IMAGINEAR INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2025

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED – PREPARED BY MANAGMENT)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of ImagineAR Inc. have been prepared by and are the responsibility of management and have approved by the Board of Directors.

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

IMAGINEAR INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED – PREPARED BY MANAGEMENT)

	February 28, 2025	August 31, 2024
ASSETS		
Current		
Cash	$ 590,861	$ 101,902
Receivables (Note 5)	10,826	17,053
Prepaid expenses (Note 6)	79,966	34,505
Total assets	$ 681,653	$ 153,460
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities (Notes 7 and 11)	$ 1,623,846	$ 1,529,622
Subscriptions received in advance (Note 9)	-	125,000
Total current liabilities	1,623,846	1,654,622
Convertible debenture – liability component (Note 9)	450,913	-
Total liabilities	2,074,759	1,654,622
Shareholders' deficiency		
Capital stock (Note 10)	37,107,909	36,141,981
Shares to be issued (Note 10)	-	180,800
Reserves (Note 10)	8,583,450	7,608,767
Convertible debentures – equity component (Note 9)	62,511	-
Deficit	(47,146,976)	(45,432,710)
Total shareholders' deficiency	(1,393,106)	(1,501,162)
Total liabilities and shareholders' deficiency	$ 681,653	$ 153,460

Nature and continuance of operations (Note 1)
Commitment and Contingency (Note 15)
Subsequent events (Note 18)

"Alen Paul Silverrstieen"
Director

"Mike Tunnicliffe"
Director

See accompanying notes to the condensed interim consolidated financial statements.

IMAGINEAR INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED – PREPARED BY MANAGEMENT)

	Three Months Ended		Six Months Ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024 *(restated – Note 17)*
GROSS LOSS				
Licensing income	$ 7,500	$ 18,430	$ 15,000	$ 36,052
Cost of sales	(24,980)	(24,864)	(48,483)	(45,141)
	(17,480)	(6,434)	(33,483)	(9,089)
EXPENSES				
Accretion of convertible debt (Notes 9 and 11)	27,609	-	41,224	-
Consulting, director and management fees (Note 11)	143,779	101,832	302,683	162,576
Depreciation	-	683	-	3,833
Foreign exchange	25,626	2,211	59,144	12,648
Office and miscellaneous	42,097	45,247	69,710	95,599
Professional fees	73,828	36,423	126,434	74,130
Share-based compensation (Notes 12 and 13)	958,316	100,388	974,683	503,390
Shareholder communications and promotion	28,844	126,231	34,492	324,547
Software (Note 14)	16,817	16,562	24,819	47,799
Transfer agent and filing fees	12,838	16,312	21,732	21,877
Travel and accommodation	-	-	34	-
Wages and salaries	-	10,887	-	21,624
	(1,329,754)	(456,776)	(1,654,955)	(1,268,023)
OTHER				
Other income	-	10,000	-	10,000
Loss on debt settlement (Note 10)	(25,828)	-	(25,828)	-
	(25,828)	10,000	(25,828)	10,000
Net loss and comprehensive loss for the period	$ (1,373,062)	$ (453,210)	$ (1,714,266)	$ (1,267,112)
Basic and diluted net loss per common share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	277,401,588	264,428,341	273,465,868	247,271,198

See accompanying notes to the condensed interim consolidated financial statements.

IMAGINEAR INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED – PREPARED BY MANAGEMENT)

	For the six months ended February 28, 2025	February 29, 2024
		(restated – Note 17)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (1,714,266)	$ (1,267,112)
Items not affecting cash:		
Accretion interest on convertible debenture	41,224	-
Depreciation	-	3,833
Foreign exchange	-	12,648
Other income	-	(10,000)
Gain on debt settlement	25,828	-
Share-based compensation	974,683	503,390
Shares for services	-	43,227
Changes in non-cash working capital items:		
Receivables	6,227	2,123
Prepaid expenses	(45,461)	66,404
Accounts payable and accrued liabilities	94,224	(35,235)
Deferred revenue	-	(10,164)
Cash used in operating activities	(617,541)	(690,886)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan repayment	-	(30,000)
Proceeds from convertible debentures	975,000	-
Proceeds from private placement, net of share issuance costs	-	764,484
Proceeds from exercise of warrants	131,500	-
Cash provided by financing activities	1,106,500	734,484
Change in cash	488,959	43,598
Cash, beginning of period	101,902	110,750
Cash, end of period	$ 590,861	$ 154,348
Cash paid for taxes during the period	$ -	$ -
Cash paid for interest during the period	$ -	$ -

Supplemental disclosure with respect to Cash Flows (Note 14)

See accompanying notes to the condensed interim consolidated financial statements.

