No securities regulatory authority has expressed an opinion about the securities described herein and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities in those jurisdictions.

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any U.S. state securities laws, and therefore may not be offered or sold to, or for the account or benefit of, any person in the United States or any U.S. person (a "**U.S. Person**"), except pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This prospectus does not constitute an offer to sell or a solicitation to buy any of such securities to, or for the account or benefit of, any person in the United States or any U.S. Person. "**United States**" and "**U.S. Person**" are as defined in Regulation S under the U.S. Securities Act. See "Plan of Distribution".*

PROSPECTUS

New Issue **December 17, 2024**

LIGHT AI INC.
(formerly, Mojave Brands Inc.)

Minimum Offering: $10,000,000 or 18,181,818 Units

Maximum Offering: $16,086,400 or 29,248,000 Units

Price: $0.55 per Unit

This long form prospectus (the "**Prospectus**") is being filed by Light AI Inc. (the "**Company**", "**Resulting Issuer**", "**we**", "**us**", or "**our**") with the British Columbia Securities Commission, as principal regulator, and with the securities regulatory authorities in all of the provinces and territories of Canada, other than Québec, to qualify for distribution (the "**Offering**") on a "best efforts" agency basis of a minimum of 18,181,818 units (each, a "**Unit**") of the Company at a price of $0.55 per Unit (the "**Offering Price**") for minimum gross proceeds of $10,000,000 (the "**Minimum Offering**") and a maximum of 29,248,000 Units for maximum gross proceeds of $16,086,400 (the "**Maximum Offering**"). Each Unit shall be comprised of one common share in the capital of the Company (each, a "**Unit Share**") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"), exercisable into an additional common share (a "**Warrant Share**") at a price of $0.80 for a period of 18 months (the "**Expiry Date**").

The Warrants shall be governed by the terms of a warrant indenture (the "**Warrant Indenture**") to be dated as of the Closing Date between the Company and Endeavor Trust Corporation (the "**Warrant Agent**"), as warrant agent.

The Units are being offered pursuant to an Agency Agreement dated December 17, 2024 (the "**Agency Agreement**") between the Company and a syndicate of agents, that includes Ventum Financial Corp., as lead agent and sole bookrunner (the "**Lead Agent**"), Haywood Securities Inc. and Beacon Securities Limited (collectively, and together with the Lead Agent, the "**Agents**"). The Units will be offered in each of the provinces and territories of Canada, other than Québec. The Units may also be offered for sale to, or for the account or benefit of, persons in the United States and U.S. Persons by or through one or more United States registered broker-dealers affiliated with or appointed as sub-agents by the Agents (each a "**U.S. Placement Agent**"), under certain exemptions from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. See "*Plan of Distribution*".

The Offering is being carried out in connection with the business combination of the Company, a private British Columbia corporation formerly known as Light AI Inc. ("**LAI**"), and another private British Columbia corporation formerly known as LAI SPV Corp. ("**Finco**"). The Transaction (as defined herein) was carried out by way of a statutory amalgamation under the provisions of the BCBCA (as defined herein). See "*The Transaction*" for additional information on the Transaction.

	Price to the Public [(1)]	**Agents' Fees[(2)(3)(6)]**	**Net Proceeds to the Company**
Per Unit	$0.55	$0.0385	$0.5115
Minimum Offering[(4)]	$10,000,000	$700,000	$9,300,000
Maximum Offering[(2)(5)]	$16,086,400	$1,126,048	$14,960,352

Notes:

(1) The Offering Price was determined by arm's length negotiation between the Company and the Lead Agent.

(2) Assumes no exercise of the Over-Allotment Option (as defined below) and no President's List (as defined below).

(3) Pursuant to the terms of the Agency Agreement, the Company will pay the Agents a cash fee (the "**Agents' Fee**") equal to seven percent (7%) of the aggregate gross proceeds of the Offering, subject to a reduced commission of three and a half percent (3.5%) for those Units sold to certain purchasers designated by the Company on a president's list (the "**President's List**"), up to a maximum of 5,454,545 Units sold for aggregate gross proceeds of approximately $3,000,000 through the President's List. As additional compensation, the Company will: (i) pay to the Lead Agent a corporate finance fee equal to $200,000 (plus GST) (the "**Corporate Finance Fee**"); and (ii) issue to the Agents such number of non-transferable broker's warrants (the "**Broker Warrants**") as is equal to seven percent (7%) of the Units sold pursuant to the Offering, subject to a reduced commission of three and a half percent (3.5%) for those Units sold to certain purchasers designated by the Company on the President's List, up to a maximum of 5,454,545 Units sold for aggregate gross proceeds of approximately $3,000,000 through the President's List. Each Broker Warrant is exercisable into one common share of the Company (each, a "**Common Share**") at the exercise price equal to the Offering Price for a period of 18 months from the Closing Date (as defined herein). This Prospectus also qualifies the distribution of the Broker Warrants and the distribution of the Common Shares issuable upon exercise of the Broker Warrants. See "*Plan of Distribution*".

(4) Pursuant to the terms of the Agency Agreement, all subscription funds received from subscribers will be retained in trust by the Agents until the Minimum Offering is obtained. Once the Minimum Offering has been obtained, the sale of Units shall be completed in accordance with the Agency Agreement.

(5) The Company has granted to the Agents an over-allotment option (the "**Over-Allotment Option**") exercisable, in whole or in part, at the sole discretion of the Agents, at any time for a period of thirty (30) days from and including the Closing Date (as defined herein), to increase the size of the Offering and sell an additional 15% of the aggregate number of Units issued pursuant to the Offering (the "**Over-Allotment Units**") at the Offering Price, with each Over-Allotment Unit consisting of one Common Share (each an "**Over-Allotment Share**") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, an "**Over-Allotment Warrant**"), to cover the Agents' over-allotment, if any, and for market stabilization purposes. The Over-Allotment Option shall be exercisable for any number of (i) Over-Allotment Units at the Offering Price; (ii) Over-Allotment Shares at a price of $0.525 per Over-Allotment Share; (iii) Over-Allotment Warrants at a price of $0.05 per Over-Allotment Warrant; or (iv) any combination thereof. Each Over-Allotment Warrant shall be exercisable into one Common Share (each an "**Over-Allotment Warrant Share**") at an exercise price of $0.80 per Over-Allotment Warrant Share at any time prior to the Expiry Date, subject to adjustment on the same terms as the Warrants. Unless the context otherwise requires, all references to "Units", "Unit Shares", "Warrants" and "Warrant Shares" in this Prospectus include reference to the Over-Allotment Units, Over-Allotment Shares, Over-Allotment Warrants and Over-Allotment Warrant Shares, respectively, that may be issued pursuant to the exercise of the Over-Allotment Option. Assuming the Maximum Offering, the Over-Allotment Option is exercised in full for Over-Allotment Units and no sales are made to purchasers on the President's List, the total price to the public, Agents' Fee and net proceeds to the Company will be $18,499,360, $1,294,955 and $17,204,404, respectively. This Prospectus qualifies, if applicable, the distribution of the Over-Allotment Units. A purchaser who acquires securities forming part of the Agents' over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

(6) After deducting the Agents' Fee, but before deducting the Corporate Finance Fee and estimated expenses of the Offering relating to legal, accounting and administrative expenses of $450,000, which will be paid out of the proceeds of the Offering. *See "Use of Proceeds*".

The following table sets out the number of securities that may be issued by the Company pursuant to the Agency Agreement, assuming that the Company distributes 29,248,000 Units pursuant to the Maximum Offering:

Agents' Position	Number of Securities Available for Maximum Offering	Exercise Period	Exercise Price
Over-Allotment Option	4,387,200 Over-Allotment Units[(1)]	Up to 30 days from and including the Closing Date	$0.55 per Over-Allotment Unit
Broker Warrants	2,047,360 Broker Warrants[(2)]	Exercisable for a period of 18 months following the first Closing Date	$0.55 per Broker Warrant

Notes:

(1) Assuming the Over-Allotment Option is exercised in full for Over-Allotment Units.
(2) Assumes no Units are sold to purchasers on the President's List. Assuming the Over-Allotment Option is exercised in full and no sales are made to purchasers on the President's List, an additional 307,104 Broker Warrants will be issued.
(3) Each Broker Warrant is exercisable into one Common Share at the Offering Price.

The Common Shares are listed on the Canadian Securities Exchange (the "**CSE**") under the symbol "MOJO". On June 19, 2024, the last trading day on the CSE prior to the date of this Prospectus, the closing price of the Common Shares on the CSE was $0.75. On June 19, 2024, the Common Shares were halted on the CSE prior to the announcement of the Transaction, and the Common Shares have not resumed trading as of the date of this Prospectus.

The Agents conditionally offer the Units on a "best efforts" agency basis, without underwriter liability, subject to prior sale, if, as and when issued by the Company and delivered to and accepted by the Agents in accordance with the terms and conditions contained in the Agency Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters on the Company's behalf by its legal counsel, McMillan LLP, and on behalf of the Agents by their legal counsel, Cozen O'Connor LLP.

Subject to applicable laws and in connection with this Offering, the Agents may over-allot or effect transactions that stabilize or maintain the price of the Common Shares at levels other than those which otherwise might prevail on the open market in accordance with applicable stabilization rules. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

Subscription for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about December 23, 2024, or such other date as may be agreed upon by the Company and the Lead Agent (the "**Closing Date**"), but in any event no Closing Date shall be later than ninety (90) days following the date of issuance of a receipt for the Prospectus by the applicable securities commissions. See "*Plan of Distribution*".

Pursuant to the terms of the Agency Agreement, the Company shall reimburse the Agents for certain expenses incurred in connection with the Offering, indemnify the Agents and their directors, officers, employees, and agents against certain liabilities and expenses, and contribute to payments the Agents may be required to make in respect thereof.

Subject to certain limited exceptions, it is anticipated that the Unit Shares and Warrants will be deposited electronically with CDS Clearing and Depository Services Inc. ("**CDS**") or its nominees on the Closing Date. Transfers of ownership of the Unit Shares or Warrant Shares deposited with CDS will be effected through records maintained by participants in the CDS depository service (the "**CDS Participants**"), which include securities brokers and dealers, banks and trust companies. Indirect access to the CDS book-based system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly. Subject to certain limited exceptions, purchasers of Units will receive only a customer confirmation of Unit Shares and Warrants from the CDS Participant from or through which such Units are purchased in accordance with the practices and procedures of such CDS Participant. No certificates representing the Units, Unit Shares, Warrants or Warrant Shares will be issued unless it is specifically

requested or required. Notwithstanding the foregoing, Unit Shares and Warrants issued to, or for the account or benefit of, persons in the United States or U.S. Persons that are U.S. Accredited Investors (as defined below) (that are not Qualified Institutional Buyers (as defined below)) shall be issued in the form of definitive certificates or DRS statements representing such securities.

The Company has applied to list the common shares of the Resulting Issuer to be issued pursuant to the Offering and the Transaction on Cboe Canada Inc. (the "**Exchange**") under the symbol "ALGO" (the "**Listing**"). On December 13, 2024, the Company received conditional approval from the Exchange. The Listing is subject to the Company fulfilling all of the listing requirements of the Exchange, which cannot be guaranteed and there is no assurance that the Exchange will approve such listing application. See "*Caution Regarding Forward-Looking Statements*" and "*Risk Factors*".

There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased in the Offering. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See "*Risk Factors*" in this Prospectus.

An investment in the Company's securities should be considered highly speculative, and involves a high degree of risk that should be considered by potential investors. There is no guarantee that an investment in the Company will earn any positive return in the short or long term. An investment in the Company is appropriate only for investors who are wiling to risk a loss of all of their investment and who can afford to lose all of their investment. There are certain risk factors associated with an investment in the Company's securities and these risk factors should be reviewed carefully and evaluated by readers. See the "*Risk Factors*" and "*Caution Regarding Forward-Looking Statements*" and consider such information in connection with an investment in any of the Company's securities.

Prospective investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of the Units, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires Units.

Prospective investors should rely only on the information contained in this Prospectus. Neither the Company nor the Agents have authorized anyone to provide you with information different from that which is contained in this Prospectus. The Agents are offering to sell and seeking offers to buy the Units only in jurisdictions where, and to persons whom, offers and sales are lawfully permitted. Readers should assume that the information appearing in this Prospectus is accurate only as of its date, regardless of its time of delivery. The Company's business, financial condition, results of operations and prospects may have changed since that date.

Messrs. Steven J. Semmelmayer and Emmanuel L.R. Blin, directors of the Company, and Mr. Thomas P. Scarnecchia, officer of the Company, reside outside of Canada. They have appointed the following agent for service of process:

Name of Agent	Address of Agent
McMillan LLP	Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

AGENT:

Ventum Financial Corp.
2500 – 181 Bay Street
Toronto, Ontario
M5J 2T3

Telephone: (416) 572-5523

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that relate to the Company's current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled "*Summary of Prospectus", "Description of the Business", "Use of Proceeds", "Selected Financial Information", "Management's Discussion and Analysis*" and "*Risk Factors*".

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Listing and matters related thereto;
- the timing and closing of the Offering;
- the satisfaction of the conditions to closing of the Offering, including the receipt, in a timely manner, of regulatory and other required approvals;
- the terms of the Offering (including the manner of distribution) and the exercise of the Over-Allotment Option;
- the anticipated use of the net proceeds of the Offering and the estimated cost of the Offering;
- the intentions, plans and future actions of the Resulting Issuer;
- the expectations regarding the revenue, expenses and operations of the Resulting Issuer;
- the business and future activities of the Resulting Issuer and anticipated developments in the operations of the Resulting Issuer;
- the competitive position and regulatory environment in which the Resulting Issuer expects to operate;
- the entering into of a definitive agreement with TC4A;
- the business objectives for the next 12 months of the Resulting Issuer;
- the anticipated cash and additional financing needs of the Resulting Issuer;
- the ability of the Resulting Issuer to obtain necessary funding;
- the performance of the Resulting Issuer's business and operations;
- the future liquidity and financial capacity of the Resulting Issuer;
- the effect on the Resulting Issuer of any changes to existing or new legislation, policy or government regulation;
- the length of time required to obtain permits, certifications and approvals;
- the availability of labour and talent;
- limitations on insurance coverage of Resulting Issuer;
- the timing of and issuance of a receipt for this Prospectus in a timely manner, and the receipt of regulatory and other required approvals;
- the Resulting Issuer's expected reliance on key management personnel, advisors and consultants;
- expectations regarding trends in the healthcare industry;
- results and expectation concerning various partnerships, strategic alliances, projects and marketing strategies of the Resulting Issuer;
- effects of the novel coronavirus ("**COVID-19**") pandemic generally; and
- the economy generally.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward looking statements included in this Prospectus, the Company has made various material assumptions, including but not limited to (i) the Company's ability to complete the Offering; (ii) the Company's ability to complete the Listing and matters related thereto; (iii) the Resulting Issuer's anticipated use of proceeds; (iv) the Resulting Issuer maintaining, as applicable, the necessary regulatory approvals; (v) general business and economic conditions; (vi) the Resulting Issuer's ability to successfully execute its plans and intentions; (vii) the availability of financing on reasonable terms; (viii) the Resulting Issuer's

ability to attract and retain skilled management and staff, as applicable; (ix) market competition; (x) the market for and potential revenues to be derived from the Resulting Issuer's products; (xi) protection of the Resulting Issuer's intellectual property rights; (xii) the spread of infectious diseases; (xiii) the Resulting Issuer's ability to successfully mitigate the negative impacts of global conflicts; and (xiv) the costs, timing and future plans concerning operations of the Resulting Issuer will be consistent with current expectations.

Although management believes the expectations reflected in such forward-looking statements and forward-looking information are reasonable, forward-looking statements and forward-looking information are based on the opinions, assumptions and estimates of management at the date that such statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements and forward-looking information. Whether actual results, performance or achievements will conform to the Company's and the Resulting Issuer's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "*Risk Factors*", which include:

- the ability to achieve the desired synergies and benefits of the Transaction;
- the potential for undisclosed liabilities associated with the Transaction;
- the completion of the Offering is subject to conditions;
- risks related to the Warrants;
- the market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Resulting Issuer's control;
- the Resulting Issuer does not intend to pay dividends and there will thus be fewer ways in which the investors are able to make a gain on their investment;
- LAI has limited operating history, which makes it difficult to evaluate the Resulting Issuer's business prospects;
- the Resulting Issuer's financial position and results of operations may differ materially from expectations;
- the management of the Resulting Issuer has limited experience managing a publicly-traded company;
- the Resulting Issuer expects to incur future losses and may never generate revenues;
- the Resulting Issuer may be unable to generate revenues or establish a subscription-based revenue model;
- the Resulting Issuer's ability to continue as going concern;
- the Resulting Issuer may need to raise additional capital and issue additional securities;
- the Resulting Issuer may never achieve profitability;
- the Resulting Issuer's dependent on senior management team and key employees;
- if the Resulting Issuer is unable to attract, train and retain employees, it may not be able to grow effectively;
- currency exchange rate fluctuations may affect the Resulting Issuer's result of operations;
- the Resulting Issuer may face risks related to strategic acquisitions in the future;
- the Resulting Issuer's market opportunity and cost saving estimates are subject to significant uncertainty which may prove to be inaccurate;
- the Resulting Issuer may face growth-related risks;
- the Resulting Issuer could incur material losses relating to cyber-attacks or other information security breaches in the future;
- the risks associated with operating in a complex healthcare and technology regulatory and legal environment subject to a wide variety of laws and regulations, including those relating to privacy and data security;
- the Resulting Issuer may face competition in its industry;
- the Resulting Issuer may be unable to adequately protect its proprietary and intellectual property rights;
- the Resulting Issuer may be forced to defend against claims by third parties against the Resulting Issuer relating to intellectual property rights;

- the Resulting Issuer's reliance on obtaining and maintain regulatory approval in jurisdictions where its products or technologies are being researched, developed or commercialized;
- the Resulting Issuer intends to rely upon third-parties (including TC4A) with respect to compliance with various foreign regulatory matters;
- failure to develop the Resulting Issuer's internal controls over financial reporting as the Resulting Issuer grows could have an adverse impact;
- unfavorable global economic and political conditions could adversely affect the Resulting Issuer's business, financial condition or results of operations;
- future sales and issuances of equity securities may dilute current shareholders and reduce the market price of Resulting Issuer Shares;
- the Resulting Issuer may vary from its disclosed intended use of proceeds;
- the Resulting Issuer may suffer uninsured losses;
- the Resulting Issuer may be subject to various potential conflicts of interest;
- an investment in the Resulting Issuer's securities may have income tax consequences;
- the Resulting Issuer is subject to pandemic related risks; and
- other factors discussed under "*Risk Factors*".

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements. The assumptions referred to above and described in greater detail under "*Risk Factors*" should be considered carefully by readers.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this Prospectus (or as of the date they are otherwise stated to be made). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

This Prospectus also contains future-oriented financial information and/or financial outlook ("**FOFI**"). The FOFI contained herein includes information about the Resulting Issuer's future financial position, anticipated revenues, operating costs, use of proceeds of the Offering, and other expenditures. Such FOFI is subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. The Resulting Issuer's actual results, performance and achievements could differ materially from those expressed in, or implied by, such FOFI. The Company has included such FOFI in order to provide readers with a more complete perspective on the Resulting Issuer's business and such information may not be appropriate for other purposes. This FOFI is prepared as of the date of this Prospectus.

All of the forward-looking statements and FOFI contained in this Prospectus are expressly qualified by the foregoing cautionary statements. Investors should read this entire Prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment.

MARKET AND INDUSTRY DATA

This Prospectus includes market and industry data that has been obtained from third party sources, including industry publications and medical journals. The Company believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying economic assumptions relied upon by such sources.

Unless otherwise indicated, information contained in this Prospectus concerning the Company's industry and the markets in which it operates, including general expectations and market position, market opportunities and market share, is based on information from independent industry organizations, other third-party sources (including industry publications, medical journals, surveys and forecasts) and management studies and estimates.

The Company's estimates are derived from publicly available information released by independent industry analysts and third-party sources as well as data from the Company's internal research, and include assumptions made by the Company which management believes to be reasonable based on their knowledge of the Company's industry and markets. The Company's internal research and assumptions have not been verified by any independent source, and it has not independently verified any third-party information. While the Company believes the market position, market opportunity and market share information included in this Prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the Company's future performance and the future performance of the industry and markets in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the headings "*Caution Regarding Forward-Looking Statements*" and "*Risk Factors*".

FINANCIAL STATEMENT PRESENTATION IN THIS PROSPECTUS

Unless otherwise indicated, references to $ are to Canadian dollars and US$ are to United States dollars. All financial information herein has been presented in Canadian dollars in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this Prospectus. This is not an exhaustive list of defined terms used in this Prospectus and additional terms are defined throughout. Terms and abbreviations used in the financial statements of the Company are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"2021 Warrant"	has the meaning ascribed thereto under the heading "*General Development of the Business of the Company*";
"2023 Warrant"	has the meaning ascribed thereto under the heading "*General Development of the Business of the Company*";
"Agency Agreement"	has the meaning ascribed thereto on the cover page of this Prospectus;
"Agents"	has the meaning ascribed thereto on the cover page of this Prospectus;
"Agents' Fee"	has the meaning ascribed thereto on page (ii) of this Prospectus;
"AI"	means artificial intelligence;
"Amalgamating Party"	has the meaning ascribed thereto under the heading "*Transaction*";
"Amalgamation"	means the amalgamation of LAI, Finco and Subco under the provisions of the BCBCA pursuant to the terms of the Business Combination Agreement and the Amalgamation Agreement;
"Amalgamation Agreement"	means the amalgamation agreement entered into among the Company, LAI, Finco and Subco in respect of the Amalgamation, attached as Schedule "A" to the Business Combination Agreement;
"Audit Committee"	means the audit committee of the Company;
"BCBCA"	means the *Business Corporations Act* (British Columbia), as amended;

"Board" or **"Resulting Issuer Board"**	means the board of directors of the Company;
"Broker Warrants"	has the meaning ascribed thereto on page (ii) of this Prospectus;
"Business Combination Agreement"	has the meaning ascribed thereto under the heading "Summary of Prospectus";
"Cboe Escrow Agreement"	means the escrow agreement entered into on the closing of the Transaction among the Resulting Issuer, Endeavor Trust Company and the holders of Cboe Escrow Securities;
"Cboe Escrow Securities"	means the 9,453,591 Resulting Issuer Shares, 714,500 Resulting Issuer Warrants and 2,168,675 Resulting Issuer Options that are subject to the Cboe Escrow Agreement;
"CDS"	means CDS Clearing and Depository Services Inc. and its successors and assigns;
"CEO"	means Chief Executive Officer;
"CFO"	means Chief Financial Officer;
"Closing Date"	has the meaning ascribed thereto on page (iii) of this Prospectus;
"CNN"	means convolutional neural network;
"Common Shares" or **"Resulting Issuer Shares"**	means common shares in the capital of the Company;
"Company" or **"Resulting Issuer"**	means Light AI Inc. (formerly, Mojave Brands Inc.);
"Corporate Finance Fee"	has the meaning ascribed thereto on page (ii) of this Prospectus;
"COVID-19"	has the meaning ascribed thereto under the heading "*Caution Regarding Forward-Looking Statements*";
"CSE"	means the Canadian Securities Exchange;
"DRS"	means Direct Registration System
"EEA"	means the European Economic Area;
"Eighth Finco Loan"	has the meaning ascribed thereto under the heading "*General Development of the Business of Finco*";
"Eligible Person"	has the meaning ascribed thereto under the heading "*Executive Compensation*";
"EU"	means the European Union;
"Exchange"	means Cboe Canada Inc.;
"FDA"	means the United States Food and Drug Administration;
"FDC Act"	means the United States Federal Food Drug, and Cosmetic Act of 1938, as amended;
"Fifth Finco Loan"	has the meaning ascribed thereto under the heading "*General Development of the Business of Finco*";
"Finco"	has the meaning ascribed thereto on page (ii) of this Prospectus;
"Finco Broker Warrant"	has the meaning ascribed thereto under the heading "*General Development of the Business of Finco*";
"Finco Debenture Financing"	has the meaning ascribed thereto under the heading "*General Development of the Business of Finco*";

