Legible Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022
(Expressed in Canadian dollars)

NOTICE TO READER

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

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

Legible Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2023
(Expressed in Canadian dollars)

	Note	March 31, 2023 $	(Audited) December 31, 2022 $
Assets			
Current assets			
Cash and cash equivalents		**47,641**	150,439
Amounts receivable	3	**12,927**	58,433
Prepaid expenses	4	**220,721**	110,000
Total current assets		**281,289**	318,872
Non-current assets			
Computer equipment	5	**6,853**	12,302
Total non-current assets		**6,853**	12,302
Total assets		**288,142**	331,174
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**2,472,249**	2,044,667
Credit facility	6	**388,074**	418,244
Loans payable	7	**283,849**	232,264
Due to related parties	10	**29,130**	29,130
Total current liabilities		**3,173,302**	2,724,305
Non-current liabilities			
Convertible debentures	8	**765,536**	1,266,719
Total non-current liabilities		**765,536**	1,266,719
Total liabilities		**3,938,838**	3,991,024
Shareholders' equity (deficiency)			
Share capital	9	**17,178,205**	15,881,125
Shares to be issued		**283,850**	263,000
Reserves	9	**2,495,977**	2,282,529
Equity component of convertible debentures		**175,233**	480,903
Deficit		**(23,783,961)**	(22,567,407)
Total shareholders' equity (deficiency)		**(3,650,696)**	(3,659,850)
Total liabilities and shareholders' equity		**288,142**	331,174

Basis of preparation and going concern (note 2)
Subsequent events (note 13)

Approved and authorized for issue by the Board of Directors on May 30, 2023:

"David Van Seters" — Director

"Shannon Kaustinen" — Director

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

Legible Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
For the Three Months Ended March 31, 2023, and 2022
(Expressed in Canadian dollars)

	Note	**Three months ended March 31, 2023 $**	Three months ended March 31, 2022 $
Revenue		**10,583**	1,357
Cost of sales		**7,384**	928
Gross margin		**3,199**	429
Operating expenses			
Amortization	5	**5,449**	153,026
Consultants		**95,958**	46,941
Directors' fees	10	**18,000**	13,071
General and administrative		**147,609**	237,725
Interest	6,7,8	**116,270**	-
Investor relations		**95,026**	135,709
Marketing		**83,800**	292,187
Professional fees		**53,118**	107,966
Salaries, wages, and benefits		**395,109**	1,639,974
Share-based compensation	9	**212,348**	670,805
Software subscriptions and hosting fees		**61,508**	86,971
Transfer agent and filing fees		**7,707**	12,056
Total operating expenses		**1,291,902**	3,396,431
Other expenses (income)			
Debt waived by related parties		-	(147,000)
R&D tax recovery	6	(72,149)	-
Total other expenses (income)		**(72,149)**	(147,000)
Net loss and comprehensive loss		**1,216,554**	3,249,002
Basic and diluted loss per share		**0.01**	0.05
Weighted average shares outstanding		**86,443,291**	63,889,000

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

Legible Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the Three Months Ended March 31, 2023, and 2022
(Expressed in Canadian dollars)

	Share capital			Reserves			
	Number of common shares	Share capital $	Shares to be issued $	Share options and compensatory warrants $	Equity component of convertible debentures $	Deficit $	Total $
Balance, December 31, 2021	**62,948,000**	**14,552,581**	**120,500**	**1,775,995**	**-**	**(13,785,197)**	**2,663,879**
Issuance of shares ($0.80)	1,230,000	241,000	(500)	-	-	-	240,500
Share-based compensation	-	-	-	670,805	-	-	670,805
Net loss and comprehensive loss for the year	-	-	-	-	-	(3,249,002)	(3,249,002)
Balance, March 31, 2022	**64,178,000**	**14,793,581**	**120,000**	**2,446,800**	**-**	**(17,034,199)**	**326,182**
Balance, December 31, 2022	**77,774,786**	**15,881,125**	**263,000**	**2,282,529**	**480,903**	**(22,567,407)**	**(3,659,850)**
Issuance of shares ($0.11)	3,982,727	438,100	(143,000)	-	-	-	295,100
Less: share-issuance costs	-	(3,520)	-	1,100	-	-	(2,420)
Obligation to issue shares	-	-	163,850	-	-	-	163,850
Issuance of shares regarding debt conversions	8,625,000	862,500	-	-	(305,670)	-	556,830
Share-based compensation	-	-	-	212,348	-	-	212,348
Net loss and comprehensive loss for the year	-	-	-	-	-	(1,216,554)	(1,216,554)
Balance, March 31, 2023	**90,382,513**	**17,178,205**	**283,850**	**2,495,977**	**175,233**	**(23,783,961)**	**(3,650,696)**