IMAGINEAR INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED – PREPARED BY MANAGEMENT)

			Reserves					
	Number of shares	Capital stock	Share-based payment reserve	Warrant reserve	Convertible debenture - equity component	Shares to be issued	Deficit	Total
		(Restated – Note 17)					*(Restated – Note 17)*	
Balance, August 31, 2023	217,136,033	$ 34,886,490	$ 6,491,648	$ 922,649	$ -	$ 116,480	$ (43,276,159)	$ (858,892)
Issued pursuant to private placement	36,700,000	757,491	-	6,993	-	-	-	764,484
Shares for services	700,000	56,000	-	-	-	43,227	-	99,227
Share-based compensation	10,000,000	400,000	103,390	-	-	-	-	503,390
Net and comprehensive loss for the period	-	-	-	-	-	-	(1,267,112)	(1,267,112)
Balance, February 29, 2024	264,536,033	36,099,981	6,595,038	929,642	-	159,707	(44,543,271)	(758,903)
Shares for services	700,000	42,000	-	-	-	21,093	-	63,093
Share-based compensation	-	-	84,087	-	-	-	-	84,087
Net and comprehensive loss for the period	-	-	-	-	-	-	(889,439)	(889,439)
Balance, August 31, 2024	265,236,033	36,141,981	6,679,125	929,642	-	180,800	(45,432,710)	(1,501,162)
Convertible debentures	-	-	-	-	141,777	-	-	141,777
Convertible debenture converted	12,466,830	627,800	-	-	(79,266)	-	-	548,534
Shares for debt	2,582,857	206,628	-	-	-	(180,800)	-	25,828
Exercise of warrants	2,630,000	131,500	-	-	-	-	-	131,500
Share-based compensation	-	-	974,683	-	-	-	-	974,683
Net and comprehensive loss for the period	-	-	-	-	-	-	(1,714,266)	(1,714,266)
Balance, February 28, 2025	282,915,720	$ 37,107,909	$ 7,653,808	$ 929,642	$ 62,511	$ -	$ (47,146,976)	$ (1,393,106)

1. NATURE AND CONTINUANCE OF OPERATIONS

ImagineAR Inc. ("the Company") is a public company domiciled in Canada incorporated in British Columbia under the laws of the Business Corporations Act (BC, Canada) on October 11, 2011. On April 17, 2019, the Company was continued under the Canadian Business Corporations Act. The Company's registered office is located at #250 – 750 West Pender Street, Vancouver, BC, V6C 2T7.

The Company's core business is to deliver engaging and interactive content to users through a cloud-based augmented reality platform. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the ticker symbol "IP".

The condensed interim consolidated financial statements of the Company as at, and for the period ended February 28, 2025 and February 29, 2024 comprise the Company and its subsidiaries (together referred to as the "Company").

The condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, complete additional equity financing, and generate profitable operations in the future. Management believes it will be successful in raising the necessary funding to continue operations; however, there is no assurance that these funds will be available on terms acceptable to the Company or at all.

The Company incurred a net loss and comprehensive loss of $1,714,266 during the six months ended February 28, 2025 (February 29, 2024 - $1,267,112) and incurred negative operating cash flows of $617,541 (February 29, 2024 - $690,886). As at February 28, 2025, the Company had an accumulated deficit of $47,146,976 (August 31, 2024 - $45,432,710).

There is a material uncertainty related to these conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The condensed interim consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. Such adjustments could be material.

2. BASIS OF MEASUREMENT AND PRESENTATION

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 29, 2025 have been prepared using IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these condensed interim consolidated statements are based on IFRS issued and outstanding as of February 28, 2025. Any subsequent changes to IFRS that are given effect in our annual condensed interim consolidated financial statements for the year ending August 31, 2024 could result in restatements of these condensed interim consolidated financial statements. None of these standards are expected to have a significant effect on the condensed interim consolidated financial statements.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

(EXPRESSED IN CANADIAN DOLLARS)

2. BASIS OF MEASUREMENT AND PRESENTATION (continued)

Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases.

Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when an investor has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a Company's capital stock. All material intercompany transactions and balances have been eliminated.

The controlled subsidiaries are listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest at *February 28, 2025*	Ownership Interest at August 31, 2024	Principal Activity
Imagine AR Inc.	United States	100%	100%	Virtual reality
FameDays Inc.	United States	100%	100%	Virtual reality
3 Seconds Holdings Inc.	Canada	66.67%	66.67%	Movie production (dormant)

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in these consolidated financial statements, unless otherwise stated.