"Finco Debentures"	has the meaning ascribed thereto under the heading "*General Development of the Business of Finco*";
"Finco Exchange Ratio"	has the meaning ascribed thereto under the heading "*Transaction*";
"Finco Loans"	means collectively, the First Finco Loan, Second Finco Loan, Third Finco Loan, Fourth Finco Loan, Fifth Finco Loan, Sixth Finco Loan, Seventh Finco Loan and Eighth Finco Loan;
"Finco Note"	has the meaning ascribed thereto under the heading "*General Development of the Business of Finco*";
"Finco Options"	means the options of Finco;
"Finco Shares"	means common shares in the capital of Finco;
"Finco Warrants"	means common share purchase warrants in the capital of Finco;
"First Finco Loan"	has the meaning ascribed thereto under the heading "*General Development of the Business of Finco*";
"Fourth Finco Loan"	has the meaning ascribed thereto under the heading "*General Development of the Business of Finco*";
"GAS"	means Group A Streptococcus;
"HIPAA"	has the meaning ascribed thereto under the heading "*Risk Factors*";
"IFRS"	means the International Financial Reporting Standards, as issued by the International Accounting Standards Board, as adopted by the Canadian Accounting Standards Board;
"LAI"	has the meaning ascribed thereto on page (ii) of this Prospectus;
"LAI Board"	means the board of directors of LAI;
"LAI Exchange Ratio"	has the meaning ascribed thereto under the heading "*Transaction*";
"LAI Financing"	has the meaning ascribed thereto under the heading "*General Development of the Business of LAI*";
"LAI Options"	means the options of LAI;
"LAI Preferred Shares"	means the Class A Preferred Shares in the capital of LAI;
"LAI Shares"	means common shares in the capital of LAI;
"LAI Warrants"	means common share purchase warrants of LAI;
"Lead Agent"	has the meaning ascribed thereto on the cover page of this Prospectus;
"Listing"	has the meaning ascribed thereto on page (iii) of this Prospectus;
"Loan"	has the meaning ascribed thereto under the heading "*General Development of the Business of the Company*";
"Lock-Up"	has the meaning ascribed thereto under the heading "*Plan of Distribution*";
"Locked-Up Shareholders"	has the meaning ascribed thereto under the heading "*Plan of Distribution*";
"LOI"	has the meaning ascribed thereto under the heading "*General Development of the Business of the Company*";
"Maximum Offering"	has the meaning ascribed thereto on the cover page of this Prospectus;
"MD&A"	means management's discussion and analysis;
"Minimum Offering"	has the meaning ascribed thereto on the cover page of this Prospectus;

"National Guidelines"	has the meaning ascribed thereto under the heading "*Corporate Governance*";
"NI 51-102"	means National Instrument 51-102 – *Continuous Disclosure Obligations*;
"NI 52-110"	means National Instrument 52-110 – *Audit Committees*;
"Offering"	has the meaning ascribed thereto on the cover page of this Prospectus;
"Option Plan"	has the meaning ascribed thereto under the heading "*Executive Compensation*";
"Options" or **"Resulting Issuer Options"**	means options of the Company;
"Over-Allotment Option"	has the meaning ascribed thereto on page (ii) of this Prospectus;
"PCR"	means polymerase chain reaction;
"PMA"	means pre-market approval;
"POC"	means point-of-care;
"President's List"	has the meaning ascribed thereto on page (ii) of this Prospectus;
"Prospectus"	means this long form prospectus;
"Qualified Institutional Buyer"	has the meaning ascribed thereto in Rule 144A under the U.S. Securities Act;
"RADT"	means rapid antigen detection tests;
"Regulation D"	means Regulation D promulgated under the U.S. Securities Act;
"Regulation S"	means Regulation S promulgated under the U.S. Securities Act;
"Resulting Issuer Warrants"	means common share purchase warrants of the Resulting Issuer;
"RHD"	means rheumatic heart disease;
"RSU Plan"	has the meaning ascribed thereto under the heading "*Executive Compensation*";
"RSUs"	has the meaning ascribed thereto under the heading "*Executive Compensation*";
"Second Finco Loan"	has the meaning ascribed thereto under the heading "*General Development of the Business of Finco*";
"SEDAR+"	means the System for Electronic Data Analysis and Retrieval +;
"Seventh Finco Loan"	has the meaning ascribed thereto under the heading "*General Development of the Business of Finco*";
"Sixth Finco Loan"	has the meaning ascribed thereto under the heading "*General Development of the Business of Finco*";
"Subco"	means 1479875 B.C. Ltd., a corporation incorporated under the BCBCA as a wholly-owned subsidiary of the Company for the sole purpose of affecting the Amalgamation;
"TC4A"	has the meaning ascribed thereto under the heading "*General Development of the Business of LAI*";
"Third Finco Loan"	has the meaning ascribed thereto under the heading "*General Development of the Business of Finco*";
"Transaction"	has the meaning ascribed thereto under the heading "*Transaction*";

"U.S." or "United States"	means, as the context requires, the United States of America, its territories and possessions, and any state of the United States of America, and/or the District of Columbia;
"U.S. Accredited Investor"	means an "accredited investor" as defined in Rule 501(a) of Regulation D;
"U.S. Person"	means a "U.S. person" as such term is defined in Regulation S;
"U.S. Securities Act"	means the United States Securities Act of 1933, as amended;
"Unit"	has the meaning ascribed thereto on the cover page of this Prospectus;
"Unit Share"	has the meaning ascribed thereto on the cover page of this Prospectus;
"Warrant"	has the meaning ascribed thereto on the cover page of this Prospectus and
"Warrant Share"	has the meaning ascribed thereto on the cover page of this Prospectus.

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of the Units and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Capitalized terms used but not defined in this Summary of Prospectus have the meanings ascribed thereto in the Glossary of Terms.

The Company

The Company was incorporated on November 12, 2010, under the BCBCA. The Company's registered office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7 and its head office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7. The Company completed the Transaction on December 13, 2024 and changed its name from Mojave Brands Inc. to Light AI Inc. on December 13, 2024.

See "*Corporate Structure – Name, Address and Incorporation – The Company*".

Business of the Company

Prior to closing of the Transaction, the principal business of the Company was to identify, evaluate and then acquire an interest in a business or assets. While the Company was previously in the business of operating in the cannabis industry, the Company's business and related assets have since been sold, dissolved, or disposed of. Upon completion of the Transaction, the Company commenced operating under the name "Light AI Inc." and LAI's business became the core business of the Company, being the development of a smartphone application for medical diagnoses, specifically those pertaining to the pharynx.

See "*General Development of the Business of the Company", "General Development of the Business of LAI"* and "*Transaction*".

The Listing

The Company has applied for a listing of the Resulting Issuer Shares on the Exchange. On December 13, 2024, the Exchange conditionally accepted the Company's Listing. The Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange, including meeting all minimum listing requirements, which cannot be guaranteed, and the concurrent delisting of the Common Shares on the CSE.

See "*Plan of Distribution*".

The Offering

The Minimum Offering will be comprised of 18,181,818 Units at $0.55 per Unit, for aggregate gross proceeds of approximately $10,000,000. The Maximum Offering will be comprised of a maximum of 29,248,000 Units at $0.55 per Unit, for maximum aggregate gross proceeds of approximately $16,086,400.

See "*Plan of Distribution*".

Available Funds

As at November 30, 2024, being the most recently completed month prior to the date of this Prospectus, the Company, LAI and Finco had an estimated working capital of approximately $141,000, ($5,240,507) and $2,270,367, respectively. As at November 30, 2024, the parties have a combined working capital deficiency of approximately $2,829,140. As at November 30, 2024, the *pro forma* combined working capital of the Resulting Issuer is approximately $1,756,000, assuming the Finco Debentures are automatically converted and the Finco Loans and the Loan are extinguished upon closing of the Transaction.

The estimated net proceeds of the Offering, after deducting the Agents' Fee and the Corporate Finance Fee payable and the estimated expenses of the Offering relating to legal, accounting and administrative expenses estimated at $450,000, are $8,640,000 in the case of the Minimum Offering and $14,300,352 in the case of the Maximum Offering (after applicable taxes).

See "*Use of Proceeds – Available Funds*".

Use of Proceeds

The Resulting Issuer intends to use the net proceeds of the Offering and its available funds as follows:

Principal Purposes for the Use of Available Funds	Amount	
	Minimum Offering	**Maximum Offering**
Development of mobile application technology for iOS and Android	$1,665,000	$1,665,000
Joint venture with TC4A to support launch of mobile application technology for lower middle income countries	$1,407,000	$2,360,000
FDA Trials with Carelon Health	$989,500	$989,500
Commercial wellness mobile application pilot studies	$68,000	$400,000
Investor Relations and Marketing	$2,265,000	$3,015,000
General and Administrative Costs for 12 months after completion of the Transaction(2)	$2,959,300	$2,959,300
Transaction Costs	$350,000	$350,000
Unallocated working capital	$692,200	$4,317,552
Total	**$10,396,000**	**$16,056,352**

Notes:

(1) See "*Business Objectives and Milestones*".
(2) See "*Use of Proceeds*" for a breakdown of general and administrative costs.
(3) This excludes the proceeds to the Company from the issuance of an additional Units that may be issued upon the exercise of the Over-Allotment Option.

See "*Use of Proceeds – Principal Purposes of Funds*".

Risk Factors

An investment in the Company or the Resulting Issuer, involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Company and the Resulting Issuer, respectively.

The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to:

- the ability to achieve the desired synergies and benefits of the Transaction;

- the completion of the Offering is subject to conditions;
- risks related to the Warrants;
- the market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Resulting Issuer's control;
- the Resulting Issuer does not intend to pay dividends and there will thus be fewer ways in which the investors are able to make a gain on their investment;
- LAI has limited operating history, which makes it difficult to evaluate the Resulting Issuer's business prospects;
- the Resulting Issuer's financial position and results of operations may differ materially from expectations;
- the management of the Resulting Issuer has limited experience managing a publicly-traded company;
- the Resulting Issuer expects to incur future losses and may never generate revenues;
- the Resulting Issuer may be unable to generate revenues or establish a subscription-based revenue model;
- the Resulting Issuer's ability to continue as going concern;
- the Resulting Issuer may need to raise additional capital and issue additional securities;
- the Resulting issuer expects to require additional capital to support its business;
- the Resulting Issuer may never achieve profitability;
- the Resulting Issuer's dependent on senior management team and key employees;
- if the Resulting Issuer is unable to attract, train and retain employees, it may not be able to grow effectively;
- currency exchange rate fluctuations may affect the Resulting Issuer's result of operations;
- the Resulting Issuer may face risks related to strategic acquisitions in the future;
- the Resulting Issuer's market opportunity and cost saving estimates are subject to significant uncertainty which may prove to be inaccurate;
- the Resulting Issuer may face growth-related risks;
- the Resulting Issuer could incur material losses relating to cyber-attacks or other information security breaches in the future;
- the risks associated with operating in a complex healthcare and technology regulatory and legal environment subject to a wide variety of laws and regulations, including those relating to provision of healthcare, consumer products, product liability and consumer protection; those relating to negligence; those relating to the manner in which the Resulting Issuer advertises, markets and sells products and services; labour and employment laws, including wage and hour laws; tax laws or interpretations thereof; data protection and privacy laws and regulations;
- the Resulting Issuer may face competition in its industry;
- the Resulting Issuer may be unable to adequately protect its proprietary and intellectual property rights;
- the Resulting Issuer may be forced to defend against claims by third parties against the Resulting Issuer relating to intellectual property rights;
- the Resulting Issuer's reliance on obtaining and maintain regulatory approval in jurisdictions where its products or technologies are being researched, developed or commercialized;

- failure to develop the Resulting Issuer's internal controls over financial reporting as the Resulting Issuer grows could have an adverse impact;
- unfavorable global economic and political conditions could adversely affect the Resulting Issuer's business, financial condition or results of operations;
- future sales and issuances of equity securities may dilute current shareholders and reduce the market price of Resulting Issuer Shares;
- the Resulting Issuer may vary from its disclosed intended use of proceeds;
- the Resulting Issuer may suffer uninsured losses;
- the Resulting Issuer may be subject to various potential conflicts of interest;
- an investment in the Resulting Issuer's securities may have income tax consequences;
- the Resulting Issuer is subject to pandemic related risks; and
- other factors discussed under "*Risk Factors*".

For a detailed description of certain risk factors relating to the Common Shares, which should be carefully considered before making an investment decision, see "*Risk Factors*".

See "*Risk Factors*".

Summary of Financial Information

The following table sets out the unaudited *pro forma* financial information of the Resulting Issuer as of May 31, 2024, after giving effect to the Transaction and the Maximum Offering and should be read in conjunction with the unaudited *pro forma* consolidated financial statements of the Resulting Issuer attached hereto as Schedule "G". The unaudited *pro forma* financial statements give effect to the Transaction and the Maximum Offering on a *pro forma* basis and have been prepared on the basis of assumptions described in the notes thereto.

	Company as at May 31, 2024 ($)	**LAI as at September 30, 2024 ($)**	**Finco as at September 30, 2024 ($)**	**Pro Forma Adjustment ($)**	**Pro Forma ($)**
Balance Sheet Data					
Current assets	440,436	771,189	5,315,135	11,452,402	17,979,162
Total assets	440,436	772,975	5,315,135	11,452,402	17,980,948
Current liabilities	125,366	5,830,517	4,134,573	(9,253,784)	836,672
Total liabilities	125,366	5,830,517	4,134,573	(9,253,784)	836,672
Shareholders' Equity (Deficiency)	315,070	(5,057,542)	1,180,562	20,706,186	17,144,276

See "*Selected Financial Information*".

CORPORATE STRUCTURE

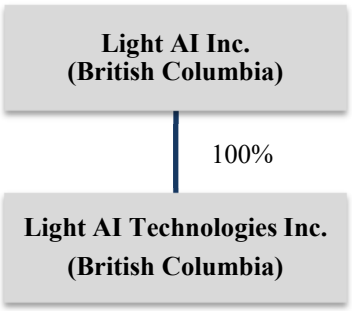
Name, Address and Incorporation

The Company

The Company was incorporated on November 12, 2010, under the BCBCA under the name "Infinity Minerals Corp." The Company subsequently changed its name to "Herbal Clone Bank Canada Inc." on August 29, 2014, "High Hampton Holdings Corp." on June 18, 2015, "Mojave Jane Brands Inc." on June 19, 2019, "Mojave Brands Inc." on March 30, 2021, and, in connection with the Transaction, to "Light AI Inc." on December 13, 2024.

The head office and registered and records office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

As of the date of this Prospectus, the Company has one (1) wholly-owned subsidiary, Light AI Technologies Inc., which was formed, under the BCBCA, pursuant to the Amalgamation on December 13, 2024.

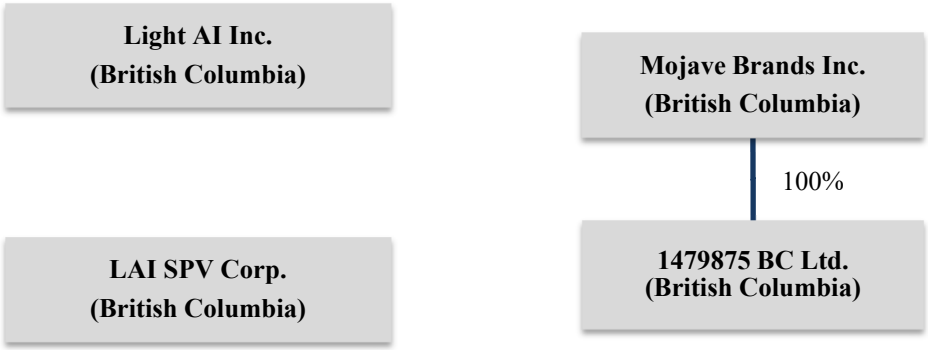


TRANSACTION

Overview

The Company, LAI and Finco entered into the Business Combination Agreement dated June 19, 2024, as amended on September 9, 2024 and October 24, 2024, pursuant to which the Company, LAI and Finco proposed to combine the assets of LAI and Finco with those of the Company (the "**Transaction**"). The Transaction was negotiated between the principals of the Company and LAI through arm's length negotiation. The Transaction was completed on December 13, 2024 and upon completion of the Transaction, the Company changed its name to "Light AI Inc.". The Company adopted the year end of LAI, which is December 31.

Prior to completion of the Transaction, the organizational chart of the Company, LAI and Finco is as follows:



The following is a summary description of the Transaction that is qualified in its entirety by the full terms and conditions of the Business Combination Agreement, a copy of which is available at www.sedarplus.ca under the Company's SEDAR+ profile.

Summary of the Business Combination Agreement

The Transaction was effected pursuant to the Business Combination Agreement and the parties carried out the Transaction by way of a statutory amalgamation under the provisions of the BCBCA and related transaction steps.

Pursuant to the Business Combination Agreement, the Company acquired 100% of the issued and outstanding LAI Shares in exchange for Common Shares at the exchange ratio of 3.89 Common Shares for each LAI Share outstanding (the "**LAI Exchange Ratio**") and 100% of the issued and outstanding Finco Shares in exchange for Common Shares at the exchange ratio of one Common Share for each Finco Share outstanding (the "**Finco Exchange Ratio**"). All convertible securities of LAI and Finco were exchanged and replaced on an equivalent basis after giving effect to the applicable exchange ratio. Upon closing of the Transaction, all of the property and assets of each LAI, Finco and Subco (each, an "**Amalgamating Party**") became the property and assets of the amalgamated entity, Light AI Technologies Inc., and the amalgamated entity became a wholly-owned subsidiary of the Company.

In connection with the closing of the Transaction, the Company changed its name to "Light AI Inc.". Pursuant to the Company's articles, the name change was effected by way of a Board resolution.

Contractual Restriction on Transfer

Pursuant to the terms of the Business Combination Agreement, 30,962,054 Resulting Issuer Shares issued in exchange for 7,959,401 LAI Shares are subject to escrow (subject to rounding):

- 11,913,124 Resulting Issuer Shares are subject to a three-year escrow whereby 10% of the Resulting Issuer Shares will be released upon Listing and 15% of the Resulting Issuer Shares will be released every six months thereafter.
- 5,364,050 Resulting Issuer Shares are subject to a one-year escrow whereby 25% of the Resulting Issuer Shares will be released from escrow on the date that is four months following Listing, 25% of the Resulting Issuer Shares will be released six months following Listing, 25% of the Resulting Issuer Shares will be released nine months following the Listing and the remaining Resulting Issuer Shares will be released one year following Listing.
- 2,690,568 Resulting Issuer Shares are subject to a six-month escrow whereby 50% of the Resulting Issuer Shares will be released from escrow on the date that is four months following Listing and the remaining Resulting Issuer Shares will be released six months following Listing.
- 1,620,829 Resulting Issuer Shares are subject to a four-month escrow.
- 9,373,483 Resulting Issuer Shares are subject to a 13-month escrow whereby 10% of the Resulting Issuer Shares will be released from escrow four months following Listing and 10% of the Resulting Issuer Shares will be released from voluntary restrictions every month thereafter.

GENERAL DEVELOPMENT OF THE BUSINESS OF THE COMPANY

Summary

Prior to the completion of the Transaction, the Company's primary business was identifying and evaluating potential business opportunities. While the Company was previously in the business of processing and selling cannabis extracts, the Company had ceased all operations and pivoted to seeking out other potential strategic alliances, joint ventures, acquisitions or merger opportunities. Accordingly, prior to the completion of the Transaction, the Company did not have a business, business operations or any material assets other than cash. The Company's primary business is the business of LAI. See "*General Development of the Business of LAI*".

History

For the Years Ended August 31, 2022, 2023 and 2024 and Recent Developments

On May 12, 2023, the Company extended the expiry date of 5,750,000 warrants (the "**2021 Warrants**") for the purchase of up to 5,750,000 Shares, that were issued pursuant to a non-brokered private placement of 5,750,000 units at $0.12 per unit for gross proceeds of $690,000. Each unit was comprised of one Common Share and one 2021 Warrant. The 2021 Warrants initially had an exercise price of $0.15 exercisable for a period of 24 months from the date of closing of the private placement. The expiry date of the 2021 Warrants was extended from July 12, 2023 to July 12, 2025 and the exercise price was adjusted to $0.60 following the completion of the consolidation of the Common Shares on October 25, 2023 (as described below).

On August 7, 2023, the Company dissolved its wholly-owned subsidiary, Coachellagro Corp.

On September 19, 2023, Shannon Anderson and Christopher Cooper were appointed as directors of the Company. In addition, Campbell Birge and Peeyush Varshney resigned from the Board.

On September 22, 2023, Robert Dubeau was appointed as a director and CEO of the Company. Additionally, Christopher Cooper was appointed as CFO of the Company. Mervyn Pinto resigned from the Board and from his position of CEO and CFO.

On October 25, 2023, the Company implemented a share consolidation of its Common Shares on the basis of four (4) pre-consolidation Common Shares for every one post-consolidation Common Share.

On December 15, 2023, the Company closed a non-brokered private placement of 6,799,800 units of the Company at $0.07 per unit, for aggregate gross proceeds of $475,986. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant (each, a "**2023 Warrant**"). Each 2023 Warrant entitles the holder thereof to acquire an additional Common Share at an exercise price of $0.11 per Common Share, for a period of 24 months from the date of issuance.

On January 31, 2024, the Company entered into a binding letter of intent ("**LOI**") with LAI and Finco under which the Company, LAI and Finco will combine their respective businesses. On June 19, 2024, the parties entered into the Business Combination Agreement and the Transaction shall result in a reverse takeover of the Company by LAI.

Upon execution of the LOI and in connection with the Transaction, the Company advanced a loan of $250,000 to LAI (the "**Loan**"), which is evidenced by a promissory note. The Loan is non-interest bearing (except as described below) and is payable upon demand. In the event the LOI is terminated, the Loan will become due and payable, and LAI will issue to the Company 277,778 LAI Warrants. The LAI Warrants will be exercisable for LAI Shares at $0.90 per LAI Share for a period of 48 months from the date of issuance. In addition, the Company has the right to convert the Loan into LAI Shares at $0.90 per LAI Share.

On December 13, 2024, the Company closed the Transaction.

GENERAL DEVELOPMENT OF THE BUSINESS OF LAI

Summary

LAI is an emerging healthcare technology company in the development stage of the first version of a commercial software specializing in medical imaging designed to differentiate between bacterial and viral infections at POC. LAI has gathered thousands of images from its healthcare partners to use in machine learning. LAI believes this is the first time anyone has captured a big dataset of images targeting pharyngitis. LAI's AI uses advanced algorithms to identify key patterns in patient images to produce an effective probability score. The Company's technology utilizes smartphones with integrated cameras to capture images, which are then analyzed in order to differentiate between viral and bacterial infections using machine learning ("**ML**") algorithms and a proprietary database of images gathered

since 2016. The terms AI and ML are often used interchangeably, but they refer to different concepts. AI is the overarching field focused on creating intelligent systems, while ML is a specific approach within AI that uses data and algorithms to enable machines to learn and make decisions.

The Company is currently completing the development of its technology for the differentiation between viral and bacterial infections in pharyngitis (sore throat). The Company intends to leverage the large world-wide footprint of smartphones to deploy its patented technology in POC facilities and through telemedicine, initially focussing on low middle-income countries ("**LMIC"**).

LAI's initiative is to develop and commercialize its technology to improve healthcare quality and outcomes by providing healthcare professionals with real time results thus reducing or eliminating the cost and delay of currently available diagnostic tests, reducing unnecessary follow-up physician visits and reducing the over- prescription of antibiotics. LAI believes that by leveraging the use of smartphones for image data capture and applying AI to analyze the images data, the Company is developing a diagnostic/screening platform that will be provide rapid and accurate results in a cost-effective and globally scalable manner. LAI's first indication will be a tool to support the management of bacterial and viral pharyngitis.

In POC diagnosis of pharyngitis, the main challenge is distinguishing between viral and bacterial infections, such as GAS infections since they often present with overlapping symptoms. Rapid diagnostic tools (like antigen and molecular tests) play a crucial role in determining whether an infection is viral or bacterial, which directly impacts treatment decisions such as the use of antibiotics.[1] The inappropriate use of antibiotics can lead to antimicrobial resistance, a top global health threat (see "GAS As a Global Health Concern"). By applying AI algorithms to smartphone images to identify infectious diseases in the throat and mouth, LAI has developed a patented, app-based software, non-invasive solution that requires no swabs, lab tests or proprietary hardware. Additionally, LAI's approach to applying AI to smartphone images can be expanded to other throat conditions[2], as well as other diseases that present in the oropharynx, including allergies, gastroesophageal reflux disease or Epstein Barr Virus. LAI's goal is to create unique digital data signatures that enable quick and accessible diagnosis using AI. LAI's algorithms can either be cloud-based or integrated into imaging devices for POC settings, eliminating the need for internet transmission of images and medical information.

LAI has trained a convolutional neural network using its proprietary oropharynx image database to discriminate between viral and bacterial infection. Live images are captured on-demand using a smartphone, and the data is segmented into distinct objects such as the tongue, uvula, and tonsils for precise evaluation. This segmentation allows the AI system to isolate and analyze specific anatomical features, leading to an accurate ability to differentiate between disease.

