2024	June 30, 2023
Interest earned	\$	20,261	\$ 21,016
Non-cash investing and financing activities:			
Issuance of broker and advisory warrants		-	36,885
Shares issued for interest payments on convertible debt		448,356	-

18. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum termination commitments of \$213,250.

During the year ended December 31, 2023, the Company approved an exit bonus for its CEO, whereby in the event of a takeover scenario, the CEO shall receive the following remuneration:

Purchase Price	Percent of Proceeds
\$50 – \$100 million	0.5% of proceeds
\$100 – \$200 million	1% – 2% of proceeds, scaling linearly
\$200 million and above	5% of proceeds

As a triggered event has not occurred, these amounts have not been recognized in these financial statements.

19. SUBSEQUENT EVENTS

Subsequent to June 30, 2024, 65,400 Multiple Voting Shares were converted to 327,000 Subordinate Voting Shares.

During August 2024, the Company received a \$1,000,000 CAD promissory note from a third-party creditor. The note has a term of 18 months and bears interest at a rate of 15% per annum. Interest is payable annually and on maturity in arrears. The interest may also be paid in Subordinate Voting Shares of the Company. The loan itself may not be prepaid, except with the consent of the creditor.

In connection with the promissory note, the Company issued the creditor an aggregate of 4,000,000 Subordinate Voting Share purchase warrants. Each warrant is exercisable to acquire one Subordinate Voting Share of the Company at a price of \$0.25 for a period of 18 months from issuance.