Revenue recognition

The Company recognizes revenue in accordance with IFRS 15 – Revenue from Contracts with Customers. Revenue represents the fair value of consideration received or receivable from customers for the transfer of control of goods or services by the Company, net of discounts and sales taxes. The Company generates revenue from technology services and licensing its patented software. Revenue is recognized when persuasive evidence of an arrangement exists, the fee is fixed or determinable, and collectability is reasonably assured.

Licensing income is recorded in deferred revenue upon invoicing and is recognized ratably over the contract term, and begins when the customer has the right-to-use and access to the software. Revenue from usage-based fees is recognized in the period in which the customer incurs the usage, at a point in time.

Technology services income is recognized over time when the services have been provided and control of the deliverable has been transferred to the customer. Payments received prior to the transfer of control of the deliverable are recorded as deferred revenue and recognized as the related services are provided. Management estimates the pace of revenue recognition based on contract milestones. The Company's arrangements with customers are evidenced by contracts with customers. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the service is distinct from some or all of the other services in the arrangement. A 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 service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct services are combined with other services until they are distinct as a bundle and therefore form a single performance obligation.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument except for trade receivables which are initially recognized when they are originated. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectation of recovering the contractual cash flows on a financial asset.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories: (i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); or (ii) those to be measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either: (i) amortized cost; (ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or, (iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The classification and measurement bases of the Company's financial instruments are as follows:

Financial Assets and Liabilities	Classification and measurement
Cash	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Subscriptions received in advance	Amortized cost
Convertible debentures – liability component	Amortized cost

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss in the period incurred.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

Intangible assets

Identifiable intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination are valued at fair value as at the date of acquisition.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment annually and whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss.

Intangible assets with indefinite lives are measured at cost less any accumulated impairment losses. These intangible assets are tested for impairment on an annual basis and more frequently if there are indicators that intangible assets may be impaired.

Intangible assets are being depreciated using the straight-line method over their estimated useful life of 2 years.

Impairment of non-financial assets

At each consolidated statement of financial position date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine if there is an impairment loss. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. If the recoverable amount is less than the carrying amount of the asset, the carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Foreign currency translation

The Canadian dollar is the functional and presentation currency of the Company and its subsidiaries. Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate in existence at the date of the transaction. All foreign currency monetary assets and liabilities are translated at the rate of exchange at the consolidated statement of financial position date and non-monetary assets and liabilities are translated at historical exchange rates, unless such items are measured at fair value, in which case they are translated using the exchange rates at the date when the fair value was measured. Income and expenses are translated at the rates approximating those at the transaction dates. Gains and losses arising from translation of foreign currency monetary assets and liabilities are recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

Valuation of equity units issued in private placements

The Company records proceeds from issuances of equity net of issue costs and any related tax effects. The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first attributes value to the shares based on their quoted trading price at issuance, and the residual amount, if any, is attributed to the value of the warrants. Any fair value attributed to the warrants is recorded within the warrant reserve.

Share-based payment transactions

In situations where equity instruments are issued to non-employees and the fair value of some or all of the goods or services received by the Company as consideration cannot be reliably estimated, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

The fair value of stock options granted to employees is recognized as an expense over the vesting period with a corresponding increase in the equity settled share-based payments reserve account. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods.

The fair value is measured at the grant date using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each consolidated statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

All share options and warrants are included in reserves, a component of shareholders’ equity, until exercised. Upon exercise, the consideration received plus the amounts in reserves attributable to the options and/or warrants being exercised are credited to capital stock.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Share consideration

The fair value of shares issued as purchase consideration is based upon the trading price of those shares on the CSE on the date the common shares are issued. Other equity instruments issued as purchase consideration in non-cash transactions are recorded at fair value determined using the Black-Scholes option pricing model.

Income taxes

Current income tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred tax provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and to the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it is not recognized.

3. MATERIAL ACCOUNTING POLICIES (continued)

Income (loss) per share

Basic income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. Diluted income per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period. The "treasury stock method" is used for the assumption that proceeds upon the exercise of the options and warrants are used to purchase common shares at the average market price during the period. Diluted loss per share is equivalent to basic loss per share, as the effect of potentially dilutive equity instruments is anti-dilutive when the Company is in a loss position.

Convertible debentures

The host debt liability, equity conversion feature and other (when applicable) components of convertible debentures are presented separately on the consolidated statement of financial position, at initial recognition. The Company determines the carrying amount of the financial liability by discounting the stream of future payments at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows. The liability component is then increased by accretion of the discounted amounts to reach the face value of the convertible debentures at maturity which is recorded in profit or loss as accretion expense.

The carrying amount of other components (when applicable), such as warrants, is determined using the Black-Scholes option pricing model. The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability and the carrying amounts of any other components (when applicable) from the amount of the convertible debentures, and is presented in equity as an equity component of convertible debentures.