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

Legible Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the Three Months Ended March 31, 2023, and 2022
(Expressed in Canadian dollars)

	Notes	**Three months Ended March 31, 2023 $**	Three months Ended March 31, 2022 $
Cash flows from operating activities			
Net loss and comprehensive loss		**(1,216,554)**	(3,249,002)
Adjustments for non-cash items:			
Amortization	5	**5,449**	153,026
Interest	6,7,8	**108,211**	79,878
R&D tax recovery	6	**(72,149)**	-
Shares issued for services	9,10	**18,000**	-
Share-based compensation	9	**212,348**	670,805
Changes in working capital			
Decrease (increase) in prepaid expenses		**(110,721)**	6,309
Decrease (increase) in amounts receivable		**45,506**	95,526
Increase (decrease) in due to related parties		**-**	(133,929)
Increase (decrease) in accounts payable		**427,582**	836,332
Net cash used in operating activities		**(582,328)**	(1,541,055)
Investing activities			
Amounts receivable		**-**	-
Purchase of investments		**-**	-
Purchase of equipment		**-**	(19,905)
Purchase of intangible assets		**-**	(203,597)
Net cash used in investing activities		**-**	(223,502)
Financing activities			
Proceeds from share issuances	9	**440,950**	240,500
Proceeds from loans	7	**56,000**	532,003
Reduction of loans	7	**(15,000)**	-
Proceeds from credit facility		**-**	308,000
Share issuance costs	9	**(2,420)**	-
Net cash provided from financing activities		**479,530**	1,080,503
Net change in cash during the period		**(102,798)**	(684,054)
Cash, beginning of period		**150,439**	832,668
Cash, end of March 31, 2023		**47,641**	148,614
Non-cash investing & financing activities:			
Fair value of broker warrants		1,100	-

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

1. CORPORATE INFORMATION

Legible is an e-book entertainment and media company that has developed a browser-first, globally distributed reading and publishing platform that offers a sophisticated and immersive reading experience to anyone with an internet-enabled device anywhere in the world, while solving key challenges faced by readers, publishers, and authors. This includes providing planned global access to literature without the need for e-readers and apps, improving the capacity to showcase marginalized voices, opening new device-agnostic markets, and innovating new digital publishing formats.

The Company and its wholly owned subsidiary, Legible Media Inc., were incorporated under the Alberta Business Corporations Act and the British Columbia Business Corporations Act, respectively. The head office is located at 2230 Ontario Street, Vancouver, B.C. V5T 2X2. The Company's common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "READ" and trading commenced on December 1, 2021. On January 10, 2022, the Company's common shares commenced trading on the Frankfurt Stock Exchange (FSE) under the trading symbol D0T (D/zero/T). On January 25, 2023, the Company began trading on the U.S. based OTCQB Venture Market under the symbol LEBGF.

2. BASIS of PREPARATION and GOING CONCERN

Statement of compliance

These consolidated financial statements, including comparatives, of the Company and its subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). Certain comparative figures have been reclassified to conform to the presentation used in the current period.

Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not achieved scalable commercialization of its products.

As of March 31, 2023, the Company has limited revenue and generated negative cash flows from operating activities. The continued operations of the Company depends on its ability to generate future cash flows or obtain additional financing. The Company has a working capital deficit of $2,892,013 (December 31, 2022 - $2,405,433) and an accumulated deficit of $23,783,961 (December 31, 2022 - $22,567,407) since inception. Management has determined, in making its assessment, that these events or conditions create a material uncertainty that cast significant doubt upon the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern depends on its ability to generate product sales, complete additional financings, and ultimately, attain and maintain profitable operations. While the Company is striving to act on these initiatives, there is no assurance that these and other strategies will be successful or sufficient to permit the Company to continue as a going concern.

Basis of preparation and going concern: (continued)

Going concern (continued)

These condensed interim consolidated financial statements do not reflect adjustments to the carrying values of the Company's assets and liabilities, revenue and expenses, and the statement of financial position that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Use of estimates and judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Significant judgments made by management in the process of applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the application of the going concern assumption and the discount rates used in valuing the liability component of convertible debentures.