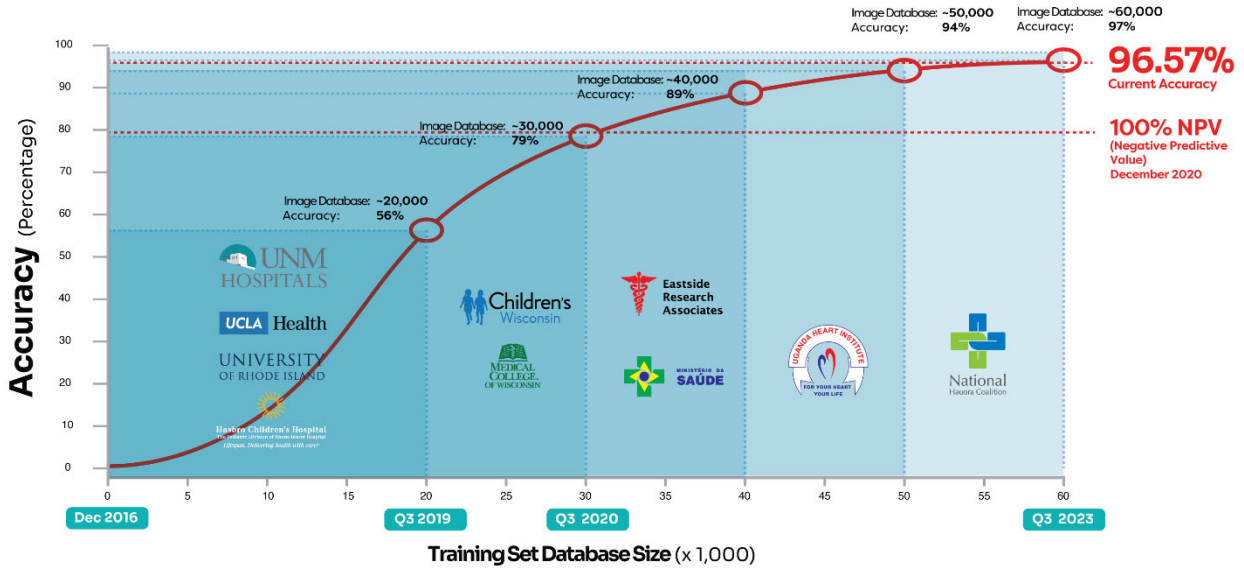
LAI began developing its AI algorithm applications in 2016, raising over $10 million and working with 13 research and educational institutions, such as UCLA Health Network and University of Rhode Island. LAI, through those institutions, has collected approximately 300,000 images and associated clinical results data, from approximately 20,000 patients to train the LAI AI model. The training data is grounded on verified gold standard culture results, ensuring high accuracy and relevance for medical diagnostics. To ensure robust model development, LAI follows recognized machine learning practices, including a training-validation-test split, which divides the dataset into three parts for training, validating, and testing the model. That ensures the model is not only trained effectively but also rigorously evaluated for performance and reliability. LAI's training data was primarily collected from six facilities across the United States. Those facilities had Institutional Review Board protocols in place that provided for the enrolment of a diverse population, in age, sex and ethnicity, enhancing the model's generalizability and reducing

[1] Sinwan, Basharat, and Jennifer Horton, An Overview of Emerging Point-of-Care Tests for Differentiating Bacterial and Viral Infections. (2021). *Canadian Journal of Health Technologies,* 12(1). https://www.ncbi.nlm.nih.gov/books/NBK594330/.

[2] Centers for Disease Control and Prevention (CDC). (2021). Group A Streptococcal (GAS) Disease. cdc.gov.; Mayo Clinic. (2021). Sore Throat - Causes. https://www.mayoclinic.org/diseases-conditions/sore-throat/symptoms-causes/syc-20351635; World Health Organization (WHO). (2020). Influenza (Seasonal). https://www.who.int/news-room/fact-sheets/detail/influenza-(seasonal); Wolford R.W., Goyal A. et al. (2023). Pharyngitis. National Library of Medicine: National Center for Biotechnology Information. https://www.ncbi.nlm.nih.gov/books/NBK519550/#:~:text=Pharyngitis%20is%20the%20inflammation%20of,%2C%20reflux%2C%20and%20certain%20toxins.

potential biases. Model explainability is also a key focus for LAI, employing techniques that provide visual explanations of the deep learning model's predictions to build trust and adoption.

The following graph illustrates how LAI has trained its algorithm with increasing data sets resulting in increased accuracy, and timelines of various institutions collecting data and conducting studies using LAI's platforms:



Note:

(1) No data was collected for LAI's training set from the Uganda Heart Institute. The Uganda Heart Institute was granted access to LAI's platform to create a manuscript to be submitted to a peer reviewed journal demonstrating the platform's efficacy in real world populations (see "*LAI's First Test: Group A Strep tests – GAS as a global health concern - Clinical Test Data on GAS*" below).

Currently, LAI is focused on developing technology to diagnose a range of conditions, in addition to GAS, including Nonspecific Viral Pharyngitis, Influenza, Respiratory Syncytial Virus, Mononucleosis, and Streptococcal Pneumonia.

LAI is integrating a closed or locked algorithm (rather than open AI) into a commercial smartphone app prototype as described below.

Light.AI (SCAN)

LAI is developing a software as a medical device under the brand name Light.AI(SCAN) to automatically diagnose GAS. Light.AI(SCAN) allows a healthcare provider to take a short video of the throat of an individual, who is suspected of having GAS pharyngitis, using a smart device, and submit it to the cloud for GAS diagnosis. A cloud-based CNN ML model analyzes the video images and automatically generates a diagnostic output (i.e., GAS-positive or GAS-negative), for the purpose of aiding clinician's treatment decisions.

Light.AI(SCAN) is intended to rapidly diagnose GAS pharyngitis. This software as a medical device is intended to be used at POC facilities to aid in making a treatment decision by a healthcare provider for an individual who is suspected of having GAS pharyngitis, based on images of the back of the throat taken using a compatible smart device camera.

Light.AI(SCAN) Device Components

The Light.AI(SCAN) consists of two software components:

1. LAI App

   Currently, the LAI App is installed in and run from an iOS smart device with a built-in camera. It performs data collection, video-to-image conversion, image segmentation and good/bad image classification locally, without a need to access the cloud. An Android version of the LAI App is targeted to be ready in early 2025.

2. Cloud-based LAI Diagnostic CNN Algorithm ("**Diagnostic CNN Algorithm**")

   The Diagnostic CNN Algorithm takes images that the LAI App has validated and uploaded, and automatically detects the presence of GAS using a convolutional neural network, a machine learning technology.

Light.AI(SCAN) uses ML models to perform different tasks including object segmentation, good/bad image classifier and diagnostic machine learning.

The Object Segmentation algorithm identifies the oropharynx section of the throat in the image which is most relevant for GAS detection.

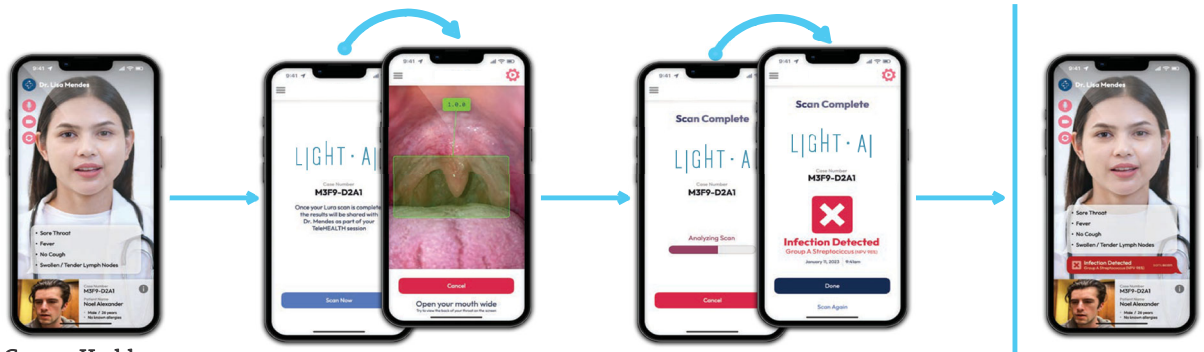
The Good/Bad Image Classifier is a CNN model used to classify an oropharynx image as good or bad image based on image content and quality. A good quality oropharynx image shows all the necessary anatomical objects present in the back of throat, necessary for making further diagnostic decisions. A bad image does not contain all the necessary anatomical objects and/or has poor image quality.

The Cloud-based CNN model is trained on good oropharynx images passed on from the Good/Bad Image Classifier. The data used for training the Diagnostic CNN Algorithm was collected from sites primarily in the United States.

LAI is also accumulating images to develop classifiers in order to develop detection models across multiple health indications. LAI is investigating potential partnerships for development datasets specific to other diseases. LAI believes its technology will have application for GAS, cardiovascular, autoimmune disorders and dermatology conditions.

How It Works

(POC in person or Telemedicine Product Concept)



Patient and healthcare provider (the "**HCP**") meet in person or over a telemedicine session. Symptoms are captured.

The HCP or the patient is prompted to scan their throat. Light.AI(SCAN) automatically identifies biomarkers to analyze.

Through the use of Light.AI(SCAN), the image is sent to the cloud and immediately analyzed and returns results within seconds.

Decision support that is immediately accessible, real time, inexpensive, non-invasive, pain free and accurate.

Either the HCP or the patient on a telemedicine consultation opens Light.AI (SCAN) app on a smartphone and follows basic instructions which include accessing the camera. The process takes approximately 30 seconds and approximately 10 seconds to analyze the image.

LAI's First Test: Group A Strep tests

GAS as a global health concern

GAS is a common cause of pharyngitis, particularly in children, and accounts for a half million deaths worldwide annually related to RHD and invasive disease.[3] GAS infects more than 600 million people globally every year[4], while killing as many children as malaria[5]. It has been estimated that 288.6 million episodes of GAS sore throat occur among children five (5) to 14 years of age each year globally, accounting for more than 100,000 disability-adjusted life-years.[6] Untreated GAS pharyngitis may cause acute rheumatic fever, a systemic immune response that results in RHD. Treatment of GAS pharyngitis is key to RHD prevention. Additionally, antibiotic treatment of pharyngitis is associated with reduced duration of symptoms and infectivity, and reduced frequency of suppurative complications.[7] [8]

Globally, the prevalence of RHD was estimated to be 40.5 million in 2019, with an overall age-standardized death rate from RHD of 3.85/100,000.[9] RHD is a critical public health problem in low- and middle-income countries and remains prevalent in indigenous minority groups in high-income countries. In developed countries, although RHD is relatively rare, evaluation and treatment of sore throat leads to substantial healthcare system resource use and inappropriate treatments. Acute pharyngitis is one of the most common complaints that a physician encounters in the ambulatory care setting, accounting for approximately 12 million visits annually or 1% to 2% of all ambulatory care visits annually.[10] However, while only 5% to 15% of adult and 20% to 30% of paediatric sore throat cases are due to GAS infection, the antibiotic prescribing rate is observed to be about 60%, resulting in millions of inappropriate antibiotic prescriptions each year.[11,12] Inappropriate antibiotic use leads to avoidable unnecessary costs and side effects, and contributes to the development of antimicrobial resistance. According to the World Health Organization, antimicrobial resistance is one of the top global public health and development threats[13], leading to the WHO designating it a top 10 threat to global health in 2019 and one of the biggest threats to global health, food security and

[3] Brouwer S., Rivera-Hernandez T., Curren B.F., et al. (2023). Pathogenesis, epidemiology and control of Group A Streptococcus infection. *Nature Rev Microbiol,* 21, 431-447. https://doi.org/10.1038/s41579-023-00865-7.

[4] Torotice D., Ferranna M., Bloom D. (2023). Optimal global spending for group A Streptococcus vaccine research and development. *npj Vaccines* 8(1), 62. https://doi.org/10.1038/s41541-023-00646-6.

[5] World Health Organization. Global messaging briefing kit: World malaria report 2022. https://www.who.int/publications/m/item/WHO-UCN-GMP-2022.07.

[6] Miller, K. M., Carapetis, J. R., Van Beneden, C. A., Cadarette, D., Daw, J. N., Moore, H. C., Bloom, D. E., & Cannon, J. W. (2022). The global burden of sore throat and group A *Streptococcus* pharyngitis: A systematic review and meta-analysis. *EClinicalMedicine*, *48*, 101458.

[7] Spinks, A., Glasziou, P. P., & Del Mar, C. B. (2021). Antibiotics for treatment of sore throat in children and adults. *The Cochrane database of systematic reviews*, *12*(12), CD000023. https://doi.org/10.1002/14651858.CD000023.pub5.

[8] McGuire, E., Li, A., Collin, S. M., Decraene, V., Cook, M., Padfield, S., Sriskandan, S., Van Beneden, C., Lamagni, T., & Brown, C. S. (2023). Time to negative throat culture following initiation of antibiotics for pharyngeal group A *Streptococcus*: a systematic review and meta-analysis up to October 2021 to inform public health control measures. *Euro surveillance: bulletin Europeen sur les maladies transmissibles = European communicable disease bulletin*, *28*(15), 2200573. https://doi.org/10.2807/1560-7917.ES.2023.28.15.2200573.

[9] Ou, Z., Yu, D., Liang, Y., Wu, J., He, H., Li, Y., He, W., Gao, Y., Wu, F., & Chen, Q. (2022). Global burden of rheumatic heart disease: trends from 1990 to 2019. *Arthritis research & therapy*, *24*(1), 138. https://doi.org/10.1186/s13075-022-02829-3.

[10] Schappert, S. M., & Rechtsteiner, E. A. (2008). Ambulatory medical care utilization estimates for 2006. *National health statistics reports*, (8), 1–29.

[11] Shulman, S. T., Bisno, A. L., Clegg, H. W., Gerber, M. A., Kaplan, E. L., Lee, G., Martin, J. M., & Van Beneden, C. (2012). Clinical practice guideline for the diagnosis and management of group A streptococcal pharyngitis: 2012 update by the Infectious Diseases Society of America. *Clinical infectious diseases: an official publication of the Infectious Diseases Society of America*, *55*(10), 1279–1282. https://doi.org/10.1093/cid/cis847.

[12] Barnett, M. L., & Linder, J. A. (2014). Antibiotic prescribing to adults with sore throat in the United States, 1997-2010. *JAMA internal medicine*, *174*(1), 138–140. https://doi.org/10.1001/jamainternmed.2013.11673.

[13] *Fact sheet: Antimicrobial resistance*. World Health Organization. who.int/news-room/fact-sheets/detail/antimicrobial-resistance.

development. It is estimated that bacterial antimicrobial resistance was directly responsible for 1.27 million global deaths in 2019 and contributed to 4.95 million deaths.[14]

Optimal treatment of sore throat requires timely and easy access to diagnostic evaluation. At present, pharyngitis assessment first requires a healthcare evaluation to clinically estimate the likelihood of GAS etiology and determine the need for diagnostic testing and subsequent antibiotic treatment. Clinical assessment has been guided by scoring systems, such as the modified Centor/McIsaac score (0-5; 5 being highest), to assess risk by age and presence or absence of fever, tonsillar exudate, adenopathy, and cough. The associated positive predictive values for the current assessment methods range from a few percent (score = 0) to approximately 50% (score = 5). Various guidelines then recommend diagnostic tests based on clinical risk. [15]

The gold standard for GAS diagnosis is either a culture or PCR by pharyngeal swab. Cultures require approximately one to two days for result, so are not helpful for the treatment decision at point of care. PCR can be used to diagnose GAS pharyngitis;[16] PCR test results are also not usually available within the timeframe of an emergency room or clinic visit. For this reason, many clinicians use a rapid test for diagnosing GAS pharyngitis. These tests are known as RADT because they detect a GAS antigen rather than relying on culture of the organism. The sensitivity of RADTs ranges from approximately 70-90%, and the specificity from 90-100%.[17] Therefore, if a patient has a moderate-to-high pre-test clinical likelihood of GAS infection, when an RADT is positive, there is a high post-test likelihood that GAS is present, and treatment can be initiated. However, if the RADT is negative, it is often followed up by culture testing. Performance of RADTs vary based on clinical characteristics (pre-test likelihood) of the patients and the experience of the clinician in obtaining the specimen. A new rapid diagnostic test that exhibits both high sensitivity and specificity for GAS, if available, could improve patient care and avoid complications of both unnecessary antibiotics and untreated GAS pharyngitis. It could replace current RADTs, and could even possibly replace the need for culture and/or PCR testing if sensitivity and specificity are comparable.

Thus, in both the developed and developing worlds, lack of access to rapid and accurate diagnosis of streptococcal pharyngitis exacts a substantial health burden. The situation is more dire in the developing world, where daily in-school examination and testing programs have been introduced as a strategy to reduce the high incidence of the nonsuppurative sequelae of GAS infections.[18]

Partly helping to relieve the burden of the health systems, empowerment is a process by which patients are given the knowledge to gain greater control over decisions and actions affecting their health, and home testing apps have been developed as a health empowerment tool.[19,20] Machine learning is increasingly being applied to improve the speed and accuracy of health care.[21]

A new rapid diagnostic test that exhibits both high sensitivity and specificity for GAS pharyngitis could improve patient care and avoid complications of both unnecessary antibiotics and untreated GAS pharyngitis. It could replace

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[14] Murray, Christophwer J.L. et al. (2022). Antimicrobial Resistance Collaborators. Global burden of bacterial antimicrobial resistance in 2019: a systematic analysis. *The Lancet*, 399(10325), 629-655. https://doi.org/10.1016/S0140-6736(21)02724-0.

[15] McIsaac, W. J., Kellner, J. D., Aufricht, P., Vanjaka, A., & Low, D. E. (2004). Empirical validation of guidelines for the management of pharyngitis in children and adults. *JAMA*, *291*(13), 1587–1595. https://doi.org/10.1001/jama.291.13.1587.

[16] Dunne, E. M., Marshall, J. L., Baker, C. A., Manning, J., Gonis, G., Danchin, M. H., Smeesters, P. R., Satzke, C., & Steer, A. C. (2013). Detection of group a streptococcal pharyngitis by quantitative PCR. *BMC infectious diseases*, *13*, 312. https://doi.org/10.1186/1471-2334-13-312.

[17] Gerber, M. A., & Shulman, S. T. (2004). Rapid diagnosis of pharyngitis caused by group A streptococci. *Clinical microbiology reviews*, 17(3), 571–580. https://doi.org/10.1128/CMR.17.3.571-580.2004.

[18] Lin, S., Kaplan, E. L., Rao, X., Johnson, D. R., Deng, M., Zhuo, Q., Yang, P., Mai, J., Dong, T., & Liu, X. (2008). A school-based program for control of group a streptococcal upper respiratory tract infections: a controlled trial in Southern China. *The Pediatric infectious disease journal*, *27*(8), 753–755. https://doi.org/10.1097/INF.0b013e31816be02f.

[19] World Health Organization. 2009. WHO Guidelines on Hand Hygiene in Health Care: First Global Patient Safety Challenge Clean Care is Safer Care. Retrieved from https://www.who.int/publications/i/item/9789241597906.

[20] Kapeller, A., & Loosman, I. (2023). Empowerment through health self-testing apps? Revisiting empowerment as a process. *Medicine, health care, and philosophy*, *26*(1), 143–152. https://doi.org/10.1007/s11019-022-10132-w.

[21] Javaid M., Haleem A., Singh R.P. et al. (2022). Significance of machine learning in healthcare: features, pillars and applications. *Int J Intel Networks*, 58–72.

current RADTs, and if sensitivity and specificity are comparable, could replace the need for time consuming throat swabbing for culture and/or PCR testing.

Clinical Test Data on GAS

LAI platform was utilized in a real world study conducted in Uganda, with a sample size of 82, which produced the following sensitivity and specificity results, with all results subsequently being confirmed by bacterial culture tests:

Statistic	**Value**	**95% Confidence Interval**
Sensitivity	100.00%	73.54% to 100.00%
Specificity	95.71%	87.98% to 99.11%
NPV	100%	94.64% to 100.00%
Accuracy	96.57%	90.01% to 99.34%

Commercialization Plans:

1. LMIC Market

LAI has entered into a non-binding term sheet (the "**Term Sheet**") for a proposed joint venture with Tech Care For All ("**TC4A**") to roll out LAI's platform to the LMIC market, initially focusing on Africa. TC4A is a social impact company whose goal is to accelerate digital health in Africa and Asia to improve health outcomes in underserved communities. TC4A developed and operates a global medical learning platform targeting healthcare professionals in LMIC markets. The platform has approximately 120,000 healthcare providers actively engaged in over 20 of our target countries.[22] This partnership will allow the LAI platform to be introduced as a screening tool in markets that do not require FDA approval, enabling LAI to seek a path to near-term revenue. The first phase of the project involves conducting a pilot go-to-market study to assess the clinical efficacy, clinical pathways, use cases, economics, reimbursement and subscription models and cloud infrastructure needs and deployment strategies in four initial countries – Kenya, Uganda, Nigeria and South Africa, with a plan to subsequently roll out the technology in such countries. Assuming the successful conclusion of the first phase market study, LAI's intention is to use the results of the pilot study to design go-to market strategies and roll out the technology in 16 additional African countries. Assuming the successful conclusion of the second phase roll out, LAI's intention would be to launch a diagnostic offering, through global distributions partners, based on the technology in these countries following receipt of required regulatory approvals.

LAI anticipates that smartphones will be supplied to practitioners by TC4A agents on behalf of LAI. Initially, iPhones will be supplied for the first six (6) months of distribution as the platform currently runs on iOS. The Android app is expected to be completed by early 2025 and is currently under development by LAI.

The Term Sheet contemplates execution of a definitive research and development agreement pursuant to which TC4A will provide LAI with certain feasibility and clinical studies to help support deployment and commercialization of LAI's platform in the African target countries. The definitive research and development agreement has not yet been negotiated. The Term Sheet contemplates that the definitive research and development agreement will contain terms as to each parties' roles, payment provisions requiring LAI to pay fees to TC4A in consideration for services with a fee cap for each applicable phase in the project, intellectual property provisions confirming LAI's ownership of its technology and granting TC4A a limited, non-exclusive and non-transferable license to use such technology and other customary terms.

[22] *About Us*. Tech Care for All. Retrieved from https://tc4a.com/about-us.

The Term Sheet further contemplates that if LAI reasonably considers the results generated through these initial feasibility and clinical studies support the deployment and commercialization of LAI's platform in the target countries, then the parties will enter into a license and commercialization agreement pursuant to which the parties that will set out the terms upon which the parties will register, implement and commercialize the technology. The terms of the license and commercialization agreement have not yet been negotiated. The Term Sheet contemplates that the license and commercialization agreement will contain terms as to each parties' roles, payment provisions requiring LAI to pay fees to TC4A in consideration for services with a fee cap for each applicable phase in the project, financial provisions allocating revenues as to 60% to LAI and 40% to TC4A, intellectual property provisions confirming LAI's ownership of its technology and granting certain licenses to TC4A to use or sublicense such technology and other customary terms.

The Term Sheet contemplates that one principal of TC4A shall be offered a seat on the board of directors of LAI. Emmanual Blin, the co-founder and chief executive officer of TC4A, is a director of the Resulting Issuer.

See "*General Development of the Business of LAI – Changes to Contracts*".

Economic Impact

Timely detection of GAS at the point of care has the potential to generate material financial savings for healthcare payers.

Implementing LAI's smartphone-based tool for GAS in Africa and LMIC markets could yield a substantial dollar saving by reducing the need for in-clinic testing and minimizing the expensive treatment costs associated with untreated cases. For example, managing complications from untreated strep throat, such as rheumatic heart disease, costs the LMICs billion of dollars annually, a financial burden largely driven by hospital care, surgery, and lifelong medication.[23] Early detection and treatment of GAS with antibiotics are far less costly, estimated at $2-$4 per treatment course,[24] in contrast to hundreds or thousands of dollars per patient to manage complications.[25] LAI's test could allow for POC, rapid, accessible, and early diagnosis at a fraction of traditional healthcare costs, reducing the need for lab diagnostics that typically range from $10 to $30 per test in clinical settings.[26] Additionally early intervention can prevent indirect costs related to productivity losses, estimated to be a significant economic strain on families, who often rely on income from daily work to meet essential needs. Overall LAI's technology could potentially save LMIC billions of dollars annually by decreasing the reliance on hospital care, cutting diagnostic costs, and preserving the workforce productivity.

2. Wellness initiative:

LAI is currently developing a business model to access the viability of it GAS app to be deployed in the Wellness app market. Designing a wellness app platform to triage pharyngitis, especially cases potentially caused by GAS, represents a significant business opportunity. LAI expects the Wellness app market to be its largest market and it intends to leverage large distribution ecosystems such as major smartphone manufacturers, pharmacy chains and technology platforms.

LAI's AI driven and symptom checking algorithms may be applied to assess sore throat symptoms, providing users with guidance on whether they should seek medical care. LAI believes that this platform would cater to an emerging consumer demand for accessible, digital health solutions that reduce unnecessary doctor visits and improve health management from home. With over 600 million cases of GAS worldwide each year, a portion of which could lead to complications if untreated, a triage tool could address a substantial market need by reducing the spread of GAS and

[23] Lee J.S., Kim S. et al. (2023). Global economic burden per episode for multiple diseases caused by group A Streptococcus. *Npj Vaccines*, 69(8). https://doi.org/10.1038/s41541-023-00659-1.