The transaction costs are allocated between liability, equity and other (when applicable) components, on a pro-rata basis according to their carrying amounts.

Estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

Critical accounting estimates

i) Share-based payments

Management measures share-based payments using the Black-Scholes Option Pricing Model. Assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, employee stock option exercise behaviors and discount rates. Such judgments and assumptions are inherently uncertain. Changes in these assumptions could materially affect the fair value estimates.

ii) Provision for expected credit losses

The Company maintains a provision for expected credit losses that may arise if any of its customers are unable to make required payments. If the Company determines that the financial condition of any of its customers with outstanding accounts receivable has deteriorated significantly, increases in the provision may be made to reduce the Company's accounts receivable balance accordingly.

3. MATERIAL ACCOUNTING POLICIES (continued)

Estimates and judgments (continued)

Critical accounting judgments

i) Research and development costs

Costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets under IAS 38 – Intangible Assets, are met. Those criteria require that the product is technically, and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible.

New accounting standards and interpretations

A number of new standards, and amendments to standards and interpretations, are not effective and have not been early adopted in preparing these financial statements. The following accounting standards and amendments are effective for future periods:

i) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) – The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

This amended standard is effective for reporting periods beginning on or after January 1, 2024. The Company does not expect material impact upon adoption of the amended standard.

ii) IFRS 18 - Presentation and Disclosure in Financial Statements - IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

  a) Three defined categories for income and expenses – operating, investing or financing – to improve the structure of the income statements, and require all companies to provide new defined subtotals, including operating profit;
  b) Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement; and
  c) Enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company will be evaluating the impact of the above standard on its consolidated financial statements.

The Company adopted the following accounting standards during the year ended August 31, 2024:

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. The implementation of these amendments reduced disclosures in the notes to the consolidated financial statements.

(EXPRESSED IN CANADIAN DOLLARS)

3. MATERIAL ACCOUNTING POLICIES (continued)

New accounting standards and interpretations (continued)

Amendments to IAS 8 – Definition of Accounting Estimates

These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the consolidated financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. There were no significant impact to the consolidated financial statements as a result of the implementation of these amendments.

4. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company’s capital structure to consist of the components of shareholders’ deficiency, which totaled $1,393,106 at February 28, 2025.

The Company is dependent on external financing to fund its activities. In order to carry out future transactions and pay for administrative costs, the Company plans to spend its existing working capital and raise additional amounts as needed. The Company will continue to assess additions to its media business if there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the years presented. The Company is not subject to externally imposed capital requirements.

5. RECEIVABLES

The receivables balance is comprised of the following items:

	February 28, 2025	*August 31, 2024*
Sales tax receivable from the Canadian Federal Government	$ 10,826	$ 9,178
Trade receivables	-	7,875
	$ 10,826	$ 17,053

(EXPRESSED IN CANADIAN DOLLARS)

6. PREPAID EXPENSES

The prepaid expenses balance is comprised of the following items:

	February 28, 2025	*August 31, 2024*
Advertising and promotion	$ 6,285	$ 16,729
Insurance	2,949	17,776
Professional services	70,732	-
	$ 79,966	$ 34,505

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities balance is comprised of the following items:

	February 28, 2025	*August 31, 2024*
Trade payables	$ 1,278,551	$ 1,292,744
Related parties (Note 13)	312,111	189,779
Accrued liabilities	30,450	44,535
Payroll liabilities	2,734	2,564
Total	$ 1,623,846	$ 1,529,622

During the year ended August 31, 2024, the Company derecognized accounts payable of $126,785 due to the statute of limitations on amounts having lapsed.

8. LOAN PAYABLE

During the year ended August 31, 2020, the Company received a loan of $40,000 for the Canada Emergency Business Account to provide emergency support to the business due to the impact of COVID-19. This loan was an interest free loan, to be repaid by January 18, 2024. If the Company repaid the CEBA loan on or before January 18, 2024, the Company may repay only $30,000 of the principal balance. Any unpaid principal portion of the CEBA loan after January 18, 2024, would be converted into a three-year loan with an annual interest rate of 5%.

During the year ended August 31, 2024, $30,000 was repaid before the repayment deadline and the remaining $10,000 was included in profit or loss as other income.

(EXPRESSED IN CANADIAN DOLLARS)

9. CONVERTIBLE DEBENTURES

On September 9, 2024, the Company issued convertible debentures in the principal amount of $125,000, of which was received during the year ended August 31, 2024. Each debenture bears interest at a rate of 12% per annum and matures two years from the date of issuance. The debentures are convertible into units at a price of $0.05 per unit and each unit will consist of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share of the Company at a price of $0.07 for a period of three years from the date of the issuance. During the period ended February 28, 2025, the Company recorded accretion of interest of $2,945 (February 29, 2024 - $Nil) for the debentures.