The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the consolidated statement of loss and comprehensive loss in the period the new information becomes available.

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Legible Media Inc. A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company balances and transactions between the Company and its subsidiary have been eliminated in preparing the condensed interim consolidated financial statements.

Basis of preparation and going concern: (continued)

Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the functional and reporting currency of the Company and its subsidiary.

Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

3. AMOUNTS RECEIVABLE

A breakdown of amounts receivable for the three months ended March 31, 2023, and the year ended December 31, 2022, follows:

	March 31, 2023	December 31, 2022
Goods and services tax	**$ 11,824**	$ 57,960
Trade accounts	**1,103**	473
Total amounts receivable	**$ 12,927**	$ 58,433

4. PREPAID EXPENSES

A breakdown of prepaid expenses for the three months ended March 31, 2023, and the year ended December 31, 2022, follows:

	March 31, 2023	December 31, 2022
Investor relations events	**$ 64,703**	$ 110,000
Insurance	**137,500**	-
Software subscriptions	**18,518**	-
Total prepaid expenses	**$ 220,721**	$ 110,000

5. COMPUTER EQUIPMENT

A continuity schedule for computer equipment for the three months ended March 31, 2023, and the year ended December 31, 2022, follows:

Net book value - December 31, 2022	**$**	**12,302**
Additions for the period		-
Amortization for the period		(5,449)
Net book value - March 31, 2023	**$**	**6,853**
Consisting of:		
Cost	**$**	70,951
Accumulated amortization		(64,098)
Net book value - March 31, 2023	**$**	**6,853**

6. CREDIT FACILITY

On March 29, 2022, the Company entered into a credit facility arrangement, secured by a general security agreement, for principal of $308,000, for a term of 12 months with a monthly interest rate of 1.5% per month compounded monthly. Since the Company was in breach of the loan agreement, additional interest of 2.0% per month compounded monthly along with monitoring fees of $1,000 per month were charged from April 2022. On March 6, 2023, proceeds from the 2020 SR&ED refund of $72,149 were forwarded by CRA and applied against the outstanding obligation. As of March 31, 2023, the Company accrued $38,979 in interest and $3,000 in monitoring fees for a total of $41,979. The total amount outstanding, as at March 31, 2023, was $388,074.

7. LOANS PAYABLE

A continuity schedule for loans payable for the three months ended March 31, 2023, and the year ended December 31, 2022, follows:

Loans Payable - December 31, 2022	**$**	**232,264**
Additions		56,000
Commitment fees		5,250
Debt repayment		(15,000)
Accrued interest		5,335
Loans Payable - March 31, 2023	**$**	**283,849**

In March 2023, the Company received bridge loans for $56,000, of which $21,000 pertained to a director, with a $nil commitment fee and $nil interest; the balance of $35,000, with a 15% commitment fee and 15% annual interest.

8. CONVERTIBLE DEBENTURES

A continuity schedule for convertible debentures for the three months ended March 31, 2023, and the year ended December 31, 2022, follows:

Convertible debentures - December 31, 2022	**$**	**1,266,719**
Conversion to shares at $0.10		(556,830)
Interest accretion		55,647
Convertible debentures - March 31, 2023	**$**	**765,536**

9. SHARE CAPITAL

Authorized:

Common shares (class A voting) unlimited without par value

Issued and outstanding:

As at March 31, 2023, the Company had 90,382,513 issued and outstanding (2022 – 77,774,786) class A common shares. No class B common shares or preferred shares have been issued.

On February 2, 2023, the Company announced that it had completed the closing of the first tranche of an equity private placement. The Company issued 3,982,727 units at a price of $0.11 per unit with each unit including one common share and one purchase warrant, for gross proceeds of $438,100 (less the finder's fee of $2,420 for net proceeds of $435,680; $18,000 of which was the settlement of outstanding indebtedness). Each purchase warrant entitles the holder to purchase one common share at a price of $0.15 for a period of one year from closing. The Company paid a finder's fee of $2,420 and issued 22,000 warrants with an exercise price of $0.11, expiring in one year.

From January to March 2023, an aggregate of 8,625,000 common shares were issued regarding convertible debenture conversions that totaled $862,500 at a conversion price of $0.10 per share.