[24] Tsevat J., Kotagal U.R. (1999). Management of Sore Throats in Children, a Cost-effective Analysis. *Arch Pediatr Adolesc Med.*, 153(7), 681-688. https://doi.org/10.1001/archpedi.153.7.681.

[25] Lee J.S., Kim S. et al. (2023). Global economic burden per episode for multiple diseases caused by group A Streptococcus. npj Vaccines, 69(8). https://doi.org/10.1038/s41541-023-00659-1.

[26] Tsevat J., Kotagal U.R. (1999). Management of Sore Throats in Children, a Cost-effective Analysis. *Arch Pediatr Adolesc Med.*, 153(7), 681-688. https://doi.org/10.1001/archpedi.153.7.681.

preventing unnecessary antibiotic use. Beyond consumer applications, the platform could be marketed to healthcare providers and telemedicine services enhancing their capacity to manage sore throats remotely and efficiently. Such a tool would also align well with the goals of healthcare systems and insurers to reduce the costs associated with in-office visits and diagnostics for common infections. A telehealth adoption continues to grow, an app that accurately triages sore throats could gain widespread acceptance and become a valuable asset for consumer wellness and healthcare systems.[27]

Business development activity

LAI is currently optimizing the user interface and backend cloud system, as well exploring the market to test a pilot study using a Wellness version of the Light.AI(SCAN).

3. USA Market FDA and EU regulatory and commercial pathways:

The costs associated with managing GAS infections in the United States can be substantial, impacting both the healthcare system and individual patients. Direct medical expenses include doctor visits, diagnostic tests, and treatment, often with antibiotics such as penicillin or amoxicillin. Estimates suggest that the cost of a typical pharyngitis visit ranges from $200 to $400, depending on factors such as insurance coverage, diagnostic methods and choice of healthcare facility. For individuals without insurance, the costs can be considerably higher, especially if the infection leads to complications like rheumatic fever or abscesses, which require additional care. Indirect costs, such as lost wages from missed work or school and childcare expenses, add to the financial burden. The CDC notes that missed school days related to GAS infections are common and place a strain on family resources, particularly in low-income households. These cumulative costs underscore the financial impact of GAS on both individuals and the broader healthcare system.[28]

Government Regulation

In the United States, LAI's products and operations will be subject to extensive regulation by federal governmental authorities, such as the FDA, and state and local regulatory agencies to ensure the devices are safe and effective. Similar international regulations apply overseas. These regulations, which include the United States FDC Act and regulations promulgated by the FDA, govern, among other things, the design, development, testing, manufacturing, packaging, labeling, distribution, import/export, sale and marketing and disposal of medical devices, post market surveillance and reporting of serious injuries and death, repairs, replacements, recalls and other matters relating to medical devices. State regulations are extensive and vary from state to state. LAI's products constitute medical devices subject to these regulations.

Under the FDC Act, each medical device manufacturer must comply with quality system regulations that are strictly enforced by the FDA. Unless an exception applies, the FDA requires that the manufacturer of a new medical device or a new indication for use of, or other significant change in, existing currently marketed medical device obtain either 510(k) pre-market notification clearance or PMA before it can market or sell those products in the United States. Modifications or enhancements to a product that could significantly affect its safety or effectiveness, or that would constitute a major change in the intended use of the device, technology, materials, labeling, packaging, or manufacturing process may also require a new 510(k) clearance. Manufacturers make the initial determination whether a change to a cleared device requires a new 510(k) clearance, but the FDA can review any such decision. If the FDA disagrees with the manufacturer's decision not to seek a new 510(k) clearance or PMA approval for a change, it may retroactively require the manufacturer to seek 510(k) clearance or PMA approval. The FDA can also require the manufacturer to cease United States and/or recall the product until 510(k) clearance or PMA approval is obtained.

If LAI cannot establish that a proposed product is substantially equivalent to a legally marketed device, LAI may seek PMA through a PMA application, or submit a de novo request. The de novo request, or evaluation of automatic class III designation, provides a pathway to Class I or Class II classification for medical devices for which general and special controls provide a reasonable assurance of safety and effectiveness, but for which there is no legally marketed predicate device. LAI must seek PMA through a PMA application. Under the PMA process, the applicant submits extensive supporting data, including, in most cases, data from clinical studies, in the PMA application to establish

[27] Sore throat. Mayo Clinic. https://www.mayoclinic.org/diseases-conditions/sore-throat/symptoms-causes/syc-20351635.

[28] Centers for Disease Control and Prevention. 2021. *Group A Streptococcal (GAS) Disease.* Retrieved from https://www.cdc.gov/groupastrep/index.html; Pfoh, E., Wessels, M. R., Goldmann, D., & Lee, G. M. (2008). Burden and economic cost of group A streptococcal pharyngitis. Pediatrics, 121(2), 229–234. https://doi.org/10.1542/peds.2007-0484.

reasonable evidence of the safety and effectiveness of the product. This process typically takes at least one to two years from the date the PMA is accepted for filing but can take significantly longer for the FDA to review.

LAI intends to submit a future *de novo* classification request for Light.AI(SCAN) following successful completion of product development, verification and validation activities.

FDA LAI Dialogue and Pivotal Trial Activity:

LAI filed a submission request with the FDA requesting feedback to the proposed regulatory pathway and subsequently met with the FDA in a pre-submission meeting held on June 21, 2024 to discuss the regulatory pathway and clinical validation study design for the Light AI App system. Based on this discussion, LAI expects that the likely regulatory pathway will be a *de novo* process to establish a new class regulation for this type of novel software as a medical device or software as a medical device. The FDA also provided feedback related to the pivotal external clinical validation study design. LAI expects that the likely steps towards the de novo classification request will involve establishing a Quality Management System ("**QMS**") by completing product development, verification and validation, following QMS procedures and requirements. The pivotal external clinical validation study is considered as a part of final validation. LAI expects this will involve a non significant risk device study that requires Institutional Review Board review and approval but no investigational device exemption submission to the FDA. LAI plans to utilize the pre-submission process to get feedback from the FDA regarding the study protocol prior to conducting the pivotal study.

Accordingly LAI intends to submit a *de novo* classification request for the Light.AI(SCAN), following successful completion of product development, verification and validation activities. In pre-validation studies, LAI's algorithm attained accuracy of approximately 96.57% in identifying GAS, which is on par with the swab culture processes currently used in diagnosing Strep A. In the pre-FDA validation studies, LAI's artificial intelligence also achieved a negative predictive value ("**NPV**") of 100% in the test dataset, meaning every individual who received a negative result truly does not have the GPA infection.

LAI has also partnered with Elevance Health's CRO (Carelon Health) to conduct FDA trials in the United States. The clinical trials are expected to begin following the completion of Institutional Review Board review, which is expected to be in September 2025, and the study will begin as GAS becomes more common from late fall to early spring. The trial plans to be carried out at 15 sites, and the data collection period is expected to take approximately one to two months, followed by data analysis and submission preparation that is expected to take approximately three months. Once the FDA submission is made, the FDA must submit a reply to the submission within 150 days.[29]

Regulations on Advertising and Promotions

The FDA and the Federal Trade Commission also regulate advertising and promotion of LAI's products to ensure that the claims LAI makes are consistent with its regulatory clearances, that there are adequate and reasonable scientific data to substantiate the claims and that its promotional labeling and advertising is neither false nor misleading. LAI may not promote or advertise its products for uses not within the scope of its intended use statement in its clearances or approvals or make unsupported safety and effectiveness claims.

Data Privacy Laws

As a participant in the healthcare industry, LAI is also subject to extensive laws and regulations protecting the privacy and integrity of patient medical information that LAI receive, including HIPAA, "fraud and abuse" laws and regulations, including, physician self-referral prohibitions, and false claims laws. From time to time, these laws and regulations may be revised or interpreted in ways that could make it more difficult for LAI's customers to conduct

[29] *De Novo Classification Request*. U.S. Food & Drug Administration. https://www.fda.gov/medical-devices/premarket-submissions-selecting-and-preparing-correct-submission/de-novo-classification-request.

their businesses, such as recent proposed revisions to the laws prohibiting physician self referrals, and such revisions could have an adverse effect on the demand for its products, and therefore its business and results of operations.

Within the EU, EEA and Switzerland area, data protection legislation is comprehensive and complex. Data protection authorities from the different member states of the EU may interpret the legislation differently, which adds to this complexity, and data protection is a dynamic field where guidance is often revised. Fully understanding and implementing this legislation could be quite costly and timely, which could adversely affect its business. Additionally, in some instances, in order to fulfill the requirements of applicable United States laws, LAI may be faced with deciding whether to comply with EU, EEA and Switzerland data protection rules. Failure or partial failure to comply with data protection rules and regulations across the EU, EEA and Switzerland area could result in substantial monetary fines.

The laws and regulations and their enforcement are constantly undergoing change, and LAI cannot predict what effect, if any, changes to these laws and regulations may have on its business.

Medicare and Medicaid Reimbursement

The federal and state governments of the United States establish guidelines and pay reimbursements to hospitals and free-standing clinics for diagnostic examinations and therapeutic procedures under Medicare at the federal level and Medicaid at the state level. Private insurers often establish payment levels and policies based on reimbursement rates and guidelines established by the government. The federal government and the Congress review and adjust rates annually, and from time to time consider various Medicare and other healthcare reform proposals that could significantly affect both private and public reimbursement for healthcare services.

The sale of medical devices, the referral of patients for diagnostic examinations and treatments utilizing such devices, and the submission of claims to third-party payors (including Medicare and Medicaid) seeking reimbursement for such services, are subject to various federal and state laws pertaining to healthcare "fraud and abuse." These laws include physician self-referral prohibitions, anti-kickback laws and false claims laws. The United States Anti-Kickback Statute and other similar laws make it illegal to solicit, induce, offer, receive or pay any remuneration in exchange for the referral of business, including the purchase of medical devices from a particular manufacturer or the referral of patients to a particular supplier of diagnostic services utilizing such devices. False claims laws prohibit anyone from knowingly and willfully presenting, or causing to be presented, claims for payment to third-party payors (including Medicare and Medicaid) that are false or fraudulent, for services not provided as claimed, or for medically unnecessary services. The United States Department of Health, Office of the Inspector General prosecutes violations of fraud and abuse laws and any violation may result in criminal and/or civil sanctions including, in some instances, imprisonment and exclusion from participation in federal healthcare programs such as Medicare and Medicaid.

Other Foreign Regulations

LAI's operations, sales and service of products outside the United States are subject to regulatory requirements that vary from country to country and may differ significantly from those in the United States. In general, LAI's products are regulated outside the United States as medical devices by foreign governmental agencies similar to the FDA.

Marketing a medical device internationally. In order for us to market LAI's products internationally, LAI must obtain clearances or approvals for products and product modifications. LAI is required to affix the Conformité Européenne mark to its products in order to sell them in member countries of the EEA. The Conformité Européenne mark is an international symbol of adherence to certain essential principles of safety and effectiveness, which once affixed enables a product to be sold in member countries of the EEA. The Conformité Européenne mark is also recognized in many countries outside the EEA, such as Switzerland and Australia, and can assist in the clearance process. In order to receive permission to affix the Conformité Européenne mark to its products, LAI must obtain quality system certification and must otherwise have a QMS that complies with the EU Medical Device Directive. The ISO promulgates standards for certification of quality assurance operations.

Other international regulations. In addition to the United States laws regarding the privacy and integrity of patient medical information, LAI is subject to similar laws and regulations in foreign countries covering data privacy and other protection of health and employee information. Particularly within Europe, data protection legislation is comprehensive and complex and there has been a recent trend toward more stringent enforcement of requirements regarding protection and confidentiality of personal data, as well as enactment of stricter legislation. LAI is also subject to international "fraud and abuse" laws and regulations, as well as false claims and misleading advertisement laws.

During the course of LAI's arrangement with TC4A, LAI products will be marketed and distributed in select African jurisdictions, subject to various laws and regulations of these jurisdictions. Prior to entering these markets or performing tests which would be subject to regulatory requirements, LAI intends to enter into definitive agreements with TC4A regarding research and development and licensing and marketing under which TC4A will assume responsibility of compliance with all such laws and regulations. See "*General Development of the Business of LAI – Changes to Contracts*".

Anti-Corruption Laws and Regulations. LAI may be subject to the United States Foreign Corrupt Practices Act and anti-corruption laws, and similar laws in foreign countries, such as the U.K. Bribery Act of 2010 and the Law "On the Fundamentals of Health Protection in the Russian Federation." In general, there is a worldwide trend to strengthen anticorruption laws and their enforcement, and the healthcare industry and medical equipment manufacturers have been particular targets of these investigation and enforcement efforts. Any violation of these laws by us or LAI's agents or distributors could create a substantial liability for us, subject LAI's officers and directors to personal liability and also cause a loss of reputation in the market.

Canadian Regulations

While LAI is headquartered and maintains some operations in Canada, LAI does not currently market or distribute products in Canada. As such, Canadian laws and regulations concerning medical devices are not currently applicable to LAI's operations. Should LAI seek to distribute any products in Canada, LAI will be required to comply with such laws and regulations and will be required to obtain the necessary Canadian approvals and permits.

Employees

As of December 31, 2023, LAI had two full time employees. Additionally, LAI had 14 individual contractors as of that date. LAI believes that its success is dependent on the performance of its management and key employees, many of whom have specialized skills and knowledge relating to biomedical engineering and tissue imaging. LAI believes it will have adequate personnel with the specialized skills required to successfully carry out its operations and activities.

Facilities

LAI has been utilizing a mobile workforce, but anticipates leasing a corporate office in the Metro Vancouver area of British Columbia.

Intellectual Property

As a health care technology company, the LAI's intellectual property and proprietary information is a fundamental element of its success. LAI protects its proprietary rights through a combination of copyright, trade-mark and trade secret laws as well as contractual provisions. The source code for its software is generally protected under Canadian and United States copyright laws. LAI seeks to avoid disclosure of its intellectual property and proprietary information through its general practice of requiring employees, contractors and consultants to execute agreements mandating non-disclosure of, and assignment to, LAI of intellectual property. Such agreements require employees and consultants to assign to LAI all intellectual property developed in the course of their employment or engagement, as applicable, and to keep information relating to the LAI confidential.

LAI also utilizes non-disclosure agreements to govern interactions with business partners, prospective business partners and other relationships that may necessitate disclosure of proprietary information.

LAI's core technology has been issued three US patents, one European patent and one Australian patent and LAI has received notice of intention to grant one European Union patent as follows:

Image Processing of Streptococcal infection in Pharyngitis Subjects

United States

1) Patent number: 11,369,318 expiring on March 9, 2040.
2) Patent number: 11,602,312 expiring on September 30, 2039.
3) Patent number: 12,148,150 expiring on August 7, 2042.

Australia

1) Patent number: 2019357949 expiring on October 1, 2039

European Union

1) Patent number: 3864669, Decision to Grant issued November 7, 2024, that will take effect on December 4, 2024 (the date on which the mention of the grant will be published in European Patent Bulletin 24.49 of 04.12.24), expiring on October 1, 2039.

LAI has one European divisional patent application, one Israeli patent application, one Canadian patent application, and one Hong Kong patent application filed with respect to the Image Processing of Streptococcal Infection in Pharyngitis Subjects. LAI has one US continuation patent application, one Canadian patent application, and one European Union patent application filed in respect of the Infection Detection Using Image Date Analysis. The grant of these patents depend on the number of comments LAI receives from the patent examiner and the volume of applications the patent examiner is reviewing. At this time, it could be up to two years before the patents are granted.

LAI has a large and expanding database of images that can potentially be used to detect other diseases or to generate non-diagnostic revenues.

LAI also has what it believes to be the largest cloud-based repository of clinical images of the Oropharynx.

LAI's patents should also cover self testing, where images are processed by a central server for diagnosis, potentially on a pay-per-use basis.

Competition

Light.AI$^{(SCAN)}$ is anticipated to be the first commercial device which can automatically diagnose GAS using software as a medical device.

The current gold standard for diagnosing GAS involves a throat culture. Throat cultures typically take 24 to 36 hours to be processed by a medical lab and are not as suitable for rapid testing.

Rapid Antigen Detection Tests are also available to diagnose GAS. The sensitivity of these rapid tests range from approximately 55 to 90% and the specificity of these tests range from 90% to 100%.[30] Rapid tests must be physically purchases or delivered, which adds to the complexity of patient care and leaves the tests vulnerable to supply chain disruption. Due to the low sensitivity of the rapid tests, symptomatic cases that test negative are usually followed by a throat culture, which adds additional costs and time to patient management.

There are other potential competitors to LAI that offer similar technology.

eMed offers a Strep Throat Telehealth Kit that includes a clinical thermometer and telehealth care. LAI understands that this kit involves a medical professional using image capture of the tonsils to diagnose and wire prescriptions for same-day pickup. Diagnosis would require a telehealth visit, limiting the use of the technology.

Predictmedix (CSE: PMED) is developing a Safe Entry Screening Station for the detection of infectious diseases by using predictive artificial intelligence imagery and temperature readings. LAI understands this involves cameras capturing images of the throat and eye to detect diseases. These screening stations are large, stationary and relatively expensive, and may not be accurate enough to be used in a healthcare setting.

Specialized Skill and Knowledge

The nature of LAI's business requires specialized skill and knowledge, including expertise in medicine and healthcare, finance, operations, software development and programming, application security, payment processing, mobile applications, marketing, design and content creation. LAI's management has expertise in data management, imaging, healthcare analytics, artificial intelligence, deep learning, convolutional neural network architecture, predictive modelling, global healthcare analytics and user experience design. LAI leadership specializes in healthcare innovation, as well as building complex software engineering programs within the life science industry. The required skills and knowledge to succeed in these industries are available to LAI through certain members of the company's management, directors, officers, and advisory teams. See "*LAI Directors and Executive Officers*".

[30] *Rapid Srep Test.* MedicineNeet. (2024). https://www.medicinenet.com/rapid_strep_test/article.htm.

New Products

LAI is initially focussing its technology to diagnose GAS, and it intends to expand to cardiovascular, autoimmune disorders, dermatology conditions and other infections such as urinary tract infections.

Cycles

There are seasonal cycles within the healthcare market. Flu season, from late fall to early spring, can see increased patients with cold and flu symptoms, resulting in and increased need for diagnostic testing. LAI tailors its digital advertising strategy in response to the cyclicality of the demand for different healthcare services.

Economic Dependence

LAI is not economically dependent on any contracts.

Changes to Contracts

LAI does not expect any changes to its contracts in the current financial year, such as renegotiation or termination. However, LAI does anticipate entering into agreements with TC4A based on an existing Term Sheet and also anticipates entering into new contracts as its business continues to expand. Furthermore, LAI also expects to transitioning its mobile application work from its existing US-based contractor to a similar Canadian service provider.

Environmental Protection

The LAI's business does not materially impact environmental conditions. LAI does not expect that there will be any financial or operational effects as a result of environmental protection requirements on its capital expenditures, profit or loss, or its competitive position in the current fiscal year or in future years.

Foreign Operations

LAI's head office and research and development activities are currently limited to Canada, it intends to commercialize its product initially in the United States and certain key target countries in Africa - Kenya, Uganda, Nigeria and South Africa.

Lending

LAI has no lending operations.

Bankruptcy and Similar Procedures

There have been no bankruptcy or receivership proceedings against LAI.

Reorganizations

There are no proposed reorganizations proposed for the current financial year.

Social or Environmental Policies

LAI has not implemented any social or environmental policies.

History

Year Ended December 31, 2021

During the year ended December 31, 2021, LAI issued 150,000 LAI Shares for $0.20 per LAI Share on the exercise of 150,000 stock options valued at $22,237.

On September 25, 2021, LAI issued 2,409,636 LAI Shares at a value of $4,904,883 on the conversion of 2,409,636 LAI Preferred Shares on a one for one basis.

On September 25, 2021, Fred Callori and Chris Garabedian resigned from their roles as directors of LAI.

On November 16, 2021, the authorized share capital of LAI was amended to eliminate the class of LAI Preferred Shares that had been previously converted into LAI Shares.

Year Ended December 31, 2022

During the year ended December 31, 2022, LAI advanced $51,353 to a shareholder. The advance was non-interest bearing and repaid in full on February 23, 2023.

On June 9, 2022, LAI granted 189,500 options to contractors. Each option was exercisable at US$2.00 per LAI Share for a period of five (5) years from the grant date and vest 1/3 at the grant date, 1/3 one year after the grant date and 1/3 two years after the grant date.

On June 28, 2022, LAI was granted US Patent Number 11,369,318 entitled "Image Processing of Streptococcal Infection in Pharyngitis Subjects".

On November 25, 2022, LAI received short term financing in the amount of $300,000 from a third party. The principal and lending fee of $25,000 was repaid in full in February 2023.

Year Ended December 31, 2023

On January 25, 2023, LAI issued 235,500 common share purchase warrants in the capital of LAI ("**LAI Warrants**") for an exercise price of $1.70 per LAI Share exercisable until January 25, 2025.

On March 14, 2023, LAI was granted US Patent Number 11,602,312 entitled "Image Processing of Streptococcal Infection in Pharyngitis Subjects".

On June 29, 2023, LAI issued 47,250 LAI Shares at a price of US$1.60 per LAI Share for aggregate gross proceeds of US$75,600.

On July 1, 2023, LAI granted 1,143,000 stock options to directors, officers, consultants and employees of LAI with an exercise price of $1.40 expiring on July 1, 2028. A total of 1,068,000 stock options vested on the grant date and the remaining 75,000 stock options vest as follows: 1/3 on the grant date, 1/3 one year after the grant date and 1/3 two years after the grant date.

Recent Developments

On January 1, 2024, LAI granted 630,000 stock options to an employee of LAI at an exercise price of $1.40 expiring on January 1, 2029. The 630,000 stock options vest 25% on the date of grant, 25% one year from the date of grant, 25% two years from the date of grant and 25% three years from the date of grant. As of the date of the Prospectus, 157,500 of the options have vested and LAI and the employee agreed to cancel the remaining unvested options.

On January 15, 2024, LAI received $200,131 in the form of additional promissory notes.

On February 29, March 19, June 21, June 28, July 21, August 29, September 23 and November 3, 2024 LAI received loans from Finco in the amounts of $1,400,000, $1,300,000. $300,000, $285,000, $410,000, $410,000, $410,000, and $800,000, respectively. See *"General development of the Business of Finco – History"*.

On March 5, 2024, LAI repaid a total of $698,776 for all promissory notes having a principal balance of $690,131 and accrued interest of $8,645.

On June 19, 2024, LAI entered into the Business Combination Agreement with respect to the Transaction.

On November 7, 2024, LAI issued a Decision to Grant for European Patent Number EP3864669 that will take effect on December 4, 2024, entitled "Image Processing of Streptococcal Infection in Pharyngitis Subjects".

On November 19, 2024, LAI was granted US Patent Number 12,148,150 entitled "Infection Detection Using Image Data Analysis".

GENERAL DEVELOPMENT OF THE BUSINESS OF FINCO

Summary

Finco was incorporated for the purposes of completing the Transaction. Finco's principal business activity was raising capital for the Transaction and therefore does not have any product, services or material assets other than cash. Finco's year end is September 30.

History

For the Period from Finco's Incorporation on December 28, 2023 to September 30, 2024

On January 31, 2024, Finco entered into the LOI in respect of the Transaction. On June 19, 2024, the parties entered into the Business Combination Agreement and the Transaction shall result in a reverse takeover of the Company by LAI and shall constitute a fundamental change, as defined by the policies CSE. Upon completion of the Transaction, the Resulting Issuer will continue to carry on the business of LAI.

In February 2024, Finco completed its seed financing and issued 5,000,000 Finco Shares for gross proceeds of $43,000.

On February 22, 2024, Finco closed the first tranche of its non-brokered private placement (the "**Finco Debenture Financing**") of unsecured convertible debentures of Finco (the "**Finco Debentures**") for aggregate gross proceeds of $1,577,000. In connection with closing, Finco paid finders' fees in the amount of $60,000, and issued 240,000 broker warrants exercisable at $0.25 for a period of two (2) years from the closing of Finco's going-public transaction (each, a "**Finco Broker Warrant**"). Each Finco Debenture matures three years from the date of issuance and bears interest at a rate of eight percent (8.0%) per annum, calculated and payable on the earlier of the maturity date or the date of any conversion of the principal amount of Finco Debenture into Finco Shares, at which time any accrued and unpaid interest will be due and payable in cash. Upon satisfaction or waiver of the conditions to the completion of the Transaction, the principal amount of the Finco Debentures will automatically convert into Finco Shares at a conversion price of $0.25 per Finco Share.