During the period ended February 28, 2025, the Company issued 74,301 common shares and 2,500,000 units valued at $127,945 pursuant to the conversion of the debentures in settlement of liabilities of $111,834, of which $2,945 was accrued interest, and accordingly, the Company reallocated $16,111 of convertible debenture equity portion to capital stock. In connection with the conversion, no value was allocated to the warrant component of the unit offering completed.

	Liability	*Equity*	*Total*
Balance August 31, 2023 and 2024	$ -	$ -	$ -
Issuance of convertible debentures	108,889	16,111	125,000
Accretion of interest	2,945	-	2,945
Issuance of 2,574,301 shares	(111,834)	(16,111)	(127,945)
Balance February 28, 2025	$ -	$ -	$ -

On October 22, 2024, the Company issued convertible debentures in the principal amount of $385,000. Each debenture bears interest at a rate of 12% per annum and matures two years from the date of issuance. The debentures are convertible into units at a price of $0.05 per unit and each unit will consist of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share of the Company at a price of $0.07 for a period of three years from the date of the issuance. During the period ended February 28, 2025, the Company recorded accretion of interest of $9,740 (February 29, 2024 - $Nil) for the debentures.

During the period ended February 28, 2025, the Company issued 16,154 common shares and 4,700,000 units valued at $235,504 pursuant to the conversion of the debentures in settlement of liabilities of $205,215, of which $504 was accrued interest, and accordingly, the Company reallocated $30,289 of convertible debenture equity portion to capital stock. In connection with the conversion, no value was allocated to the warrant component of the unit offering completed.

	Liability	*Equity*	*Total*
Balance August 31, 2023 and 2024	$ -	$ -	$ -
Issuance of convertible debentures	335,378	49,622	385,000
Accretion of interest	9,740	-	9,740
Issuance of 4,716,154 shares	(205,215)	(30,289)	(235,504)
Balance February 28, 2025	$ 139,903	$ 19,333	$ 159,236

(EXPRESSED IN CANADIAN DOLLARS)

9. CONVERTIBLE DEBENTURES (CONTINUED)

On October 31, 2024, the Company issued convertible debentures in the principal amount of $590,000. Each debenture bears interest at a rate of 12% per annum and matures two years from the date of issuance. The debentures are convertible into units at a price of $0.05 per unit and each unit will consist of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share of the Company at a price of $0.07 for a period of three years from the date of the issuance. During the period ended February 28, 2025, the Company recorded accretion of $28,539 (February 29, 2024 - $Nil) for these debentures.

During the period ended February 28, 2025, the Company issued 76,375 common shares and 5,100,000 units valued at $264,351 pursuant to the conversion of the debentures in settlement of liabilities of $231,485, of which $9,351 was accrued interest, and accordingly, the Company reallocated $32,866 of convertible debenture equity portion to capital stock. In connection with the conversion, no value was allocated to the warrant component of the unit offering completed.

	Liability	*Equity*	*Total*
Balance August 31, 2023 and 2024	$ -	$ -	$ -
Issuance of convertible debentures	513,956	76,044	590,000
Accretion of interest	28,539	-	28,539
Issuance of 5,176,375 shares	(231,485)	(32,866)	(264,351)
Balance February 28, 2025	$ 311,010	$ 43,178	$ 354,188

For accounting purposes, these convertible debentures were separated into their liability and equity components. The fair value of the liability component at the time of issuance was calculated with the discounted cash flows for the convertible notes, assuming a 20% effective interest rate which was the management estimated rate for convertible notes without a conversion feature. The fair value of the equity component was determined at the time of issuance as the difference between the face value of the convertible debentures and the fair value of the liability component.

10. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS

Capital stock

The Company has authorized an unlimited number of common shares without par value.

During the period ended February 28, 2025, the Company:

i) issued 2,630,000 common shares pursuant to the exercise of warrants for proceeds of $131,500.

ii) issued 12,466,830 common shares valued at $627,800 pursuant to the exercise of the convertible debentures in settlement of $548,534, and accordingly, the Company reallocated $79,266 of convertible debentures - equity portion to share capital (Note 9).

iii) issued 2,582,857 common shares valued at $206,628 to settle obligation of $180,800, which resulted in a loss of $25,828 (below).

(EXPRESSED IN CANADIAN DOLLARS)

10. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (continued)

Capital stock (continued)

During the year ended August 31, 2024, the Company:

i) closed a non-brokered private placement and issued 36,700,000 units at a price of $0.021 per unit for gross proceeds of $770,700. Each unit is comprised of one common share and one non-transferable common share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of $0.05 for a period of thirty-six months from the closing of the offering. Warrants were fair valued at $Nil using the residual value method.