Share capital: (continued)

WARRANTS AND STOCK OPTIONS

Warrants

Continuity schedule of the Company's share purchase warrants issued and outstanding for the three months ended March 31, 2023, and the year ended December 31, 2022, was as follows:

	Number of warrants	Weighted average exercise price $
Outstanding, December 31, 2022	**19,783,953**	**0.22**
Issued	4,004,727	0.15
Outstanding, March 31, 2023	**23,788,680**	**0.21**

As at March 31, 2023, the following warrants were outstanding, and the weighted average remaining life of warrants outstanding was 0.94 years (December 31, 2022 - 1.37 years).

Exercise price $	Expiry date	March 31, 2023
0.15	November 21, 2023	6,945,656[(1)]
0.10	November 21, 2023	34,472[(1)]
0.10	June 9, 2024	120,000[(1)]
0.15	June 9, 2024	5,031,500[(1)]
0.10	September 21, 2024	56,000[(1)]
0.15	September 21, 2024	6,096,325[(1)]
1.00	December 1, 2024	1,000,000[(2)]
1.25	December 1, 2024	500,000[(2)]
0.15	February 2, 2024	3,982,727[(3)]
0.11	February 2, 2024	22,000[(3)]
0.21		**23,788,680**

(1) The purchase and broker warrants have a term of 2 years. If the volume weighted average trading price of the common shares is at least $0.40 per share for a period of 5 consecutive trading days, the expiry date of the warrants may be accelerated by the Company to a date that is not less than 21 days after the date that notice of such acceleration is provided to the warrant holders.

(2) Compensation warrants have a term of three years expiring on December 1, 2024. If the closing price of the common shares is $1.80 or higher per share for a period of 10 consecutive trading days, the expiry date of the compensation warrants may be accelerated by the issuer to a date that is not less than 30 days after the date that notice of such acceleration is provided to warrant holders, which notice may be by way of general press release.

Share capital: (continued)

Warrants and stock options (continued)

Warrants (continued)

(3) The purchase and broker warrants have a term of 1 year. If the volume weighted average trading price of the common shares is at least $0.45 per share for a period of 5 consecutive trading days, the expiry date of the warrants may be accelerated by the Company to a date that is not less than 21 days after the date that notice of such acceleration is provided to the warrant holders.

Broker Warrants

The following assumptions were used for the Black-Scholes valuation of warrants issued during the three months ended March 31, 2023, and the year ended December 31, 2022:

	March 31, 2023	December 31, 2022
Average risk-free interest rate	**4.6%**	3.77%
Average expected life of warrants	**1 years**	1.6 years
Average share price	**$0.10**	$0.13
Average exercise price	**$0.11**	$0.10
Average expected stock price volatility	**138%**	102%
Dividend rate	**0.00%**	0.00%
Fair value per broker warrant issued	**$0.05**	$0.07

The Company recorded share issuance costs of $1,100 during the three months ended March 31, 2023 (2022 - $nil). The expected stock price volatility was developed using management's best estimate and analyzing industry comparables.

Stock Options

Continuity schedule of the Company's stock options warrants issued and outstanding for the three months ended March 31, 2023, and the year ended December 31, 2022, was as follows:

	Number of options	**Weighted average exercise price** $
Outstanding, December 31, 2022	**4,053,750**	**0.75**
Granted	1,550,000	0.20
Forfeited	(100,000)	0.49
Outstanding, March 31, 2023	**5,503,750**	**0.59**

Share capital: (continued)

Warrants and stock options (continued)

Stock Options (continued)

As at March 31, 2023, the following stock options were outstanding and exercisable with an average remaining life of 9.11 years (December 31, 2022 - 9.06 years):

Exercise price per share (option) $	Expiry date	Weighted average remaining life (years)	Number of options outstanding	Number of options exercisable
0.50	Dec 30, 2030	7.75	175,000	122,500
1.00	Jun 29, 2031	8.25	475,000	266,250
1.25	Sep 30, 2031	8.50	50,000	20,000
1.25	Oct 29, 2031	8.58	1,450,000	640,000
0.40	Feb 28, 2032	8.92	753,750	346,501
0.27	Mar 31, 2032	9.00	50,000	20,000
0.20	Nov 3, 2032	9.60	1,000,000	1,000,000
0.20	Jan 25, 2033	9.83	1,550,000	1,433,333
		9.11	**5,503,750**	**3,848,584**

The fair value of options recognized for the three months ended March 31, 2023, and the year ended December 31, 2022, has been estimated using the Black-Scholes valuation of stock options with the following assumptions:

	March 31, 2023	December 31, 2022
Average risk-free interest rate	**2.7%**	2.28%
Average expected life of options	**6.5 years**	6.5 years
Average share price	**$0.095**	$0.32
Average exercise price	**$0.20**	$0.34
Average expected stock price volatility	**123%**	102%
Dividend rate	**0.00%**	0.00%
Fair value per option granted	**$0.08**	$0.256

The Company recorded share-based compensation of $212,348 during the three months ended March 31, 2023 (2022 - $670,805). The expected stock price volatility was developed using management's best estimate and analyzing industry comparables.

10. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. Key management personnel consists of the Company's Board of Directors, corporate officers, and certain members of the senior executive team.

Transactions with related parties that are included in the condensed interim consolidated statement of loss and comprehensive loss for the three months ended March 31, 2023, and 2022, were made in the normal course of operations and are summarized as follows:

	March 31, 2023	March 31, 2022
	$	$
Consultants and directors' fees	**18,000**	23,571
General and administrative	**-**	51,750
Salaries, wages, and benefits	**118,933**	384,387
Share-based compensation	**87,612**	341,128
	224,545	800,836

As of March 31, 2023, $29,130 (2022 - $16,071) was outstanding to key management personnel regarding employment and consulting agreement commitments which were recorded in due to related parties. For the three months ended March 31, 2023, and 2022, the Board of Directors were issued 163,636 (2022 - nil) shares for services at $0.11 for $18,000 that covered the period October to December 2022 (2022 - $nil).

11. FINANCIAL RISK MANAGEMENT OBJECTIVES and POLICIES

The risk exposure arising from financial instruments is summarized as follows:

a. Credit risk - The Company's financial assets are cash and amounts receivable. The maximum exposure to credit risk, as at the period end, is the carrying value of their financial assets. The Company holds its cash in a bank account with a highly rated Canadian financial institution, therefore, minimizing the Company's credit risk in respect to its cash.

b. Liquidity risk - The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company monitors its forecasted and actual cash flows as well as any anticipated investing, and financing activities. The Company, currently, does not have recurring revenue, and is working diligently on securing additional funding to meet short-term financial obligations after considering its operating obligations and cash on hand (see note 2).

Financial risk management objectives and policies: (continued)

March 31, 2023	On-Demand $
Accounts payable and accrued liabilities	**2,472,249**
Credit facility	**388,074**
Loans payable	**283,849**
Due to related parties	**29,130**

c. Market risk - Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Company's income or value of its holdings or financial instruments. The Company's major activities have been transacted in Canadian dollars for the three months ended March 31, 2023. As such, the Company has minimal market risks.

12. CAPITAL RISK MANAGEMENT

The Company's primary objective when managing capital is to maintain sufficient resources and raise funding to support current and long-term operating needs. The ability to continue as a going concern is essential to the Company's goal of providing returns to shareholders and other stakeholders. The capital structure of the Company consists of shareholders' equity. The Company manages its capital structure based on the level of funds available to the Company to manage its operations and in light of economic conditions. The Company balances its overall capital through new share or debt issuances or by undertaking other activities as deemed appropriate in the circumstances. The Company is not subject to externally imposed capital requirements. There have been no significant changes in the Company's approach to capital management during the year. These objectives and strategies are reviewed on a continuous basis.

13. SUBSEQUENT EVENTS

In April and May 2023, the Company received bridge loans for $461,673, of which $36,500 with a $nil commitment fee and $nil interest; $100,000 with a 0% commitment fee and 15% annual interest; $265,173 with 15% commitment fees and 15% annual interest; and $60,000 with a 20% commitment fee and 15% interest per annum. $124,000 of the loans were repaid before the end of May 2023.

In April 2023, an aggregate of 9,704,000 common shares were issued regarding unsecured convertible debenture conversions that totaled $970,400 at a conversion price of $0.10, leaving $172,665, or 1,762,650 common shares outstanding in unconverted convertible debentures.

On May 26, 2023, the Company received $412,375, including interest, from its 2021 SR&ED claim, which was applied against the outstanding debt obligation with CRA.

Subsequent events: (continued)

On May 26, 2023, the Company announced a unit offering non-brokered private placement of units at $0.09 per unit for gross proceeds of up to $540,000. Each unit consists of one common share and one common share warrant with each warrant entitling the holder to purchase one additional common share at a price of $0.12 and expiring one year from the closing date. The Company has opted to not proceed with the second tranche of its unit offering previously announced on February 2, 2023.