On February 29, 2024, Finco advanced a loan in the amount of $1,400,000 to LAI (the "**First Finco Loan**"). On March 19, 2024, Finco advanced an additional loan in the amount of $1,300,000 to LAI (the "**Second Finco Loan**").

On March 11, 2024, Finco issued 1,429,000 units of Finco, with each unit consisting of one Finco Shares and one-half of one Finco Warrant, for gross proceeds of $100,030. Each Finco Warrant entitles the holder thereof to acquire one Finco Share at $0.11 per Finco Share for 24 months following the date of issuance.

On March 15, 2024, Finco closed the second tranche of the Finco Debenture Financing for aggregate gross proceeds of $1,502,500. In connection with closing, Finco paid finders' fees in the amount of $38,700 and issued 154,800 Finco Broker Warrants. Each Finco Broker Warrant entitles the holder thereof to acquire one (1) Finco Share at an exercise price of $0.25 per Finco Share for a period of two (2) years from the closing of Finco's going-public transaction.

On March 15, 2024, Finco issued 6,890,000 Finco Shares at $0.10 per Finco Share for gross proceeds of $689,000.

On April 1, 2024, Finco granted an aggregate of 600,000 Finco Options to officers of Finco, with an exercise price of $0.10 for a term expiring on the date that is two years following the closing date of Finco's going-public transaction.

On April 18, 2024, Finco closed the third tranche of the Finco Debenture Financing for aggregate gross proceeds of $788,500. In connection with closing, Finco paid finders' fees in the amount of $25,800 and issued 103,200 Finco Broker Warrants.

On April 18, 2024, Finco issued 1,199,800 Finco Shares at $0.10 per Finco Share for gross proceeds of $119,980.

On April 23, 2024, Finco advanced a loan in the amount of $25,000 to the Company, in the form of a promissory note (the "**Finco Note**"). The Finco Note accrues interest at a rate of five percent (5.0%) per annum, compounded monthly, and is due on October 23, 2024. If the Finco Note is not paid in full when due, the principal balance of the Finco Note, together with all accrued and unpaid interest, will commence earning interest at a rate equal to the prime rate plus 2.0% per annum, compounded monthly, until paid in full.

On April 24, 2024, Finco issued 800,000 Finco Warrants for gross proceeds of $8,000. Each Finco Warrant entitles the holder thereof to purchase one Finco Share at $0.10 per Finco Share for 24 months following the date of issuance.

On April 30, 2024, Finco closed the fourth and final tranche of the Finco Debenture Financing for aggregate gross proceeds of $186,000. In connection with closing, Finco paid finders' fees in the amount of $6,660 and issued 26,640 Finco Broker Warrants.

On June 19, 2024, Finco entered into the Business Combination Agreement with respect to the Transaction.

On June 19, 2024, Finco granted an aggregate of 755,000 Finco Options to officers of Finco, with an exercise price of $0.25 for a term expiring on the date that is two years following the closing date of Finco's going-public transaction.

On June 21, June 28, and July 21, 2024, Finco advanced loans to LAI in the amount of $300,000 (the "**Third Finco Loan**"), $285,000 (the "**Fourth Finco Loan**"), and $410,000 (the "**Fifth Finco Loan**"), respectively, subject to the same terms as the previous Finco Loans.

On August 29, 2024, Finco closed a non-brokered private placement of 2,000,000 Finco Shares at $0.10 per Finco Share for gross proceeds of $200,000.

On August 29, 2024, Finco closed the first tranche of its non-brokered private placement of Finco Shares at $0.35 per Finco Share. Finco issued 2,250,000 Finco Shares for gross proceeds of $787,500.

On August 29, 2024, Finco advanced a further loan to LAI in the amount of $410,000 (the "**Sixth Finco Loan**"), subject to the same terms as the previous Finco Loans.

On September 3, 2024, Finco closed the second tranche of its non-brokered private placement of Finco Shares at $0.35 per Finco Share. Finco issued 750,000 Finco Shares for gross proceeds of $262,500.

On September 3, 2024, Finco granted an aggregate of 400,000 Finco Options to officers of Finco, with an exercise price of $0.35 for a term expiring on the date that is two years following the closing date of Finco's going-public transaction.

On September 23, 2024, Finco advanced a loan to LAI in the amount of $410,000 (the "**Seventh Finco Loan**"), subject to the same terms as the previous Finco Loans.

Recent Developments

On October 17, 2024, Finco granted an aggregate of 300,000 Finco Options to officers of Finco, with an exercise price of $0.35 for a term expiring on the date that is two years following the closing date of Finco's going-public transaction.

On October 24, 2024, Finco closed the third tranche of its non-brokered private placement of Finco Shares at $0.35 per Finco Share. Finco issued 4,237,712 Finco Shares for gross proceeds of approximately $1,483,200.

On November 3, 2024, Finco advanced a loan to LAI in the amount of $800,000 (the "**Eighth Finco Loan**" and collectively with the First Finco Loan, the Second Finco Loan, the Third Finco Loan, the Fourth Finco Loan, the Fifth Finco Loan, Sixth Finco Loan and the Seventh Finco Loan, the "**Finco Loans**"), subject to the same terms as the previous Finco Loans. The Finco Loans are due on demand and are non-interest bearing except in certain circumstances. In the event the LOI is terminated, the Finco Loans will: (i) commence accruing interest at a rate of 24.0% per annum, compounded annually, from their respective effective dates of each Finco Loan, until such time as each Finco Loan is paid in full; and (ii) LAI will issue to Finco an aggregate of 5,905,557 LAI Warrants. The LAI Warrants will be exercisable for LAI Shares at $0.90 per LAI Share for a period of 48 months from the date of issuance. Additionally, in the event the LOI is terminated, Finco will have the right to convert the principal amount of the Finco Loans, together with all accrued and unpaid interest, into LAI Shares at the conversion price of $0.90 per LAI Share.

USE OF PROCEEDS

Available Funds

Prior to the completion of the Offering, LAI and Finco have raised over $18 million in aggregate, the bulk of which has been utilized to finance the business of LAI.

After giving effect to the Offering, the Resulting Issuer is expected to receive gross proceeds of $10,000,000 in the case of the Minimum Offering and $16,086,400 in the case of the Maximum Offering (assuming no exercise of the Over-Allotment Option). The estimated net proceeds of the Offering, after deducting the Agents' Fee and the Corporate Finance Fee payable, but before deducting the estimated expenses of the Offering relating to legal, accounting and administrative expenses estimated at $450,000, are $8,640,000 in the case of the Minimum Offering and $14,300,352 in the case of the Maximum Offering (after applicable taxes). Estimated expenses of the Offering are set out in the table below.

The proceeds of the Offering will be combined with the Company's, LAI's and Finco's working capital of approximately 141,000, ($5,240,507) and $2,270,367 as at November 30, 2024, respectively. As at November 30, 2024, the parties have a combined working capital deficiency of $2,829,140. As at November 30, 2024, the *pro forma* combined working capital of the Resulting Issuer is $1,756,000, assuming the Finco Debentures are automatically converted and the all intercompany loans are eliminated upon closing of the Transaction.

Source of Funds	Available Funds	
	Minimum Offering[(1)]	**Maximum Offering[(1)]**
Gross Proceeds from the Offering	$10,000,000	$16,086,400
Less: Agents' Fee[(2)]	$700,000	$1,126,048
Less: Corporate Finance Fee (including GST)	$210,000	$210,000
Less: Remaining Costs and Expenses of the Offering[(2)]	$450,000	$450,000
Net Proceeds	$8,640,000	$14,300,352
Pro forma working capital of the Resulting Issuer as of November 30, 2024[(3)]	$1,756,000	$1,756,000
Total Available Funds	**$10,396,000**	**$16,056,352**

Notes:

(1) Assumes the Over-Allotment Option is not exercised.
(2) Assumes no Units are sold to purchasers on the President's List.
(3) Assuming the Finco Debentures are automatically converted and the Finco Loans and the Loan are extinguished upon closing of the Transaction.

Principal Purposes of Funds

As currently contemplated, the Resulting Issuer will need a minimum of $9,703,800 of working capital to fund its expenses for the 12 months following completion of the Offering, assuming aggregate gross proceeds raised in the amount of $10,000,000, being the Minimum Offering, assuming no exercise of the Over-Allotment Option. Based on the foregoing assumption, the Resulting Issuer will have approximately $10,446,000 of available funds, which will be deemed sufficient to fund the Resulting Issuer's anticipated expenses for the 12 months following completion of the Offering, as further detailed below. The net proceeds from the exercise of the Over-Allotment Option, if any, is expected to be used towards the second phase of the joint venture with TC4A. See "*General Development of the Business of LAI – LMIC Market"*.

The table below sets forth the proposed use of available funds by the Resulting Issuer upon completion of the Offering. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its business objectives. See "*Risk Factors*".

Principal Purposes for the Use of Available Funds	**Amount**	
	Minimum Offering[(1)]	**Maximum Offering[(1)]**
Completion of iOS and Android mobile applications to demonstrate functionality for pilot programs for TC4A and FDA clinical trials[(2)]	$1,665,000	$1,665,000
Joint venture with TC4A to support launch of mobile application technology for lower middle income countries[(3)]	$1,407,000	$2,360,000
FDA Trials with Carelon Health	$989,500	$989,500
Commercial wellness mobile application pilot studies	$68,000	$400,000
Investor Relations and Marketing[(4)]	$2,265,000	$3,015,000
General and Administrative Costs for 12 months after completion of the Transaction[(5)]	$2,959,300	$2,959,300
Transaction Costs	$350,000	$350,000
Unallocated working capital	$692,200	$4,317,552
Total	**$10,396,000**	**$16,056,352**

Notes:

(1) Assuming the Over-Allotment Option is not exercised.
(2) The Company intends to engage a third-party contractor to assist with the development of the mobile application.
(3) The co-founder and CEO of TC4A is Mr. Emmanuel Blin, a director of the Resulting Issuer.
(4) Pursuant to the terms of the Business Combination Agreement, the Resulting Issuer agrees to commit at least US$1,400,000 towards investor relations and marketing for the next 12 months following completion of the Transaction. If the Resulting Issuer raises over $7,500,000 under the Offering, the Resulting Issuer agrees to commit an additional 15% of the gross proceeds exceeding $7,500,000 towards investor relations and marketing.
(5) General and administrative costs are broken down as follows: (i) management salaries ($1,146,700) and employee salaries and contractors ($656,600), (ii) rent, utilities and administration ($208,500), (iii) professional services ($141,000) and (iv) advertising and branding expenses ($806,500).

Business Objectives and Milestones

The table below outlines the Resulting Issuer's objectives for the next 12 months and the corresponding milestones required in connection therewith:

Business Objective	Milestones	Timeframe	Estimated Cost
Completion of iOS and Android mobile applications to demonstrate functionality for pilot programs for TC4A and FDA clinical trials	A. Foundational work, including client pre-work and project setup	15 to 30 days	$85,800
	B. Go-to-market strategy, including research (interviews and risk assessments), company branding strategies and product framework	45 to 60 days	$257,500
	C. Experience design, including V.1 product design enabling customization	Two to three months	$415,000
	D. Technology implementation, including architecture and infrastructure with risk analysis/mitigation, de-risking and validation of camera control and image acquisition coding and Q&A of mobile experience	Two to three months	$905,900
Joint venture with TC4A to support launch of mobile application technology for lower middle income countries[(1)]	A. Design and implementation of the relevant technology infrastructure for deployment of a prototype/MVP based on the mobile technology. This will include billing, hosting and customer support, amongst other technology functions.	3 months	$380,000
	B. Conduct feasibility pilot/study in Kenya as part of a protocol four country study.	3-4 months	$380,000
	C. Expansion and completion of clinical studies across four countries (Kenya, Uganda, Nigeria and South Africa).	4-6 months	$905,000
	D. Registration, implementation and commercialization of the mobile technology in four countries (Kenya, Uganda, Nigeria and South Africa).	3 months	$696,000
FDA Trials with Carelon Health[(2)]	A. Development of Project Management Plan	4-6 months	$202,500
	B. Development of Data Management Plan	4-6 months	$130,000
	C. Development of Site Management Plan and Site Payments	4-6 months	$542,000

Business Objective	Milestones	Timeframe	Estimated Cost
	D. Statistical Analytics and Study Report	One month	$115,000
Commercial wellness mobile application pilot studies	A. Development of user interface	1-2 months	$68,000
	B. Commercialization of the Wellness pilot platform on iOS and Android	6-9 months	$332,000

Notes:

(1) Following completion of this business objective, the Resulting Issuer intends to, pursuant to its joint venture with TC4A, complete the registration, implementation and commercialization of the mobile technology in 16 additional countries in Africa, which would require an additional US$1,300,000 to complete, which would take approximately 15 months to complete.

(2) The development of the mobile application technology for iOS and Android will need to be completed before the clinical trials with Carelon Health may begin.

Despite management's expectations, the objectives set out above may require additional capital exceeding our cash on hand resources even after giving effect to the Offering. In particular, actual costs and development time may exceed management's current expectations. Accordingly, we may need to raise additional capital in the future over and above the Offering. See "*Risk Factors*".

The Company generates no operating revenue from its business and has negative cash flow from operating activities. The Company anticipates that it will continue to have negative cash flow until such time that Light.AI$^{(SCAN)}$ is commercialized. To the extent that the Company has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital or proceeds of the Offering to fund such negative cash flow. It is the Company's intention to retain sufficient working capital for it to continue its operations without a significant risk that it will not be able to proceed as a going concern. See "Risk Factors" in this Prospectus.

Unallocated Funds

Unallocated funds from the Offering will be deposited in the Company's bank account and added to the working capital of the Company. The Chief Financial Officer of the Company is responsible for the supervision of all financial assets of the Company. Based on the Company's cash flow requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary.

DIVIDENDS OR DISTRIBUTIONS

Neither the Company nor LAI nor Finco has declared or paid any dividends to securityholders and there is no intended change in the dividend or distribution policy of the Company.

As currently contemplated, the Company does not intend on paying any cash dividends on Common Shares in the foreseeable future and therefore, its shareholders may not be able to receive a return on the Common Shares held unless there are proceeds from sales thereof. The Company's dividend policy will be reviewed from time to time by the Board in the context of its earnings, financial condition and other relevant factors.

There will be no restrictions in the Company's articles or elsewhere, other than the customary general solvency requirements, which would prevent the Company from paying dividends. All of the Common Shares will be entitled to an equal share in any dividends declared and paid. It is anticipated that all available funds will be invested to finance the growth of the Company's business and accordingly, it's not contemplated that any dividends will be paid on the Common Shares in the immediate or foreseeable future. The Board will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Company's financial position at the relevant time.

SELECTED FINANCIAL INFORMATION

The Company

The following table sets forth selected financial information for years ended August 31, 2023 and 2022 and the interim period ended May 31, 2024, which have been derived from the Company's annual and interim financial statements, prepared in accordance with IFRS and attached as Schedule "A" to this Prospectus. The selected financial information should be read in conjunction with the Company's MD&A attached as Schedule "B" to this Prospectus.

	For the Nine Month Period ended May 31, 2024	**For the Financial Year ended August 31, 2023**	**For the Financial Year ended August 31, 2022**
Statement of Operations Data			
Total revenues	Nil	Nil	Nil
Total expenses	$771,722	$218,266	$181,346
Loss and comprehensive income (loss)	($776,281)	$68,858	$67,119
Net income (loss) per share (basic and diluted)	($0.12)	$0.03	$0.01
Balance Sheet Data			
Current assets	$440,436	$692,141	$884,042
Total assets	$440,436	$692,141	$884,042
Current liabilities	$125,366	$56,863	$139,906
Total liabilities	$125,366	$56,863	$179,906

LAI

The following table sets forth selected financial information for years ended December 31, 2023, 2022 and 2021 and the interim period ended September 30, 2024, which have been derived from LAI's annual and interim financial statements, prepared in accordance with IFRS and attached as Schedule "C" to this Prospectus. The selected financial information should be read in conjunction with LAI's MD&A attached hereto as Schedule "D".

	For the Period ended September 30, 2024	**For the Financial Year ended December 31, 2023**	**For the Financial Year ended December 31, 2022**	**For the Financial Year ended December 31, 2021**
Statement of Operations Data				
Total revenues	Nil	Nil	Nil	Nil
Total expenses	$4,168,964	$2,466,440	$1,311,749	$2,945,536
Loss and comprehensive loss	$4,207,848	$2,174,054	$886,361	$2,515,865
Net loss per share (basic and diluted)	$0.53	$0.28	$0.12	$0.44
Balance Sheet Data				
Current assets	$771,189	$737,423	$676,451	$875,489
Total assets	$772,975	$740,462	$682,521	$884,237
Current liabilities	$5,830,517	$1,907,004	$839,809	$478,485
Total liabilities	$5,830,517	$1,907,004	$2,514,809	$2,153,485

Finco

The following table sets forth selected financial information for the period from the date of incorporation to September 30, 2024, which have been derived from Finco's annual financial statements, prepared in accordance with IFRS and attached as Schedule "E" to this Prospectus. The selected financial information should be read in conjunction with the Finco's MD&A attached hereto as Schedule "F".

	For the Period from the date of incorporation to September 30, 2024
Statement of Operations Data	
Total revenues	Nil
Total expenses	$1,506,807
Loss and comprehensive loss	$1,505,657
Net loss per share (basic and diluted)	$0.13
Balance Sheet Data	
Current assets	$5,315,135
Total assets	$5,315,135
Current liabilities	$4,134,573
Total liabilities	$4,134,573

Resulting Issuer

The *pro forma* consolidated financial statements of the Company included in this Prospectus in Schedule "G" and the following selected *pro forma* financial information are presented for illustrative purposes only and are not necessarily indicative of: (i) the financial results that would have occurred had the Transaction actually occurred at the times contemplated by the notes to the *pro forma* consolidated financial statements of the Company; or (ii) the results expected in future periods.

The following table sets out the unaudited *pro forma* financial information of the Resulting Issuer as of May 31, 2024, after giving effect to the Transaction and the Maximum Offering and should be read in conjunction with the unaudited *pro forma* consolidated financial statements of the Resulting Issuer attached hereto as Schedule "G". The unaudited *pro forma* financial statements give effect to the Transaction and the Maximum Offering on a *pro forma* basis and have been prepared on the basis of assumptions described in the notes thereto.

	Company as at May 31, 2024 ($)	**LAI as at September 30, 2024 ($)**	**Finco as at September 30, 2024 ($)**	**Pro Forma Adjustment ($)**	**Pro Forma ($)**
Balance Sheet Data					
Current assets	440,436	771,189	5,315,135	11,452,402	17,979,162
Total assets	440,436	772,975	5,315,135	11,452,402	17,980,948
Current liabilities	125,366	5,830,517	4,134,573	(9,253,784)	836,672
Total liabilities	125,366	5,830,517	4,134,573	(9,253,784)	836,672
Shareholders' Equity (Deficiency)	315,070	(5,057,542)	1,180,562	20,706,186	17,144,276

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company

The MD&As for the Company are attached to this Prospectus as Schedule "B". The Company's MD&A provides an analysis of the Company's financial results for the financial years ended August 31, 2023 and 2022 and the nine month period ended May 31, 2024, which should be read in conjunction with the financial statements of the Company for the corresponding periods, and the notes thereto respectively.

Certain information included in the Company's MD&As is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Caution Regarding Forward-Looking Statements*".

LAI

The MD&As for LAI is attached to this Prospectus as Schedule "D". LAI's MD&As provide an analysis of LAI's financial results for the financial years ended December 31, 2023 and 2022, and the nine month period ended September 30, 2024, which should be read in conjunction with the financial statements of LAI for the corresponding periods, and the notes thereto respectively.

Certain information included in LAI's MD&As is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Caution Regarding Forward-Looking Statements*".

Finco

The MD&A for Finco is attached to this Prospectus as Schedule "F". Finco's MD&A provides an analysis of Finco's financial results for the period from the date of incorporation to September 30, 2024, which should be read in conjunction with the financial statements of Finco for the corresponding periods, and the notes thereto respectively.

Certain information included in Finco's MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Caution Regarding Forward-Looking Statements*".

DESCRIPTION OF SHARE CAPITAL

The Company

Authorized Capital

The authorized share capital of the Company consists of an unlimited number of Common Shares, with no par value, of which 82,595,471 Common Shares are issued and outstanding as at the date of this Prospectus.

Common Shares

Holders of Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of shareholders of the Company, and each Common Share confers the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the Board. The holders of Common Shares are entitled to receive dividends if, as and when declared by the Board, subject to the prior rights, if any, of any other class of shares of the Company with special rights as to dividends. In the event of liquidation, dissolution or wind-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to prior rights, if any, the remaining property and assets of the Company, on a pro rata basis.

Warrants

As of the date of this Prospectus, the Company has an aggregate of 7,792,635 Resulting Issuer Warrants issued and outstanding. 1,437,500 Resulting Issuer Warrants entitle holders thereof to purchase one additional Common Share per each Resulting Issuer Warrant held, at an exercise price of $0.60 per Common Share until July 12, 2025. 3,399,900 Resulting Issuer Warrants entitle holder thereof to purchase one additional Common Share per each Resulting Issuer Warrant held, at an exercise of $0.11 per Common Share until December 15, 2025. 916,095 Resulting Issuer Warrants are exercisable at $0.44 per Common Share until January 25, 2025. 524,640 Resulting Issuer Warrants are exercisable at $0.25 per Common Share until December 13, 2026. 714,500 Resulting Issuer Warrants are exercisable at $0.11 per Common Share until March 11, 2026. 800,000 Resulting Issuer Warrants are exercisable at $0.10 per Common Share until April 24, 2026.

Options

As of the date of this Prospectus, the Company has an aggregate of 7,113,945 Options issued and outstanding. 4,446,270 Options are exercisable at $0.36 per Common Share until July 1, 2028. 612,675 Options are exercisable at $0.36 per Common Share until January 1, 2029. 600,000 Options are exercisable at $0.10 per Common Share until December 13, 2026. 755,000 Options are exercisable at $0.25 per Common Share until December 13, 2026. 700,000 Options are exercisable at $0.35 per Common Share until December 13, 2026.

DESCRIPTION OF THE SECURITIES BEING OFFERED

Offering

The Offering consists of Units, each of which is comprised of one Unit Share and one-half of one Warrant. The Units will automatically separate into Unit Shares and Warrants immediately upon closing of the Offering. The Units are offered at the Offering Price of $0.55 per Unit. This Prospectus qualifies, among others, the distribution of the Units, including the Unit Shares, the Warrants, the Warrant Shares and the Broker Warrants.

Units

Each Unit is comprised of one Unit Share and one-half of one Warrant, subject to adjustment in certain circumstances in accordance with the Warrant Indenture.

Common Shares

The Unit Shares and Broker Warrant Shares are designated as Common Shares under the Company's notice of articles.

The authorized capital of the Company consists of an unlimited number of Common Shares. The holders of Common Shares will be entitled to vote at all meetings of shareholders of the Company, to receive dividends if, as and when declared by the Board and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Common Shares, to participate rateably in any distribution of property or assets upon liquidation, wind-up or other dissolution of the Company.

The Common Shares do not have pre-emptive rights, conversion or exchange rights and are not subject to redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions capable of requiring a holder of Common Shares to contribute additional capital.

Warrants

The following is a summary of the material attributes and characteristics of the Warrants. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Warrant

Indenture, which will be filed with the applicable Canadian securities regulatory authorities and will be available on SEDAR+ at www.sedarplus.com.

The Warrants will be created and issued pursuant to the terms of the Warrant Indenture. Each Warrant will be exercisable at $0.80 per Warrant Share, subject to adjustment in certain circumstances, at any time prior to 5:00 p.m. (Vancouver time) on the Expiry Date. The Warrant Indenture will contain provisions designed to protect the holders of Warrants against dilution upon the occurrence of certain events. No fractional Common Shares will be issued upon the exercise of any Warrants. See "*Description of Securities Being Distributed"*.

The Warrants will be issued under and governed by the terms of the Warrant Indenture to be entered into on the Closing Date between the Company and the Warrant Agent. The Company will appoint the transfer office of the Warrant Agent in Vancouver, British Columbia as the location at which the Warrants may be surrendered for exercise, transfer or exchange.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

(a) if the Company subdivides, re-divides or changes its outstanding Common Shares into a greater number of shares;

(b) if the Company consolidates, reduces or combines its outstanding Common Shares into a smaller number of shares;

(c) if the Company issues Common Shares or securities exchangeable for or convertible to Common Shares ("**Convertible Securities**") to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend or other distribution (other than the issue of Common Shares or Convertible Securities to such holders upon the exercise of Warrants or any outstanding options);

(d) the Company fixing a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares for a period of not more than 45 days to subscribe for or purchase Common Shares or securities convertible or exchangeable into Common Shares at a price per Common Share of less than 95% of the current market price of the Common Shares on such record date (a "**Rights Offering**"); and

(e) the Company fixing a record date for the distribution to all or substantially all of the holders of its outstanding Common Shares of: (i) securities of any class of securities, whether of the Company or any other entity, other than Common Shares or Convertible Securities; (ii) rights, options or warrants to subscribe for or purchase Common Shares (or other securities convertible into or exchangeable for Common Shares), other than pursuant to a Rights Offering; (iii) evidence of its indebtedness; or (iv) any other property or assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of a reclassification of the Common Shares or a change in the Common Shares into other shares or securities, or a capital reorganization of the Company or a consolidation, amalgamation, arrangement or merger of the Company with or into any other body corporate, trust, partnership or other entity, or a transfer, sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity.