   A total of $6,216 cash finder's fees were paid, and 296,000 broker's warrants (fair valued at $6,993) were issued in connection with the private placement. Each broker warrant entitles the holder to purchase one additional common share at a price of $0.05 for a period of thirty-six months from the closing of the offering.

ii) entered into an agreement with a director of the Company, and an arm's length individual to which the Company issued 10,000,000 common shares (fair valued at $400,000) in consideration for funding committed and services provided for the Company to meet competitive bidding requirements for an opportunity to potentially acquire a development project (Note 13). The Company did not complete the acquisition of the project. The fair value of the common shares issued was recognized as share-based compensation in profit or loss.

iii) issued 1,400,000 common shares at a fair value of $98,000 for promotional services.

Shares to be issued

The Company entered into online marketing agreements with a third party whereby the Company is required to issue common shares of the Company in consideration for services rendered. During the year ended August 31, 2024, the Company recorded an amount of $64,320 as shares to be issued pursuant to the terms of the agreements.

As of February 28, 2025, the Company is obligated to issue common shares with a fair value of $Nil (August 31, 2024 - $180,800).

Share purchase warrants

At February 28, 2025, the following warrants were outstanding:

Expiry Date	Exercise price ($)	Number of Warrants Outstanding
May 29, 2026	0.05	12,905,315
October 31, 2026	0.05	34,366,000
September 9, 2027	0.07	2,500,000
October 22, 2027	0.07	4,700,000
October 31, 2027	0.07	5,100,000
		59,571,315

(EXPRESSED IN CANADIAN DOLLARS)

10. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (continued)

Share purchase warrants (continued)

The following is a summary of the warrant transactions:

	Period ended February 28, 2025		*Year ended August 31, 2024*	
	Number Of Warrants	Weighted Average Exercise Price	Number Of Warrants	Weighted Average Exercise Price
Balance, beginning of the period	49,901,315	$ 0.05	12,905,315	$ 0.05
Warrants granted	12,300,000	0.07	36,996,000	0.05
Warrants exercised	(2,630,000)	0.05	-	-
Balance, end of period	59,571,315	$ 0.05	49,901,315	$ 0.05

The outstanding warrants on February 28, 2025, had a weighted average remaining life of 1.78 years (August 31, 2024 – 2.05 years).

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of broker's warrants granted:

	Period ended February 28, 2025	*Year ended August 31, 2024*
Risk-free interest rate	-	4.50%
Expected life of options	-	3.00 years
Expected annualized volatility	-	155.80%
Exercise price	-	$0.05
Stock price	-	$0.03
Expected dividend rate	-	0%

The weighted average fair value of broker's warrants granted during the period ended February 28, 2025 was $Nil (August 31, 2024 – $0.024).

Stock options

The Company grants stock options pursuant to its stock option plan. The Board of Directors administers the plan, pursuant to which the Board of Directors may grant from time to time incentive stock options up to an aggregate maximum of 10% of the issued and outstanding shares of the Company to directors, officers, employees, consultants and advisors. The options can be granted for a maximum of ten years.

During the period ended February 28, 2025, the Company:

i) granted 5,000,000 options to a consultant of the Company. The options are exercisable at $0.075 per share until January 16, 2028.

ii) granted 7,650,000 options to a consultant and directors of the Company. The options are exercised at $0.065 per share until February 28, 2028.

(EXPRESSED IN CANADIAN DOLLARS)

10. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (continued)

Stock options (continued)

iii) granted 3,000,000 options to a consultant and a director of the Company. The options are exercisable at $0.065 per share until February 28, 2030.

As at February 28, 2025, the following incentive stock options were outstanding:

Expiry Date	Exercise price ($)	Number of Options Outstanding	Exercisable
April 25, 2025*	0.05	250,000	250,000
June 5, 2025	0.05	200,000	200,000
June 9, 2025	0.065	200,000	200,000
June 5, 2026	0.05	900,000	900,000
June 27, 2026	0.05	5,750,000	5,500,000
January 17, 2027	0.07	3,000,000	3,000,000
February 25, 2027	0.075	500,000	500,000
August 20, 2027	0.05	750,000	750,000
January 16, 2028	0.075	5,000,000	5,000,000
February 28, 2028	0.065	7,650,000	7,650,000
February 28, 2030	0.065	3,000,000	3,000,000
		27,200,000	26,950,000

*expired subsequently

The following is a summary of the option transactions:

	Period ended February 28, 2025		*Year ended August 31, 2024*	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of the period	12,500,000	$ 0.06	14,950,000	$ 0.19
Options granted	15,650,000	0.075	3,750,000	0.07
Options expired	(950,000)	-	(6,200,000)	0.38
Balance, end of the period	27,200,000	$ 0.06	12,500,000	$ 0.06

The outstanding options at February 28, 2025, had a weighted average remaining life of 2.46 years (August 31, 2024 – 1.88 years).

(EXPRESSED IN CANADIAN DOLLARS)

10. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (continued)

Stock options (continued)

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of options granted:

	Period ended February 28, 2025	*Year ended August 31, 2024*
Risk-free interest rate	2.68%	3.87%
Expected life of options	3.38 years	3.00 years
Expected annualized volatility	174.63%	172.74%
Exercise price	$0.065	$0.066
Stock price	$0.036	$0.066
Expected dividend rate	0%	0%

The weighted average fair value of options granted during the period ended February 28, 2025 was $0.06 (August 31, 2024 – $0.061).

Total share-based compensation for options vested during the period ended February 28, 2025 was $974,683 (February 29, 2024 – $103,390).

11. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Related parties include key management personnel and any companies owned or controlled by key management personnel. Key management personnel include the Board of Directors and Executive Officers.

Amounts paid or accrued to key management personnel are as follows:

	For the period ended February 28, 2025	*February 29, 2024*
Consulting, director, and management fees	$ 197,275	$ 117,742
Share based compensation	446,564	97,419
Total	$ 643,839	$ 215,161

The table above includes:

i) accrued management and consulting fees of $185,275 (February 29, 2024 - $105,742), to the CEO of the Company.

ii) accrued consulting fees of $12,000 (February 29, 2024 - $12,000) to the CFO of the Company.

(EXPRESSED IN CANADIAN DOLLARS)

11. RELATED PARTY TRANSACTIONS (continued)

During the period ended February 28, 2025, the Company paid the CEO of the Company $69,478 for outstanding payables on account.

During the year ended August 31, 2024, the Company paid the CEO of the Company $96,654 for outstanding payables on account and $32,474 owed to the CEO were written off.

As of February 28, 2025, $312,111(August 31, 2024 - $189,779) remained outstanding to related parties and is included in accounts payable and accrued liabilities.

During the period ended February 28, 2025, the Company issued 63,989 common share and 5,400,000 units valued at $279,286 to a director of the Company and his son for the settlement of convertible debentures of $244,486, of which $9,286 was accrued interest, and accordingly, the Company reallocated $34,800 of convertible debenture equity portion to capital stock. Each unit consists of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share of the Company at a price of $0.07 for a period of three years from the date of the issuance.

During the period ended February 28, 2025, the Company issued 7,250,000 stock options to an officer and directors of the Company, resulting in share-based compensation of $446,564.

During the year ended August 31, 2024, the Company issued 3,100,000 stock options to an officer and directors of the Company, resulting in share-based compensation of $187,306.

During the year ended August 31, 2024, a director of the Company received 5,000,000 shares (fair valued at $200,000) in consideration for services rendered for funding committed and services provided for the Company to meet competitive bidding requirements for an opportunity to potentially acquire a development project. The Company did not complete the acquisition of the project.

12. SOFTWARE

The software activity expensed during the period is comprised of the following items:

For the period ended	*February 28, 2025*	*February 29, 2024*
Research	$ 7,228	$ 11,950
Development of new features, architecture, and functions	17,591	35,849
	$ 24,819	$ 47,799

13. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's condensed interim consolidated financial statements are summarized below. There have been no changes to the Company’s approach to mitigating risk exposures during the period ended February 28, 2025.

Fair value

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the short-terms to maturity of those instruments.

Financial instruments measured at fair value on the condensed interim consolidated statements of financial position are summarized in levels of fair value hierarchy as either “Level 1” Unadjusted quoted prices in active markets for identical assets or liabilities; “Level 2” Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and, “Level 3” Inputs that are not based on observable market data. Cash is measured at fair value using Level 1 inputs for the years presented.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and trade receivables. The maximum exposure to credit risk is the aggregate carrying amount of cash and trade receivables of $590,861 (August 31, 2024 - $109,777). The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. The receivables that are financial instruments consist of trade receivables, which are immaterial in amount. Management does not consider the Company to have significant concentrations of credit risk. Management analyzes the age of outstanding customer balances, historical bad debt experience, current economic conditions, forward-looking information, customer credit-worthiness and changes in customer payment terms when making estimates of collectability of the Company’s accounts receivable balance. The Company’s management of credit risk has not changed materially from that of the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure it has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements, option exercises and warrant exercises to meet its working capital requirements, after taking into account existing cash and expected exercise of share purchase warrants and options. Management believes that it will be successful in raising the necessary funds however, given the current market conditions, management believes that the raising of the required funds will take longer than is normal and will be at prices that may be less than desirable. There are no assurances that additional funds will be available on terms acceptable to the Company or at all. As at February 28, 2025, the Company had cash of $590,861 (August 31, 2024 - $101,902) to settle $1,623,846 (August 31, 2024 - $1,529,622) of accounts payable and accrued liabilities due on standard trade payable terms not exceeding 90 days. The Company’s management of liquidity risk has not changed materially from that of the prior year.