No adjustment in the exercise price or the number of Warrant Shares issuable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price.

The Company will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to the Warrant Agent and to the holders of the Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date of such event, if any.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants and no cash or other consideration will be paid in lieu of fractional Warrant Shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of Common Shares would have.

The Warrant Indenture will provide that, from time to time, the Company may amend or supplement the Warrant Indenture for certain purposes, without the consent of the holders of the Warrants, including for curing defects or inconsistencies or making any change that does not prejudice the rights of any holder of Warrants. Certain amendments or supplements to the Warrant Indenture may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are at least two holders of Warrants present in person or represented by proxy representing of at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of the holders of Warrants representing not less than 66 and 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 and 2/3% of the aggregate number of the then outstanding Warrants.

The Warrants may not be exercised by, or for the account or benefit of, a person in the United States or a U.S. Person, unless an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws is available for the issuance of the Warrant Shares to such holder, and such holder has furnished an opinion of counsel of recognized standing or such other evidence in form and substance reasonably satisfactory to the Company to such effect; provided, however, that a holder who purchased Units pursuant to the Offering and continues to qualify as a U.S. Accredited Investor at the time of exercise of the Warrants, and provides written certification to such effect, will not be required to deliver an opinion of counsel or such other evidence in connection with the exercise of Warrants that are a part of those Units. Notwithstanding the foregoing, an original purchaser of the Warrants who, as a U.S. warrantholder purchased the Warrants from the Company on the basis that it is a qualified institutional buyer ("**QIB**"), as defined in Rule 144A of the U.S. Securities Act, and has executed and delivered a QIB letter in connection with the purchase of the Units pursuant to the private placement offering under which the Warrants are issued, and which contained "restricted security agreements" regarding the issuance of the Units without legends, will not be required to deliver an opinion of counsel in the connection with the due exercise of the Warrants at a time when the representations, warranties and covenants made by the holder thereof in the QIB letter remain true and correct at the time of exercise and the holder of the Warrants represent to the Company as such.

The Company has not applied and does not intend to apply to list the Warrants on any securities exchange. There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants acquired hereunder. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. See "*Risk Factors*".

Broker Warrants

The Company will grant to the Agents the number Broker Warrants equal to 7% of the aggregate number of Units issued under the Offering. The number of Broker Warrants issuable for sales to purchasers on the President's List

shall be reduced to 3.5% of the number of Units sold to such purchasers. Each Broker Warrant will entitle the holder thereof to purchase one Broker Warrant Share, subject to adjustment on the same terms as the Warrants, at the Offering Price at any time prior to 5:00 p.m. (Vancouver time) for a period of 18 months following the Closing Date. The Broker Warrants may be exercised by the Agents to purchase Broker Warrant Shares on or before the expiration date by delivering (i) notice of exercise, appropriately completed and duly signed, and (ii) payment of the exercise price for the number of Broker Warrant Shares with respect to the Broker Warrants being exercised. The Broker Warrants may be exercised in whole or in part, but only for full Broker Warrant Shares. This Prospectus qualifies the distribution of the Broker Warrants.

The Broker Warrant Shares will be, when issued and paid for in accordance with the Broker Warrants, duly authorized, validly issued and fully paid and non-assessable. The Company will authorize and reserve at least that number of Common Shares as is equal to the number of Broker Warrant Shares issuable upon the exercise of the Broker Warrants. The Broker Warrant Shares will be issued as Common Shares, the material attributes of which are described above.

The exercise price and the number of Broker Warrant Shares issuable upon the exercise of the Broker Warrants are subject to adjustment upon the occurrence of certain events, such as a distribution on the Common Shares or a subdivision, consolidation or reclassification of the Common Shares. In addition, upon any fundamental transaction, such as a merger, arrangement, consolidation, sale of all or substantially all of the Company's assets, share exchange or business combination, the Broker Warrants, will thereafter evidence the right of the holder to receive the securities, property or cash deliverable in exchange for or on the conversion of or in respect of the Common Shares to which the holder of a Common Share would have been entitled immediately on such event.

The Company is not required to issue fractional securities upon the exercise of the Broker Warrants. Instead, the Company may round down to the next whole security.

The Broker Warrants are non-transferable and will not be listed or quoted on any securities exchange. The holders of the Broker Warrants do not have the rights or privileges of holders of Common Shares, nor any voting rights, until they exercise their Broker Warrants and receive the Broker Warrant Shares.

CONSOLIDATED CAPITALIZATION

The following table sets forth the Company's capitalization, after giving effect to the Offering. This table should be read in conjunction with the financial statements and notes thereto, included elsewhere in this Prospectus.

Description of the Security	Authorized	As of the date of the Prospectus	After giving effect to the Minimum Offering[(1)]	After giving effect to the Maximum Offering[(1)]	After giving effect to the Maximum Offering and the Over-Allotment Option[(1)(2)]
Resulting Issuer Shares	Unlimited	82,595,471	100,777,289	111,843,471	116,230,671
Resulting Issuer Warrants	N/A	7,792,635	16,883,544	22,416,635	24,610,235
Resulting Issuer Options	N/A	7,113,945	7,113,945	7,113,945	7,113,945
Resulting Issuer Broker Warrants	N/A	Nil	1,272,727	2,047,360	2,354,464

Notes:

(1) Assuming no President's List purchasers.

(2) Assuming the Over-Allotment Option is exercised in full for Over-Allotment Units.

Fully Diluted Share Capital

The following table sets out the anticipated fully diluted share capital of the Resulting Issuer after giving effect to the Offering, assuming the Maximum Offering:

	Outstanding Resulting Issuer Shares		**Outstanding Resulting Issuer Shares after giving effect to the Over-Allotment Option**	
Description of Security	**Number**	**Percentage**	**Number**	**Percentage**
Resulting Issuer Shares[(1)]	111,843,471	78.0%	116,230,671	77.3%
Resulting Issuer Shares to be issued on exercise of Warrants[(2)]	22,416,635	15.6%	24,610,235	16.4%
Resulting Issuer Shares to be issued on exercise of Options[(4)]	7,113,945	5.0%	7,113,945	4.7%
Resulting Issuer Shares to be issued on exercise of Broker Warrants	2,047,360	1.4%	2,354,464	1.6%
Total Resulting Issuer Shares reserved for issuance	31,577,940	22.0%	34,078,644	22.7%
Fully-Diluted Share Capital of the Resulting Issuer	**143,421,411**	**100%**	**150,309,315**	**100%**

Notes:

(1) This figure is equal to the sum of: (i) 9,360,414 Common Shares representing the Common Shares issued and outstanding immediately prior to the completion of the Transaction; (ii) 33,262,545 Common Shares issued to holders of 7,959,401 LAI Shares representing the LAI Shares and holders of LAI Debentures pursuant to the Transaction; (iii) 39,972,512 Common Shares issued to holders of 23,756,512 Finco Shares and holders of Finco Debentures pursuant to the Transaction; and (iv) 29,248,000 Common Shares issued in connection with the Offering, assuming the Maximum Offering is raised and before giving effect to the Over-Allotment Option (or 33,635,200 Common Shares issued in connection with the Offering, assuming the Maximum Offering is raised and the Over-Allotment Option is exercised in full for Over-Allotment Units).

(2) This figure is equal to the sum of: (i) 1,437,500 2021 Resulting Issuer Warrants; (ii) 3,399,900 2023 Warrants; (iii) 916,095 Resulting Issuer Warrants issued to holders of LAI Warrants pursuant to the Transaction; (iv) 2,039,140 Resulting Issuer Warrants issued to holders of Finco Warrants pursuant to the Transaction; and (v) 14,624,000 Warrants issued in connection with the Offering, assuming the Maximum Offering is raised and before giving effect to the Over-Allotment Option (or 16,817,600 Warrants issued in connection with the Offering, assuming the Maximum Offering is raised and the Over-Allotment Option is exercised in full for Over-Allotment Units).

(3) This figure is equal to the sum of: (i) 5,058,945 Options issued to holders of LAI Options pursuant to the Transaction; and (ii) 2,055,000 Options issued to holders of Finco Options pursuant to the Transaction.

OPTIONS TO PURCHASE SECURITIES

Warrants

LAI

The following table summarizes the common share purchase warrants of LAI outstanding immediately prior to the completion of the Transaction held by the individuals noted below:

Name and Category	No. of Holders	No. of Warrants	Exercise Price	Expiry Date
Executive Officers and past executive officers of LAI, as a group	Nil	Nil	Nil	Nil
Directors and past directors of LAI who are not or were not also executive officers, as a group	Nil	Nil	Nil	Nil
Employees and past employees of LAI, as a group	Nil	Nil	Nil	Nil
Consultants of LAI, as a group	1	235,500	$1.70	January 25, 2025
TOTAL	**235,500**			

Finco

The following table summarizes the common share purchase warrants of Finco outstanding immediately prior to the completion of the Transaction held by the individuals noted below:

Name and Category	No. of Holders	No. of Warrants	Exercise Price	Expiry Date
Executive Officers and past executive officers of Finco, as a group	Nil	Nil	N/A	N/A
Directors and past directors of Finco who are not or were not also executive officers, as a group	Nil	Nil	N/A	N/A
Employees and past employees of Finco, as a group	Nil	Nil	N/A	N/A
Consultants of Finco, as a group	Nil	Nil	N/A	N/A
TOTAL	Nil	Nil	N/A	N/A

Stock Options

LAI

The following table summarizes the LAI Options outstanding immediately prior to the completion of the Transaction held by the individuals noted below:

Name and Category	No. of Holders	No. of Options	Exercise Price	Expiry Date
Executive Officers and past executive officers of LAI, as a group	2	435,000	$1.40	July 1, 2028
Directors and past directors of LAI who are not or were not also executive officers, as a group	1	100,000	$1.40	July 1, 2028
Employees and past employees of LAI, as a group	1	125,000	$1.40	July 1, 2028
Consultants of LAI, as a group	10	640,500	$1.40	July 1, 2028
TOTAL		**1,300,500**		

Finco

The following table summarizes the Finco Options outstanding immediately prior to the completion of the Transaction held by the individuals noted below:

Name and Category	No. of Holders	No. of Options	Exercise Price	Expiry Date
Executive Officers and past executive officers of Finco, as a group	2	2,055,000	Varied [(1)]	Two years from a change of control of Finco
Directors and past directors of Finco who are not or were not also executive officers, as a group	Nil	Nil	N/A	N/A
Employees and past employees of Finco, as a group	Nil	Nil	Nil	Nil
Consultants of Finco, as a group	Nil	Nil	N/A	N/A
TOTAL	**2**	**2,055,000**		

Note:

(1) The exercise price of these Finco Options held by the CEO of Finco are as follows: (i) 300,000 Finco Options have an exercise price of $0.10; (ii) 425,000 Finco Options have an exercise price of $0.25; and (iii) 350,000 Finco Options have an exercise price of $0.35. The exercise price of these Finco Options, held by the President of Finco are as follows: (i) 300,000 Finco Options have an exercise price of $0.10; (ii) 330,000 Finco Options have an exercise price of $0.25; and (iii) 350,000 Finco Options have an exercise price of $0.35.

Long Term Incentive Plan

The Resulting Issuer adopted a new long-term equity incentive plan (the "**Omnibus Plan**"). The adoption and implementation of the Omnibus Plan is subject to approval by shareholders of the Resulting Issuer at the first annual general meeting following the closing of the Transaction. The Omnibus Plan is intended to replace the Company's current Option Plan and RSU Plan, as further described herein under the headings "*10% "rolling" Share Option Plan*" and "*Fixed Restricted Share Unit Plan*". The Omnibus Plan primarily allows for a variety of equity-based awards that provide the Resulting Issuer with the ability to grant different types of incentives to its directors, executive officers, employees and consultants, including Options, RSUs, performance share units ("**PSUs**") and deferred share units ("**DSUs**"), collectively referred to as "awards".

Purpose

The purpose of the Omnibus Plan is to attract, retain and motivate persons of training, experience and leadership as directors, officers, employees and consultants of the Resulting Issuer and its subsidiaries, (ii) to advance the long-term interests of the Resulting Issuer by providing such persons with the opportunity and incentive, through equity-based compensation, to acquire an ownership interest in the Resulting Issuer, and (iii) to promote a greater alignment of interests between such persons and shareholders of the Resulting Issuer.

The Omnibus Plan provides flexibility to the Resulting Issuer to grant equity-based incentive awards in the form of Options, RSUs, PSUs and DSUs, as described in further detail below. The following is a summary of the Omnibus Plan, which is qualified in its entirety by the full text of the Omnibus Plan, a copy of which will be filed on SEDAR+.

Shares Subject to the Omnibus Plan

Subject to adjustment provisions, the aggregate number of Resulting Issuer Shares to be reserved and set aside for issue upon the exercise or redemption and settlement for all awards granted under this Omnibus Plan, together with all other established security-based compensation arrangements of the Resulting Issuer shall be equal to 15% of the issued and outstanding Resulting Issuer Shares from time to time.

Administration of the Omnibus Plan

The Omnibus Plan will be administered by the Resulting Issuer Board. The Resulting Issuer Board may delegate to any director, officer or employee of the Resulting Issuer, including but not limited to a committee of the Resulting Issuer Board, such of the Resulting Issuer Board's duties and powers relating to the Omnibus Plan as the Resulting Issuer Board may see fit, subject to applicable law. The Resulting Issuer Board will determines the time or times at which awards may be granted, the eligible persons who should be granted awards, the number of awards, the term of awards and vesting criteria, whether restrictions or limitations are to be imposed on the Resulting Issuer Shares issuable pursuant to grants of any award, if any awards, Resulting Issuer Shares or cash entitlement underlying any awards shall be subject to the Resulting Issuer's claw back policy and prescribe the form of the instruments relating to the grant, exercise and other terms of awards.

In addition, the Resulting Issuer Board can establish policies and adopt rules and regulations for carrying out the purposes, provisions and administration of the Omnibus Plan and amend or revoke such policies, rules and regulations.

Eligibility

All directors, officers, employees or consultants of the Resulting Issuer or any subsidiary of the Resulting Issuer are eligible to participate in the Omnibus Plan.

Types of Awards

As currently proposed, awards of Options, RSUs, PSUs and DSUs may be made under the Omnibus Plan. All of the awards described below are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined by the Resulting Issuer Board, in its sole discretion, subject to such limitations provided in the Omnibus Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations provided in the Omnibus Plan and in accordance with applicable law, directors of the Resulting Issuer may accelerate or defer the vesting or payment of awards or cancel outstanding awards.

Options

Options entitle the holders thereof to purchase Resulting Issuer Shares. Options may be granted to eligible persons at such time or times as shall be determined by the Resulting Issuer Board by resolution. The grant date of an Option for purposes of the Omnibus Plan will be the date on which the Option is awarded by the Resulting Issuer Board, or such later date determined by the Resulting Issuer Board. Options may be exercised only to the extent vested. Options may be exercised by the participant by delivering to the Resulting Issuer a notice of exercise, substantially in the form prescribed by the Resulting Issuer, specifying the number of Resulting Issuer Shares with respect to which the Option is being exercised. Payment of the Option price may be made in cash, by certified cheque made payable to the Resulting Issuer, by wire transfer of immediately available funds, or other instrument acceptable to the Resulting Issuer Board. Options shall be evidenced by an option award agreement which shall state the number of Resulting Issuer Shares subject to the Options, the Option price which shall not be lower than the market price at the grant date, the Option's expiry date and such other terms and condition as the Resulting Issuer Board shall determine. The Resulting Issuer Board will have the authority to determine the vesting terms applicable to grants of Options.

No certificates (or DRS statements) for Resulting Issuer Shares will be issued to the participant until the participant and the Resulting Issuer have each completed all steps required by law to be taken in connection with the issuance and sale of the Resulting Issuer Shares, including receipt from the participant of payment or provision for all withholding taxes due as a result of the exercise of the Option. The delivery of certificates or DRS statements will be contingent upon receipt from the participant by the Resulting Issuer of the full purchase price for such Resulting Issuer Shares and the fulfillment of any other requirements contained in the option award agreement or applicable provisions of laws.

Preferred Share Units

The value of a PSU on any particular date shall be equal to the market price of one Resulting Issuer Share, and that represents the right to receive cash and/or Resulting Issuer Shares equal to the market price of one Resulting Issuer Share on settlement of the PSU. The Resulting Issuer Board determines the time or times when PSUs may be granted to eligible persons. The grant date of a PSU will be the date on which the PSU is awarded by the Resulting Issuer Board, or such later date determined by the Resulting Issuer Board. PSUs shall be evidenced by a PSU award agreement which state the number of PSUs to be awarded, the performance cycle for each PSU, the performance criteria, whether and to what extent dividend equivalents will be credited to a PSU account and whether PSUs shall be satisfied in cash only or Resulting Issuer Shares only. Unless otherwise provided in the participant's service agreement, PSU award agreement or determined by the Resulting Issuer Board, PSUs shall vest and shall be settled as at the date at the end of the performance cycle.

The PSUs may be settled by delivery by the participant to the Resulting Issuer of a notice of settlement, substantially in the form prescribed by the Resulting Issuer from time to time, acknowledged by the Resulting Issuer. On settlement, the Resulting Issuer shall, for each vested PSU being settled, deliver to the participant a cash payment equal to the market price of one Resulting Issuer Share as of the PSU vesting date, one Resulting Issuer Share, or any combination of cash and Resulting Issuer Shares equal to the market price of one Comm Resulting Issuer on Share as of the PSU vesting date, in the sole discretion of the Resulting Issuer Board. A participant may elect to defer the date of settlement following the PSU vesting date by providing written notice to the Resulting Issuer of the deferred settlement dates not later than five (5) days prior to the PSU vesting date.

Restricted Share Units

The value of a RSU on any particular date shall be equal to the market price of one Resulting Issuer Share, and that represents the right to receive cash and/or Resulting Issuer Shares equal to the market price of one Resulting Issuer

Share on settlement. The Resulting Issuer Board determines the time or times when RSUs may be granted to eligible persons. The grant date of a RSU will be the date on which the RSU is awarded by the Resulting Issuer Board, or such later date determined by the Resulting Issuer Board. RSUs shall be evidenced by a RSU award agreement which states the number of RSUs to be awarded, the period of time between the grant date and the date on which the RSU is fully vested and may be settled before being subject to forfeiture, whether and to what extent dividend equivalents shall be credited to a participant's RSU account, for Canadian taxpayers the year in which the services to which the RSU relates were rendered and whether RSUs shall be satisfied in cash only or Resulting Issuer Shares only. No Resulting Issuer Shares will be issued on the grant date and the Company shall not be required to set aside a fund for the payment of any such awards.

A separate notional account shall be maintained for each participant with respect to the RSUs granted. RSUs awarded to a participant shall be credited to the participant's RSU account and shall vest. On the vesting of the RSUs and the corresponding issuance of cash and/or Resulting Issuer Shares to the participant, or on the forfeiture or termination of the RSUs pursuant to the terms of the award, the RSUs credited to the participant's RSU account will be cancelled. Each RSU shall vest and shall be settled when all applicable restrictions shall have lapsed. Unless otherwise stipulated by the Resulting Issuer Board, the participants service agreement or RSU award agreement, each RSU shall vest and be settled in three (3) approximately equal instalments on the first three (3) anniversaries of the grant date. The RSU may be settled by delivery by the participant to the Company of a notice of settlement, substantially in the form prescribed by the Company. On settlement, the Company shall, for each vested RSU being settled, deliver to the participant a cash payment equal to the market price of one Resulting Issuer Share as of the RSU vesting date, one Resulting Issuer Share, or any combination of cash and Resulting Issuer Shares equal to the market price of one Resulting Issuer Share as of the RSU vesting date. A participant may elect to defer the date of settlement following the RSU vesting date by providing written notice to the Company of the deferred settlement dates not later than five days prior to the RSU vesting date.

Deferred Share Units

The value of a DSU on any particular date shall be equal to the market price of one Resulting Issuer Share, and that represents the right to receive cash and/or Resulting Issuer Shares equal to the market price of one Resulting Issuer Share on settlement. DSUs may be granted to eligible persons at such time or times as shall be determined by the Resulting Issuer Board. DSUs can be discretionary or mandatory. As it pertains to discretionary DSUs, the grant date of a DSU for purposes of the Omnibus Plan will be the date on which the DSU is awarded by the Resulting Issuer Board, or such later date determined by the Resulting Issuer Board. As it pertains to mandatory or elective DSUs, on fixed dates determined by the Resulting Issuer Board, the Resulting Issuer Board may require a participant who is eligible to receive DSUs to defer or may permit such a participant to elect to defer, receipt of all or a portion of the following amounts payable by the Resulting Issuer or any subsidiary of the Resulting Issuer (the "**Deferred Annual Amount**"):

a) Director's Retainer – in the case of a member of the Resulting Issuer Board who is not an officer or employee of the Resulting Issuer, an amount equal to all or a portion of their annual director's retainer payable on account of their services as a member of the Resulting Issuer Board; or

b) Officers' and Employees' Annual Incentive – in the case of an officer or employee of the Resulting Issuer or any subsidiary of the Resulting Issuer who is not a U.S. taxpayer, an amount equal to all or a portion of their annual incentive bonus for a calendar year,

and receive in lieu thereof an award of DSUs equal to the greatest whole number which may be obtained by dividing the amount of the Deferred Annual Amount, by the market price of one Resulting Issuer Share on the date such Deferred Annual Amount would have been paid absent the decision to award DSUs. For elective DSUs, the form of election shall be substantially in the form as adopted by the Resulting Issuer Board from time to time. DSUs shall be

evidenced by a DSU award agreement which states the number of DSUs to be awarded, the period of time between the grant date and the date on which the DSU is fully vested and may be settled, any performance criteria, terms and condition to meet the regulations under the *Income Tax Act* (Canada) if it involved a Canadian taxpayer, terms and condition to meet the requirements of the U.S. Code if it involves a U.S. taxpayer and whether DSUs shall be satisfied in cash only or Resulting Issuer Shares only.

A separate notional account shall be maintained for each participant with respect to DSUs granted to such participant. DSUs awarded to the participant shall be credited to the participant's DSU account and shall vest. On the vesting of the DSUs and the corresponding issuance of cash and/or Resulting Issuer Shares to the participant, or on the forfeiture and termination of the DSUs pursuant to the terms of the award, the DSUs credited to the participant's DSU account will be cancelled. Each discretionary DSU shall vest in accordance with the DSU award agreement while each mandatory or elective DSUs shall immediately vest at the time it is credited to the participant's DSU account. The DSUs may be settled by delivery by the participant to the Resulting Issuer of a notice of settlement. On settlement, the Resulting Issuer shall, for each such vested DSU, deliver to the participant a cash payment equal to the market price of one Resulting Issuer Share as of the DSU separation date, one Resulting Issuer Share, or any combination of cash and Resulting Issuer Shares equal to the market price of one Resulting Issuer Share as of the DSU separation date, in the sole discretion of the Resulting Issuer Board. Notwithstanding the foregoing, all settlements of DSUs granted to a participant who is a Canadian taxpayer shall take place: (i) after the DSU separation date; and (ii) by December 31 of the first calendar year that commences after such time.

Dividend Equivalents

The Resulting Issuer Board may determine whether and to what extent dividend equivalents will be credited with respect to awards of PSU, RSU or DSU. Dividend equivalents to be credited to a participant's PSU account, RSU account or DSU account shall be credited as follows:

a) any cash dividends or distributions credited to the participant's PSU account, RSU account or DSU account shall be deemed to have been invested in additional PSUs, RSUs or DSUs, as applicable, on the record date established for the related dividend or distribution in an amount equal to the greatest whole number which may be obtained by dividing the value of such dividend or distribution on the record date by the market price of one Resulting Issuer Share on such record date, and such additional PSU, RSU or DSU, as applicable, shall be subject to the same terms and conditions as are applicable in respect of the PSU, RSU or DSU, as applicable, with respect to which such dividends or distributions were payable; and

b) if any such dividends or distributions are paid in Resulting Issuer Shares or other securities, such Resulting Issuer Shares and other securities shall be subject to the same vesting, performance and other restrictions as apply to the PSUs, RSUs or DSU, as applicable, with respect to which they were paid.

Black-out Periods

If the expiry date or the vesting date of an award, other than a PSU, RSU or DSU awarded to a Canadian taxpayer falls during a Blackout Period (as defined in the Omnibus Plan) or within 10 trading days following the end of a Blackout Period, the expiry date or vesting date, as applicable, will be automatically extended for a period of 10 trading days following the end of the Blackout Period; and provided that: (i) the Blackout Period must be formally imposed by the Resulting Issuer pursuant to its internal trading policies; (ii) the Blackout Period must expire upon the general disclosure of the undisclosed material information; and (iii) the automatic extension of a participant's award will not be permitted where the participant or the Resulting Issuer is subject to a cease trade order (or similar order under securities laws) in respect of the Resulting Issuer's securities.

In the case of a PSU, RSU or DSU awarded to a Canadian taxpayer or U.S. taxpayer, any settlement that is effected during a Blackout Period shall be settled in cash, notwithstanding any other provision.

Termination of Employment or Services

The following table describes the impact of certain events upon the participants under the Omnibus Plan, including termination for cause, resignation, termination without cause, disability, death or retirement, subject, in each case, to the terms of a participant's applicable service agreement or option award agreement:

Event	Provisions
Termination for Cause	• Any vested or unvested awards held that have not been exercised, settled or surrendered as of the Termination Date (as defined in the Omnibus Plan) automatically terminate and shall be forfeited.
Resignation/ Termination without Cause	• Vested Options expire on the earlier of the scheduled expiry date of the Option and 90 days following the date of resignation or Termination Date. • Any other vested awards that were vested on or before the date of resignation or the Termination Date shall be available for settlement as of the date of resignation and the Termination Date, after which time all remaining unvested awards shall in all respects terminate. • Any other vested awards that would have vested on the next vesting date following the Termination Date shall be available for settlement as of such vesting date or in the case of RSUs shall be settled. Subject to the foregoing, any remaining awards shall in all respects terminate as of the Termination Date.
Disability	• Options expire on the earlier of the scheduled expiry date of the Option and one year following the date of disability. • All other vested awards shall vest as of the date of disability and shall be available for settlement.
Death	• Options expire on the earlier of the scheduled expiry date of the Option and one year following the date of death. • All other vested awards shall vest as of the date of death and be available for settlement.
Retirement	• Options expire on the earlier of the scheduled expiry date of the Option and one year following the date of retirement. • All other vested awards shall vest as of the date of retirement and shall be available for settlement.

The Resulting Issuer Board may accelerate the dates upon which any or all outstanding awards shall vest and be exercisable or settled, without regard to whether such awards have otherwise vested in accordance with their terms.

Change in Control

Under the Omnibus Plan, except as may be set forth in the participant's service agreement or award agreement, if there is a Change of Control (as defined in the Omnibus Plan), there shall be immediate full vesting of each outstanding award granted subject to any required approval of the stock exchange upon which the Resulting Issuer Shares are listed, which may be exercised and settled in whole or in part, even if such award is not otherwise exercisable or vested by its terms.

Additionally, the Resulting Issuer Board may authorize and implement additional courses of action if it determines that a Change of Control is imminent, these include: (i) terminate without any payment or consideration any awards not exercised, settled or surrendered; (ii) cause the Resulting Issuer to offer to acquire from each award holder their awards for a cash payment and any awards not so acquired, surrendered or exercised by the effective time of the Change of Control will be deemed expired; and (iii) cause an Option granted under this Omnibus Plan to be exchanged for an Option to acquire for the same exercise price, the number and type of securities as would be distributed to the Option holder in respect of the Resulting Issuer Shares to be issued to the Option holder had he or she exercised the Option prior to the effective time of the Change of Control, provided that any such replacement Option must provide

that it survives for a period of not less than one year from the effective time of the Change of Control regardless of the continuing directorship, officership or employment of the holder.

Non-Transferability of Awards

An award granted pursuant to the Omnibus Plan is personal to the participant and may not be assigned, transferred, charged, pledged or otherwise alienated, other than to a participant's personal representative(s).

Amendments to the Omnibus Plan

The Resulting Issuer Board may amend the Omnibus Plan or awards without shareholder approval provided that the amendment does not materially or adversely affect any award previously granted to a participant without their consent.

However, none of the following amendments shall be made without obtaining approval of the shareholders or disinterested shareholders of the Resulting Issuer:

a) with respect to Options, reduce the Option price, or cancel and reissue any Option so as to in effect reduce the Option price (disinterested shareholder approval required);
b) extend: (i) the term of an Option beyond its original expiry date; or (ii) the date on which a PSU, RSU or DSU will be forfeited or terminated in accordance with its terms;
c) increase the maximum number of Resulting Issuer Shares reserved for issuance under the Omnibus Plan;
d) revise the participation limits;
e) revise the assignability or non-transferability provisions to permit awards granted under the Omnibus Plan to be transferable or assignable other than for estate settlement purposes;
f) any amendment required to be approved by shareholders under applicable law (including without limitation, pursuant to the rules of the stock exchange upon which the Resulting Issuer Shares are listed); or
g) revise the amending provisions.

No amendment, suspension or discontinuance of the Omnibus Plan or of any award may contravene the requirements of the Exchange or any securities commission or other regulatory body to which the Omnibus Plan or the Resulting Issuer is now or may hereafter be subject to. Additionally, no amendments to the Omnibus Plan shall cause: (i) the Omnibus Plan or PSUs, RSUs or DSUs granted to a Canadian taxpayer to be made without their consent if the result of such amendment would be to cause the PSUs, RSUs or DSUs to be a "salaries deferral arrangement" under the *Income Tax Act* (Canada); and (ii) the Omnibus Plan or DSUs granted to a Canadian taxpayer to cease to meet the conditions of paragraph 6801(d) of the Regulations under the *Income Tax Act* (Canada) without their consent.

PRIOR SALES

The Company

This table sets out particulars of the Common Shares or securities that are issuable into Common Shares that have been issued or sold during the 12 month period prior to the date of this Prospectus.

Date of Issuance/Sale	Security Type	Number of Securities	Issue/Exercise Price
December 15, 2023	Common Shares	6,799,800	$0.07
December 15, 2023	Warrants	3,399,900	$0.11
December 13, 2024	Common Shares[(1)]	73,235,057	$0.55
December 13, 2024	Warrants[(1)]	714,500	$0.11
December 13, 2024	Warrants[(1)]	800,000	$0.10

December 13, 2024	Warrants[(1)]	524,640	$0.25
December 13, 2024	Warrants[(1)]	916,095	$0.44
December 13, 2024	Options[(1)]	600,000	$0.10
December 13, 2024	Options[(1)]	755,000	$0.25
December 13, 2024	Options[(1)]	700,000	$0.35
December 13, 2024	Options[(1)]	5,058,945	$0.36

Note:

(1) Issued in connection pursuant to the Transaction.

LAI

This table sets out particulars of the LAI Shares or securities convertible into LAI Shares that have been issued or sold during the 12 month period prior to the date of this Prospectus.

Date of Issuance/Sale	Security Type	Number of Securities	Issue/Exercise Price
January 1, 2024	LAI Options	630,000	$1.40

Finco

This table sets out particulars of the Finco Shares or securities convertible into Finco Shares that have been issued or sold during the 12 month period prior to the date of this Prospectus.

Date of Issuance/Sale	Security Type	Number of Securities	Issue/Exercise Price
December 28, 2023	Finco Shares	1[(1)]	$1.00
February 16, 2024	Finco Shares	3,000,000	$0.001
February 19, 2024	Finco Shares	2,000,000	$0.02
February 22, 2024	Finco Debentures	$1,577,000	$0.25
February 22, 2024	Finco Warrants	240,000	$0.25
March 11, 2024	Finco Shares	1,429,000	$0.07
March 11, 2024	Finco Warrants	714,500	$0.11
March 15, 2024	Finco Shares	6,890,000	$0.10
March 15, 2024	Finco Debentures	$1,502,500	$0.25
March 15, 2024	Finco Warrants	154,800	$0.25
April 1, 2024	Finco Options	600,000	$0.10
April 18, 2024	Finco Shares	1,199,800	$0.10
April 18, 2024	Finco Debentures	$788,500	$0.25
April 18, 2024	Finco Warrants	103,200	$0.25
April 24, 2024	Finco Warrants	800,000	$0.10
April 30, 2024	Finco Debentures	$186,000	$0.25
April 30, 2024	Finco Warrants	26,640	$0.25

Date of Issuance/Sale	Security Type	Number of Securities	Issue/Exercise Price
June 19, 2024	Finco Options	755,000	$0.25
August 29, 2024	Finco Shares	2,000,000	$0.10
August 29, 2024	Finco Shares	2,250,000	$0.35
September 3, 2024	Finco Shares	750,000	$0.35
September 3, 2024	Finco Options	400,000	$0.35
October 17, 2024	Finco Options	300,000	$0.35
October 24, 2024	Finco Shares	4,237,712	$0.35

Note:

(1) Issued in connection with the incorporation of Finco and subsequently repurchased and cancelled on April 29, 2024.

Trading Price and Volume

The table below summarizes the price ranges and trading volume of Common Shares on the CSE for each of the months stated:

Month	CSE Price Range		Total Volume
	High	Low	
December 2023	0.50	0.105	15,536
January 2024	0.50	0.27	10,791
February 2024	0.52	0.31	114,975
March 2024	0.325	0.315	2,198
April 2024	0.325	0.32	23,702
May 2024	0.32	0.255	10,527
June 2024	0.75	0.30	138,112
July 2024[(1)]	0.75	0.75	Nil
August 2024	0.75	0.75	Nil
September 2024	0.75	0.75	Nil
October 2024	0.75	0.75	Nil
November 2024	0.75	0.75	Nil
December 1 to 16, 2024	0.75	0.75	Nil

Note:

(1) The Common Shares were halted on June 19, 2024 prior to the announcement of the Transaction.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

The following table lists the holders of Resulting Issuer Shares that are held in escrow or subject to a contractual restriction on transfer, as currently contemplated.

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of Class[(1)]
Resulting Issuer Shares	63,696,854[(2)(3)(4)]	63.3%
Resulting Issuer Warrants	714,500[(5)]	4.2%
Resulting Issuer Options	2,168,675[(6)]	30.5%
Total	**67,994,866**	

Notes:

(1) Based on 100,777,289 Resulting Issuer Shares, 16,883,544 Resulting Issuer Warrants and 7,113,945 Resulting Issuer Options issued and outstanding after giving effect to the Minimum Offering.

(2) 30,962,054 Resulting Issuer Shares are subject to a contractual restriction on transfer pursuant to the terms of the Business Combination Agreement and 8,024,591 Resulting Issuer Shares of these Resulting Issuer Shares are also subject to escrow pursuant to the Cboe Escrow Agreement. See "*Transaction – Summary of the Business Combination Agreement"* and "*The Cboe Escrow Securities*".

(3) 32,734,800 Resulting Issuer Shares are subject to a contractual restriction on transfer pursuant to their terms and 1,429,000 Resulting Issuer Shares of these Resulting Issuer Shares are also subject to escrow pursuant to the Cboe Escrow Agreement. See "*The Cboe Escrow Securities*" below.

(4) 10,263,591 Resulting Issuer Shares are subject to a contractual restriction by virtue of being subject to the Lock-Up. See "*Plan of Distribution – The Offering"*.

(5) These Resulting Issuer Warrants are subject to a contractual restriction on transfer pursuant to their terms and are also subject to escrow pursuant to the Cboe Escrow Agreement. See "*The Cboe Escrow Securities*" below.

(6) These Resulting Issuer Options are subject to escrow pursuant to the Cboe Escrow Agreement. See "*The Cboe Escrow Securities*" below.

63,696,854 Resulting Issuer Shares and 714,500 Resulting Issuer Warrants are subject to the following contractual restrictions on transfer:

Number of Securities Subject to a Contractual Restriction on Transfer	Restriction on Transfer
14,913,124 Resulting Issuer Shares	Upon Listing, • 10% of the Resulting Issuer Shares will be free-trading; • 15% of the Resulting Issuer Shares will be restricted from trading for six months from the date of Listing; • 15% of the Resulting Issuer Shares will be restricted from trading for 12 months from the date of Listing; • 15% of the Resulting Issuer Shares will be restricted from trading for 18 months from the date of Listing; • 15% of the Resulting Issuer Shares will be restricted from trading for 24 months from the date of Listing; • 15% of the Resulting Issuer Shares will be restricted from trading for 30 months from the date of Listing; and

Number of Securities Subject to a Contractual Restriction on Transfer	Restriction on Transfer
	• the remaining Resulting Issuer Shares will be restricted from trading for 36 months from the date of Listing.
21,580,050 Resulting Issuer Shares	Upon Listing, • 25% of the Resulting Issuer Shares will restricted from trading for four months following the date of Listing; • 25% of the Resulting Issuer Shares will be restricted from trading for six months following the date of Listing; • 25% of the Resulting Issuer Shares will be restricted from trading for nine months following the date of Listing; and • the remaining Resulting Issuer Shares will be restricted from trading for one year following Listing.
2,690,568 Resulting Issuer Shares	50% of the Resulting Issuer Shares will be restricted from trading for four months following the date of Listing and the remaining Resulting Issuer Shares will be restricted from trading for six months following the date of Listing.
1,620,829 Resulting Issuer Shares	The Resulting Issuer Shares will be restricted from trading for four months following the date of Listing.
9,373,483 Resulting Issuer Shares	Upon Listing, • 10% of the Resulting Issuer Shares will be restricted from trading for four months from the date of Listing; . • 10% of the Resulting Issuer Shares will be restricted from trading for five months from the date of Listing; • 10% of the Resulting Issuer Shares will be restricted from trading for six months from the date of Listing; • 10% of the Resulting Issuer Shares will be restricted from trading for seven months from the date of Listing; • 10% of the Resulting Issuer Shares will be restricted from trading for eight months from the date of Listing; • 10% of the Resulting Issuer Shares will be restricted from trading for nine months from the date of Listing; • 10% of the Resulting Issuer Shares will be restricted from trading for 10 months from the date of Listing; • 10% of the Resulting Issuer Shares will be restricted from trading for 11 months from the date of Listing; • 10% of the Resulting Issuer Shares will be restricted from trading for 12 months from the date of Listing; and • the remaining Resulting Issuer Shares will be restricted from trading for 13 months from the date of Listing.
2,000,000 Resulting Issuer Shares	Upon Listing, • 20% of the Resulting Issuer Shares will restricted from

Number of Securities Subject to a Contractual Restriction on Transfer	Restriction on Transfer
	trading for six months following the date of Listing; • 20% of the Resulting Issuer Shares will be restricted from trading for nine months following the date of Listing; • 20% of the Resulting Issuer Shares will be restricted from trading for 12 months following the date of Listing; • 20% of the Resulting Issuer Shares will be restricted from trading for 15 months following the date of Listing; and • the remaining Resulting Issuer Shares will be restricted from trading for 18 months following Listing.
11,518,800 Resulting Issuer Shares 714,500 Resulting Issuer Warrants	Upon Listing, • 33% of the securities will restricted from trading for six months following the date of Listing; • 33% of the securities will be restricted from trading for nine months following the date of Listing; and • the remaining securities will be restricted from trading for one year following Listing.

Of the 63,696,854 Resulting Issuer Shares and 714,500 Resulting Issuer Warrants that are subject to contractual restrictions on transfer, 9,453,591 Resulting Issuer Shares and 714,500 Resulting Issuer Warrants are also subject to escrow pursuant to the Cboe Escrow Agreement. See "*The Cboe Escrow Securities*" below.

The Cboe Escrow Securities

The Cboe Escrow Securities are held in escrow pursuant to the Cboe Escrow Agreement. There are 9,453,591 Resulting Issuer Shares, 714,500 Resulting Issuer Warrants and 2,168,675 Resulting Issuer Options (including any Resulting Issuer Shares received upon exercise thereof) held in escrow. These are held in escrow as required by the Exchange policy on completion of the Transaction.

The Cboe Escrow Securities are to be subject to the release schedule set out in the form of escrow required by s. 2.12 of the Cboe Canada Listing Manual. 25% of the Cboe Escrow Securities are to be released upon the date of listing on the Exchange and an additional 25% are to be released every 6 months thereafter until all Cboe Escrow Securities have been released (18 months following the date of listing on the Exchange).

The Cboe Escrow Securities that are owned or controlled by the Resulting Issuer's principals, other than those principals that hold securities carrying less than 1% of the voting rights attached to the Resulting Issuer's securities, are held in escrow pursuant to the Cboe Escrow Agreement.

The Cboe Escrow Agreement provides that the Cboe Escrow Securities are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the Exchange. In the event of the bankruptcy of an escrow shareholder, provided the Exchange does not object, the Cboe Escrow Securities held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the Cboe Escrow Securities which shares will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, provided the Exchange does not object, the Cboe Escrow Securities held by the escrow shareholder will be released from escrow.

PRINCIPAL SHAREHOLDERS

To the knowledge of the Resulting Issuer's directors and senior officers, no person is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, the Common Shares carrying more than 10% of all voting rights attached to the outstanding the Common Shares.

DIRECTORS AND EXECUTIVE OFFICERS

The Board is comprised of the individuals listed in the table below. Concurrently with the closing of the Transaction, Robert Dubeau, director, President, and CEO of the Company, Christopher Cooper, CFO and director of the Company, Shannon Anderson, director of the Company, Mario Vetro, CEO of Finco, and Leonard Clough, President of Finco, resigned from their positions with the Company or Finco, as applicable.

The term of office for each director of the Resulting Issuer will expire at the earliest of their resignation, the close of the next annual meeting of shareholders of the Resulting Issuer, or on such other date as such individual may be removed in accordance with the provisions of the BCBCA. Each director will devote the amount of time as is required to fulfill his or her obligations to the Resulting Issuer.

The following table sets out the names, jurisdiction of residence of the directors and executive officers of the Resulting Issuer, as well as their respective positions with the Resulting Issuer, their principal occupation for the previous five (5) years, and the number and percentage of the Resulting Issuer Shares owned, directly or indirectly, or over which control or direction is exercised, by individual.

Name and Municipality of Residence[1]	Position to be held with the Resulting Issuer[2]	Principal Occupation for the Past Five Years[3]	Number of Resulting Issuer Shares	Percentage of class after giving effect to the Minimum Offering[4]	Percentage of class after giving effect to the Maximum Offering[5]
Peter D. Whitehead West Vancouver, British Columbia, Canada	Chief Executive Officer	Chief Executive Officer of LAI since 2016.	8,024,591[6]	7.96%	7.17%
Steven J. Semmelmayer[7] Corona Del Mar, California, U.S.	Director	Chief Executive Officer of DenMat Holdings, LLC	Nil	Nil	Nil
Emmanuel L.R. Blin Brussels, Belgium	Director	Chief Executive Officer of Tech Care For All since 2017.	Nil	Nil	Nil
Mark Attanasio[7] Toronto, Ontario, Canada	Director	Director of Hexo Corporation from February 2023 to December 2023; Director of Nocera Investment Corp. since 2017; Consultant of Atta	500,000	less than 1%	less than 1%

Name and Municipality of Residence[1]	Position to be held with the Resulting Issuer[2]	Principal Occupation for the Past Five Years[3]	Number of Resulting Issuer Shares	Percentage of class after giving effect to the Minimum Offering[4]	Percentage of class after giving effect to the Maximum Offering[5]
		Elevators Corp. since 2021.			
Hugh Cleland[7] Oakville, Ontario, Canada	Director	Chief Executive Officer of Roadmap Capital Inc. from 2013 to present; Consultant for LAI since 2024	1,429,000	1.42%	1.28%
Darren C. Tindale North Vancouver, British Columbia, Canada	Chief Financial Officer and Corporate Secretary	President and Director of Stonerock Financial Ltd. since June 2010 Chief Financial Officer and Director of Finco since December 2023	250,000	less than 1%	less than 1%
Thomas P. Scarnecchia, Manchester, Vermont, U.S.	Chief Operating Officer	Co-founder and Chief Technology Officer of Digital Aurora, Inc.	Nil	Nil	Nil

Notes:

(1) Information as to municipality of residence, principal occupation, securities beneficially owned or over which a director or officer exercises control or direction has been furnished by the respective individuals as of the date of this Prospectus.
(2) The term of office of each of the directors expires on the earlier of the Company's next annual general meeting or upon resignation. The term of office of the officers expires at the discretion of the directors.
(3) See "*Biographies*" for additional information regarding the principal occupations of the Resulting Issuer's directors and officers.
(4) Based on 100,777,289 issued and outstanding Resulting Issuer Shares after giving effect to the Minimum Offering.
(5) Based on 111,843,471 issued and outstanding Resulting Issuer Shares after giving effect to the Maximum Offering.
(6) 65,811 Common Shares are registered to SISU Venture Fund Limited, where Peter Whitehead is the principal and beneficial owner.
(7) Member of the Audit Committee.

Following completion of the Maximum Offering, assuming no exercise of the Over-Allotment Option, it is anticipated that all of the directors and officers of the Resulting Issuer, as a group, will own or control an aggregate of 10,203,591 Resulting Issuer Shares, representing approximately 9.1% of the then issued and outstanding Resulting Issuer Shares, assuming the Maximum Offering is completed.

Biographies

The following are brief descriptions of each director or executive officer of the Resulting Issuer, along with other biographical information.

Peter D. Whitehead, CEO, Age 55

Mr. Whitehead is the CEO of the Resulting Issuer. Mr. Whitehead has over 24 years of experience in healthcare innovation and is the inventor of the VELscope, a market-leading oral cancer and oral disease imaging tool. VELscope

was patented in 2000 and has been used in over 50 million oral health examinations by more than 20,000 dental practitioners in 23 countries.[31] Mr. Whitehead has held AI patents since the 1990s.

Mr. Whitehead has been the founder of multiple AI/ML companies, including Biomax Technologies, LED Medical Diagnostics Inc. and Petaluma Technologies Corp.

Mr. Whitehead has not entered into a non-competition or non-disclosure agreement with the Resulting Issuer, although Mr. Whitehead is a party to a non-competition and non-solicitation agreement with LAI (See "*Executive Compensation – LAI – Termination and Change of Control Benefits*"). Mr. Whitehead is an employee of the Resulting Issuer and intends on working substantially full time for and devoting 90% of his time to the Resulting Issuer.

Darren C. Tindale, CFO and Corporate Secretary, Age 52

Mr. Tindale is the CFO and Corporate Secretary of the Resulting Issuer. Mr. Tindale brings over 20 plus years of financial accounting and management experience. Mr. Tindale has worked for both public and private companies and most recently served as CFO for TSX Venture Exchange and CSE listed companies. Mr. Tindale continues to provide consulting services to numerous publicly listed and private companies for financial, regulatory and accounting services.

Mr. Tindale has not entered into a non-competition or non-disclosure agreement with the Resulting Issuer. Mr. Tindale is an independent contractor of the Resulting Issuer and intends on working part-time for and devoting 80% of his time to the Resulting Issuer.

Thomas P. Scarnecchia, Chief Operating Officer, Age 68

Mr. Scarnecchia is the Chief Operating Officer of the Resulting Issuer. Mr. Scarnecchia is an accomplished biopharmaceutical industry executive and technologist who has spent 30 years as a technology executive and consultant. Mr. Scarnecchia is the co-founder of Digital Aurora, Inc., an independent research and analysis firm specializing in informatics and information technologies emerging at the intersection of healthcare and life sciences. He is a former Vice President, Corporate Informatics of Millenium Pharmaceuticals, Inc. where he provided informatics leadership to successfully transition Millenium from a discovery platform company to a research-based biopharmaceutical product company. He is also a former Vice President, Office of Technology Evaluation and Chief Information Officer for Johnson & Johnson where he established a research unit to evaluate and introduce new technologies into the Johnson & Johnson Pharmaceutical Group research and development. Mr. Scarnecchia obtained a Masters of Science, Computer Science, and Bachelor of Science, Biology, from Pace University.

Mr. Scarnecchia has not entered into a non-competition or non-disclosure agreement with the Resulting Issuer. Mr. Scarnecchia is an independent contractor of the Resulting Issuer and intends on working part-time for and devoting 50% of his time to the Resulting Issuer.

Steven J. Semmelmayer, Director, Age 67

Mr. Semmelmayer serves as a Director of the Resulting Issuer. Mr. Semmelmayer is retired and is a 37 year veteran of the dental industry. Mr. Semmelmayer is the former chief executive officer of Discus Dental LLC, a privately held dentistry marketing and branding company with products sold in over 100 countries. Mr. Semmelmayer is the former Chief Executive Officer of LED Medical Diagnostics Inc. and prior thereto was president of Sybron Dental Specialties Inc., a global manufacturer of professional medical and dental products. Mr. Semmelmayer was also previously the chief executive officer of DenMat Holdings. Mr. Semmelmayer received an MBA from Pepperdine University and a Bachelor of Science degree from San Diego State University.