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: interest rate risk, foreign currency risk, and other price risk. The Company’s management of and exposure to market risk has not changed materially from that of the prior year.

13. FINANCIAL RISK FACTORS (continued)

Interest rate risk

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. As at February 28, 2025, the Company has cash balances and no material interest-bearing debt, therefore, interest rate risk is considered to be immaterial.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's functional and presentation currency is the Canadian dollar. Certain expenditures are transacted in foreign currencies. As a result, the Company is exposed to fluctuations in these foreign currencies relative to the Canadian dollar. As at February 28, 2025, the Company has US$47,397 included in cash, US$682,515 included in accounts payable and accrued liabilities. A 5% change in the exchange rate would result in a $42,820 change in profit or loss.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is not exposed to material other price risk.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions for the period ended February 28, 2025 consisted of:

i) issuance of 12,466,830 common shares valued at $627,800 pursuant to the exercise of convertible debentures.

Significant non-cash investing and financing transactions for the period ended February 29, 2024 consisted of:

i) issuance of 296,000 broker warrants valued at $6,993.
ii) issuance of 700,000 shares valued at $56,000 for promotional services.

15. COMMITMENT AND CONTINGENCY

During the year ended August 31, 2024, the Company entered into a Funding Agreement with a private company whereby financing of up to USD$850,000 would be provided to the Company to support litigation of a legal claim submitted by the Company against a private company for patent infringement. The Funding Agreement was financed by way of the convertible debenture financing that was completed during the period ended February 28, 2025 (Note 11). Pursuant to the terms of the Funding Agreement, should the Company receive any proceeds from the claim, 17.5% of the proceeds will be paid to the private company and distributed on a prorated basis to the individuals who participated in the convertible debt financing. The full amount of financing of $1,100,000 (USD $850,000) was received during the period ended February 28, 2025.

(EXPRESSED IN CANADIAN DOLLARS)

17. RESTATEMENT

During the preparation of the condensed interim consolidated financial statements for the period ended February 25, 2025, the Company identified an error in the accounting treatment of the revenue recognized in the fiscal 2024 period. The Company initially recognized the 10,000,000 facilitation shares as a transaction cost with a fair value of $500,000 during the period ended November 30, 2023. The shares were subsequently revalued to $400,000 and reclassified as a share-based payment upon auditor review. These adjustments, cumulatively, impacted the condensed interim consolidated statement of net loss and comprehensive loss and condensed interim consolidated statement of cash flow for the comparative period ended February 29, 2024.

Consolidated Statement of Net Loss and Comprehensive Loss

Six Months Ended February 29, 2024		As previously reported	Notes	Adjustments		As restated
Share-based compensation	$	(103,390)	a	(400,000)		(503,390)
Transaction costs	$	(500,000)	a	500,000		-
Net loss and comprehensive loss for the period	$	(1,367,112)	b	100,000	$	(1,267,112)

Restatement adjustments

a) The adjustment is to correct the fair value amount of the 10,000,000 facilitation shares from $500,000 to $400,000 and reclassify the amount to share-based compensation.

b) As a result of the above adjustments, the comprehensive loss attributable to the Company increased by $100,000 for the six months ended February 29, 2024.

18. SUBSEQUENT EVENTS

Subsequent to February 28, 2025, the Company:

i) issued 2,900,000 units and 137,717 common shares pursuant to the exercise of the convertible debentures. Each unit consist of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share of the Company at a price of $0.07 for a period of three years from the date of the issuance.

ii) secured Design and Project Installation Agreement by its wholly-owned subsidiary FameDays to develop 25,000-squarefoot immersive experience center in Niagara Falls, Ontario. The $10,000,000 agreement, executed with Ontario real estate developer Mr. J Grewal through his holding company on February 21, 2025, will include immersive attractions, AR racing, VR Gaming, Mixed Reality among other attractions. This marks the first implementation of ImagineAR's newly announced AR-AI (Augmented Reality-Artificial Intelligence Integrated Revenue) business model, designed to drive scalable, recurring revenue.

The Company received a non-refundable deposit of $250,000 upon execution of the Design and Installation contract.