[31] https://velscope.com/48-increase-in-examination-revenue/

Emmanuel L.R. Blin, Director, Age 55

Emmanuel L.R. Blin is the founder and CEO of TC4A, a social impact company whose goal is to accelerate digital health in Africa and Asia as key enabler to improve health outcomes in underserved communities. Having grown up in sub-Saharan Africa, Emmanuel has a deep commitment to making our world a healthier and more equitable place. His vision is to bridge digital health innovation happening in the U.S., Asia, Europe and Africa and with the numerous unmet healthcare needs of Africa and Asia.

Emmanuel created TC4A in 2017 after 20 years of service in the pharmaceutical industry. He is former member of the Executive Committee of Bristol Myers Squibb, where he was Chief Strategy Officer and Co-Head of Commercialization, after having held a series of assignments leading country and regional operations in Europe, Asia and the Americas. He experienced the transformative power of digital during his time leading digital health strategy for BMS.

Early in his career, Emmanuel worked with Sanofi Turkey and then as a senior consultant for Gemini Consulting. He is a graduate of ESSEC Business School in Paris and has completed the General Management Program of INSEAD-CEDEP. He lives in Brussels, Belgium with his wife and four children.

Mark Attanasio, Director, Age 47

Mr. Attanasio will serve as a Director of the Resulting Issuer. Mr. Attanasio served as the Executive Vice President of Dundee Corporation (TSX: DC.A) from January 2015 to December 2018 and a Director of Hexo Corporation from February 2023 to December 2023. Mr. Attanasio earned a Certified Public Accountant certification from the Canadian Institute of Chartered Accountants and holds a Bachelor of Science from the University of British Columbia. Mr. Attanasio was previously a consultant of ATTA Elevators Corp., director of Nocera Investment Corp. and chief executive officer of Eight Capital (formerly known as Dundee Capital Markets).

Hugh Cleland, Director, Age 55

Hugh is the co-founder and CEO at Roadmap Capital, a venture capital investment platform that connects ultra-high net worth investors with opportunities to invest in disruptive technology companies. Roadmap and its investors have invested over $240M, and now have two successful exits under their belts: GEO Semiconductor was acquired by indie Semiconductor (NASDAQ: INDI) in February of 2023, and Tornado Spectral Systems was acquired by Bruker Corp (NASDAQ: BRKR) in January of 2024. Roadmap's sectors of interest include semiconductors, cybersecurity, material sciences, and medical devices. Hugh has a particular interest in healthcare AI, and sits on the Board of Perimeter Medical Imaging. Hugh is also a member of the Board of Directors of Ubilite Inc, MMB, Corsa Security, and CHAR Technologies (TSXV: YES).

Hugh was the founding portfolio manager at Northern Rivers Capital Management, where he managed the Northern Rivers Innovation Fund from May 2001 until its acquisition by BluMont Capital in February 2010. Northern Rivers Innovation Fund won the "Opportunistic Strategy Hedge Fund" award at the Canadian Investment Awards in 2006. His educational background includes a Bachelor of Arts (Honours, 1992/97) from Harvard University and a CFA designation, awarded in 2001.

Advisors

The Resulting Issuer Board has engaged Mr. Yu Zhao and Drs. Raymond Ng, David Bell and David Talan, as advisors and independent contractors of the Resulting Issuer. The following are brief descriptions of each advisor of the Resulting Issuer, along with other biographical information.

Yu Zhao, Advisor

Mr. Yu Zhao is the President of Bridging Consulting LLC, a boutique regulatory firm dedicated to providing strategic and operational consulting services to startups and medical device companies. Mr. Zhao previously served as Director and Interim Vice President of Regulatory Affairs at Medtronic from 2004 to 2020.

Raymond Ng, Advisor

Dr. Raymond Ng is the Director of the Data Science Institute at the University of British Columbia. He holds a Doctor of Philosophy and Bachelor of Science in Computer Science and is a machine learning leader.

David Bell, Advisor

Dr. David Bell is a public health and internal physician who previously coordinated malaria diagnostics at the World Health Organization. He also previously served as the Head of Program for Malaria and Acute Febrile Syndrome at the Foundation for Innovative New Diagnostics.

David Talan, Advisor

Dr. David Talan currently serves as faculty of the Department of Emergency Medicine and Department of Medicine, Division of Infectious Diseases at the University of California Los Angeles Ronald Reagan Medical Center. He is principal investigator of a Centers for Disease Control and Prevention emergency department-based national network for research of emerging infections called EMERGEncy ID NET.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of each of the Company, no existing or proposed director, chief executive officer or chief financial officer of the Company is, as at the date of this Prospectus, or was within 10 years of the date of this Prospectus, a director, chief executive officer or chief financial officer of a company (including the Company), that:

(a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Personal Bankruptcies

To the knowledge of each of the Company, no existing or proposed director or executive officer of the Company, or a shareholder anticipated to hold sufficient securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this Prospectus, or has been within 10 years before the date of this Prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(b) has, within the 10 years before the date of the Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold the assets of the director, executive officer or securityholder.

Penalties or Sanctions

To the knowledge of each of the Company, no existing or proposed director or executive officer of the Company, or a securityholder anticipated to hold sufficient securities of the Company to affect materially the control of the Company, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Members of management are, and may in future be, associated with other firms involved in a range of business activities. Consequently, there are potential inherent conflicts of interest in their acting as officers and directors of the Company. Although the officers and directors may be or are currently engaged in other business activities, the Company anticipates that the officers and directors will devote an important amount of time to the affairs of the Company.

The directors and officers of the Company are either currently or in the future may become shareholders, officers or directors of other companies, which may be formed for the purpose of engaging in business activities similar to the Company's. Accordingly, additional direct conflicts of interest may arise in the future with respect to such individuals acting on behalf of us or other entities. Moreover, additional conflicts of interest may arise with respect to opportunities which come to the attention of such individuals in the performance of their duties or otherwise. As currently proposed, the Resulting Issuer does not have a right of first refusal pertaining to opportunities that come to their attention and may relate to our business operations.

The directors and officers of the Company are subject to fiduciary obligations to act in the best interest of the Company. Conflicts, if any, will be subject to the procedures and remedies of the BCBCA or CBCA, as applicable, or other applicable corporate legislation, securities law, regulations and policies. See "*Risk Factors*".

EXECUTIVE COMPENSATION

In this section, "**NEO**" or "**named executive officer**" means each of the following individuals: (a) a chief executive officer; (b) a chief financial officer; (c) each of the three (3) most highly compensated executive officers of the relevant company, including any of its subsidiaries, or the three (3) most highly compensated individuals acting in a similar capacity, other than the chief executive officer and chief financial officer, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, for that financial year; and (d) each individual who would fall under the foregoing category (c) but for the fact that the individual was neither an executive officer of that company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

The Company

Compensation Discussion and Analysis

During financial year ended August 31, 2024, based on the definition above, the NEOs of the Company were: Robert Dubeau, President, Chief Executive Officer and Christopher R. Cooper, Chief Financial Officer and a Director. The Director who was not NEOs at August 31, 2024 was Shannon Anderson.

Director and NEO Compensation, Excluding Options and Compensation Securities

The following table of compensation, excluding options and compensation securities, provides a summary of the compensation paid by the Company to NEOs and directors of the Company who were not NEOs for the financial years ended August 31, 2024 and August 31, 2023. Options and compensation securities are disclosed under the heading "**Stock Options and Other Compensation Securities**" below.

Table of Compensation Excluding Compensation Securities							
Name and principal position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Robert Dubeau[(1)] Former Director, President, and CEO	2024	27,500	Nil	Nil	Nil	Nil	27,500
Christopher Cooper[(2)] Former Director and CFO	2024	23,500	Nil	Nil	Nil	Nil	23,500
Shannon Anderson[(3)] Former Director	2024	Nil	Nil	Nil	Nil	Nil	Nil
Mervyn Pinto[(4)] Former Director, President, CEO and CFO	2024 2023	Nil 2,000	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil 2,000
Cam Birge [(5)] Former Director	2024 2023	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Peeyush Varshney[(6)] Former Director	2024 2023	Nil Nil	Nil Nil	Nil Nil	Nil Nil	7,500 90,000	7,500 90,000
Satnam Brar[(7)] Former Director	2024 2023	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Notes:

(1) Robert Dubeau was appointed as director and CEO of the Company on September 22, 2023. He resigned as director and officer of the Company on December 13, 2024.

(2) Christopher Cooper was appointed as director of the Company on September 19, 2023 and CFO of the Company on September 22, 2023. He resigned as director and officer of the Company on December 13, 2024.

(3) Shannon Anderson was appointed as director of the Company on September 19, 2023. She resigned as director of the Company on December 13, 2024.

(4) Mervyn Pinto received the compensation through his company Comstar Global Enterprises Ltd. He resigned as director and officer of the Company on September 22, 2023.

(5) W. Campbell Birge resigned as director of the Company on February 10, 2023.

(6) Pursuant to an administrative services agreement between the Company and Varshney Capital Corp ("**VCC**") dated June 1, 2021. VCC is a B.C. private company partially owned by Peeyush Varshney. Peeyush Varshney is a director and corporate secretary of VCC. He resigned as director of the Company on September 19, 2023.

(7) Satnam Brar resigned as director of the Company on February 10, 2023.

Employment, Consulting and Management Agreements

As of the date of this Prospectus, the Company has not executed any employment or consulting agreements.

RELATED PARTY TRANSACTIONS AND BALANCES

During the years ended August 31, 2024 and 2023, the Company incurred the following transactions with related parties: amounts due to related parties of $nil (August 31, 2023 - $31,913) related to management fees due to two officers of the Company and advances made by a director and a close family member of a director of the Company,

and trade payable due to a company controlled by a close family member of a director of the Company and are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel and entities over which they have control or significant influence during the years ended August 31, 2024 and 2023 is as follows:

		2024	2023
Management Fees	$	58,500	90,000
Consulting Fees	$	439,091	2,000
Total	$	497,591	92,000

The Company entered into the following transactions with related parties during the year ended August 31, 2024:

(a) Incurred management fees of $27,500 (2023 - $nil) to the CEO of the Company.

(b) Incurred management fees of $23,500 (2023 - $nil) to a company controlled by the CFO of the Company.

(c) Incurred management fees of $7,500 (2023 - $90,000) to a company partially controlled by a former director of the Company.

(d) Incurred consulting fees of $439,091 (2023 - $nil) to Commodity Partners Inc., a shareholder of the Company, for capital market advisory services.

(e) Incurred consulting fees of $nil (2023 - $2,000) to a company controlled by the CEO of the Company and the former CEO of the Company.

(f) Incurred rent expense of $nil (2023 - $15,000) to a company controlled by a close family member of a director of the Company.

Stock Option Plan and Other Compensation Plans

10% "rolling" Share Option Plan

At the Company's annual general and special meeting on April 12, 2019, shareholders approved the adoption of the Company's new 10% "rolling" share option plan (the "**Option Plan**") which Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Option Plan is a rolling stock option plan that sets the number of Common Shares issuable thereunder at a maximum of 10% of the Common Shares issued and outstanding at the time of any grant.

A summary of the material aspects of the Option Plan is as follows:

(a) the Option Plan is administered by the Board or, if the Board so designates, a Committee of the Board appointed in accordance with the Option Plan to administer the Option Plan;

(b) the maximum number of Common Shares in respect of which Options may be outstanding under the Option Plan at any given time is equivalent to 10% of the issued and outstanding Common Shares at that time, less the number of Common Shares, if any, subject to prior Options;

(c) following termination of an optionee's employment, directorship, consulting agreement or other qualified position, the optionee's Option shall terminate upon the expiry of such period of time following termination, not to exceed 90 days (30 days if the optionee is engaged in providing investor relations services), or, in certain circumstances such longer period as may be determined by the directors, but in any event, no longer than the initial term of the Option;

(d) an Option granted under the Option Plan will terminate one year following the death of the optionee. These provisions do not have the effect of extending the term of an Option which would have expired earlier in accordance with its terms, and do not apply to any portion of an Option which had not vested at the time of death or other termination;

(e) as long as required by CSE policy, no one individual may receive options on more than 5% of the issued and outstanding Common Shares in any 12 month period, no one consultant may receive Options on more than 2% of the issued and outstanding Common Shares in any 12 month period, and Options granted to persons employed to provide investor relations services may not exceed, in the aggregate, 2% of the issued and outstanding Common Shares in any 12 month period;

(f) Options may not be granted at prices that are less than the Discounted Market Price as defined in CSE policy which, subject to certain exceptions, generally means the most recent closing price of the Common Shares on the CSE, less a discount of from 15% to 25%, depending on the trading value of the Common Shares;

(g) any amendment of the terms of an Option shall be subject to any required regulatory and shareholder approvals; and

(h) in the event of a reorganization of the Company or the amalgamation, merger or consolidation of the Common Shares, the Board shall make such appropriate provisions for the protection of the rights of the optionee as it may deem advisable.

As at August 31, 2024 financial year, no Options are outstanding under the Option Plan.

Fixed Restricted Share Unit Plan

At the Company's annual general meeting on March 1, 2018, shareholders approved the adoption of a fixed restricted share unit plan dated effective November 28, 2017 (the "**RSU Plan**"), which RSU Plan is designed to provide certain directors, officers, consultants and other key employees (an "**Eligible Person**") of the Company and its related entities with the opportunity to acquire restricted share units ("**RSUs**") of the Company. The acquisition of RSUs allows an Eligible Person to participate in the long-term success of the Company thus promoting the alignment of an Eligible Person's interests with that of the Shareholders. The Board or a committee approved by the Board will be responsible for administering the RSU Plan.

The maximum number of Common Shares under the RSU Plan is 36,799 Common Shares.

A summary of the material aspects of the RSU Plan is as follows:

(a) The Board has discretion to grant RSUs to Eligible Persons as it determines is appropriate, and can impose conditions on vesting as it sees fit in addition to the performance conditions, if any. Vesting occurs on the date set by the Board at the time of the grant or if no date is set then September 1 of the third calendar year following the date of the grant (the "**Trigger Date**"), and the date upon which the relevant performance condition or other vesting condition has been satisfied, subject to the limitations of the RSU Plan. The Board may accelerate the Trigger Date of any RSU at its election.

(b) Each award of RSUs vests on the date that is the later of the Trigger Date and the date upon which the relevant performance condition or other vesting condition set out in the award has been satisfied, subject to the requirements of the RSU Plan.

(c) RSUs and all other rights, benefits or interests in the RSU Plan are non-transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if a Eligible Person dies the legal representatives of the Eligible Person will be entitled to receive the amount of any payment otherwise payable to the Eligible Person hereunder in accordance with the provisions hereof.

(d) Generally, if an Eligible Person's employment or service is terminated, or if the Eligible Person resigns from employment with the Company, then any RSUs credited to him or her under the RSU Plan which have not vested on or before the separation date for the Eligible Person are forfeited, cancelled and terminated without payment. In the event a Eligible Person is terminated without cause, unvested RSUs will immediately vest on the date of termination. If a Eligible Person's employment or service is terminated (otherwise than without cause), or the Eligible Person enters retirement, dies, or suffers total disability, all unvested RSUs are automatically cancelled without compensation.

(e) In the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting the Common Shares, the Board will make adjustments with respect to the number of RSUs outstanding and any proportional adjustments as it, in its discretion, considers appropriate to reflect the change.

As at August 31, 2024, there were no RSUs outstanding under the RSU Plan.

Stock Options and Other Compensation Securities

Outstanding Compensation Securities

As at August 31, 2024, there are no outstanding option-based or share-based awards outstanding.

Exercise of Compensation Securities

There were no compensation securities exercised during the most recently completed financial year ended August 31, 2024.

Oversight and Description of Director and NEO Compensation

Director Compensation

The Board determines director compensation from time to time. Directors are not generally compensated in their capacities as such but the Company may, from time to time, grant to its directors incentive stock options and restricted share units to purchase common shares in the capital of the Company pursuant to the terms of the Option Plan and RSU Plan and in accordance with the CSE policies.

NEO Compensation

The Board as a whole determines executive compensation from time to time. The Company does not have a formal compensation policy. The main objectives the Company hopes to achieve through its compensation are to attract and retain executives critical to the Company's success, who will be key in helping the Company achieve its corporate objectives and increase shareholder value. The Company looks at industry standards when compensating its executive officers.

Elements of NEO Compensation Program

The responsibilities relating to executive and director compensation, including reviewing and recommending compensation of the Company's officers and employees and overseeing the Company's base compensation structure and equity-based compensation program is performed by the Board as a whole. The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The Board generally reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity and the performance of officers generally and in light of the Company's goals and objectives.

The compensation program for the senior management of the Company is designed within this context with a view that the level and form of compensation achieves certain objectives, including:

(a) attracting and retaining qualified executives;

(b) motivating the short and long-term performance of these executives; and

(c) better aligning their interests with those of the Company's shareholders.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through its Option Plan (described above) and its RSU Plan (described above). Recommendations for senior management compensation are presented to the Board for review.

Base Salary

In the Board's view, paying base salaries which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on comparable companies within the industry is compiled from a variety of sources.

Bonus Incentive Compensation

The Company's objective is to achieve certain strategic objectives and milestones. The Board considers executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the CEO. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's existing stock option plan and its restricted share unit plan. Options and RSUs are granted to executives and employees taking into account a number of factors, including the amount and term of Options and RSUs previously granted, base salary and bonuses and competitive factors. The amounts and terms of Options and RSUs granted are determined by the Compensation and Corporate Governance Committee based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasizes the provisions of stock option grants and restricted share unit awards to maintain executive motivation.

Except for the grant of incentive share options and restricted share unit awards to the NEOs and any compensation payable pursuant to an executive compensation agreement between the CEO or CFO and the Company, there are no arrangements under which NEOs were compensated by the Company during the two most recently completed financial years for their services in their capacity as NEOs, directors or consultants.

Benefits and Perquisites

The Company does not, as of the date of this Prospectus, offer any benefits or perquisites to its NEOs other than potential grants of incentive stock options and restricted share units as otherwise disclosed and discussed herein.

Risks Associated with the Company's Compensation Program

In order to identify and manage risks, the Board requires management to provide complete and accurate information with respect to the Company's activities and to provide relevant information concerning the industry in which the Company operates. The Board is responsible for monitoring the Company's officers, who in turn are responsible for the maintenance of internal controls and management information systems.

Hedging by Directors or NEOs

The Company has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors. The Company is not, however, aware of any directors of officers having entered into this type of transaction.

As of the date of this Prospectus, entitlement to grants of incentive stock options under the Company's Option Plan and restricted share unit awards under the Company's RSU Plan are the only equity security elements awarded by the Company to its executive officers and directors.

Pension Disclosure

The Company and its subsidiaries do not have any pension plan arrangements in place, nor do they have any deferred compensation plans.

LAI

Compensation Discussion and Analysis

During financial year ended December 31, 2023, based on the definition above, the sole NEO of LAI was Peter Whitehead. LAI does not have any other executive officers whose total salary and other compensation during such period exceeded $150,000.

NEO Compensation

The LAI Board as a whole determines executive compensation from time to time. LAI does not have a formal compensation policy. The main objectives LAI hopes to achieve through its compensation are to attract and retain executives critical to LAI's success, who will be key in helping LAI achieve its corporate objectives and increase shareholder value. LAI looks at industry standards when compensating its executive officers.

Elements of NEO Compensation Program

The responsibilities relating to executive and director compensation, including reviewing and recommending compensation of LAI's chief executive officer and other employees and overseeing LAI's compensation structure and equity-based compensation program is performed by the LAI Board as a whole. The LAI Board has reviewed the compensation of the chief executive officer on an ad hoc basis, taking into account compensation paid by other issuers of similar size, activity and life cycle, and the performance of officers generally and in light of LAI's goals and objectives.

LAI's compensation structure for its chief executive office currently comprises a fixed base salary, discretionary and contractual bonuses and discretionary stock option grants as described under "Termination and Change of Control Benefits" below.

Base Salary

In the LAI Board's view, paying base salaries which are competitive in the markets in which LAI operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on comparable companies within the industry is compiled from a variety of sources.

Bonus Incentive Compensation

To date, the LAI Board has not paid any discretionary bonuses.

Stock Options

The LAI Board views stock options as an important tool to align the interests of its chief executive officer with those of its shareholders. Stock option grants are based on a number of factors, including the amount and term of stock options previously granted, base salary, bonuses and competitive factors. The amounts and terms of options are determined by the Board as a whole based on recommendations put forward by the LAI chief executive officer. Due to LAI's limited financial resources, LAI emphasizes the provisions of stock option grants to maintain executive motivation.

Except for the grant of incentive share options to the LAI NEO and any compensation payable pursuant to the employment agreement between the LAI chief executive officer and LAI described below, there are no arrangements under which NEOs were compensated by LAI during the two most recently completed financial years for their services in their capacity as NEOs, directors or consultants.

Benefits and Perquisites

LAI does not, as of the date of this Prospectus, offer any benefits or perquisites to its NEOs other than potential grants of incentive stock options as otherwise disclosed and discussed herein.

Risks Associated with LAI's Compensation Program

In order to identify and manage risks, the LAI Board requires management to provide complete and accurate information with respect to LAI's activities and to provide relevant information concerning the industry in which LAI operates. The LAI Board is responsible for monitoring the LAI officers, who in turn are responsible for the maintenance of internal controls and management information systems. LAI has not implemented a claw-back policy.

NEO Compensation

The following table provides a summary of compensation paid by LAI to NEOs for the financial years ended December 31, 2023, 2022 and 2021.

Summary Compensation Table

Name and Principal Position	Year ended December 31,	Salary ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation		Pension plan ($)	All Other compensation ($)	Total compen-sation ($)
					Annual incentive plan ($)	Long-term incentive plan ($)			
Peter Whitehead *Chief Executive Officer*	2023	410,010	Nil	290,215[(1)]	Nil	Nil	Nil	Nil	700,225
	2022	325,000	Nil	Nil	Nil	Nil	Nil	Nil	325,000
	2021	325,000	Nil	Nil	Nil	Nil	Nil	Nil	325,000

Notes:

(1) During the year ended December 31, 2023, LAI granted Peter Whitehead 400,000 stock option at an exercise price of $1.40 and expiring July 1, 2028 to replace 400,000 stock options at an exercise price of US$1.66 per share which were to expire December 20, 2024. The option replacement was effected to extend the term of the previous stock options and to reflect a current exercise price of $1.40 based on the estimated value of the LAI common shares at the time of grant. LAI recorded a net incremental fair value of $219,215 for the 400,000 cancelled and replaced stock options using the Black-Scholes option pricing valuation model.

Related Party Transactions and Balances

During the years ended December 31, 2023 and 2022, LAI incurred the following transactions with related parties:

During the year ended December 31, 2023, LAI paid $336,738 in salary and accrued additional salary expense of $73,272 pursuant to an amended employment agreement (2022 - $325,000) to the chief executive officer of LAI. As at December 31, 2023, there was $73,272 owing to the chief executive officer of LAI. During the year ended December 31, 2022, LAI paid $325,000 in salary to the LAI chief executive officer.

During the year ended December 31, 2022, LAI advanced $51,353 to a shareholder and remained outstanding at December 31, 2022. This advance was non-interest bearing and had no terms of repayment. The advance was repaid in full on February 23, 2023.

During the year ended December 31, 2023, LAI granted Peter Whitehead 400,000 stock option at an exercise price of $1.40 and expiring July 1, 2028 to replace 400,000 stock options at an exercise price of US$1.66 per share which were to expire December 20, 2024. The option replacement was effected to extend the term of the previous stock options and to reflect a current exercise price of $1.40 based on the estimated value of the LAI common shares at the time of grant. LAI recorded a net incremental fair value of $219,215 for the 400,000 cancelled and replaced stock options.

During the year ended December 31, 2023, LAI granted Steven Semmelmayer 100,000 stock option at an exercise price of $1.40 and expiring July 1, 2028 to replace 100,000 stock options at an exercise price of US$1.66 per share which were to expire December 20, 2024. The option replacement was effected to extend the term of the previous stock options and to reflect a current exercise price of $1.40 based on the estimated value of the LAI common shares at the time of grant. LAI recorded a net incremental fair value of $72,554 for the 100,000 cancelled and replaced stock options.

Stock Option Plan and Other Compensation Plans

LAI does not have any formal stock option plan or other compensation plan. LAI has granted stock options to directors, employees and others as described herein.

Share-based Awards and Option-based Awards

The following table sets forth details on outstanding share-based awards and option-based awards for the LAI NEOs as at December 31, 2023:

Table on Outstanding Share-Based Awards and Option-Based Awards

	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of share-based awards not paid out or distributed ($)
Peter Whitehead	400,000	1.40	July 1, 2028	N/A	Nil	Nil	Nil

Table on Incentive Plan Awards-Value Vested or Earned During the Year

Name	Option-based awards-value vested during the year ($)	Share-based awards-value vested during the year ($)	Non-equity incentive plan compensation-value earned during the year ($)
Peter Whitehead	$219,215	Nil	Nil

Termination and Change of Control Benefits

LAI and Peter Whitehead have entered into an employment agreement and a non-competition and non-solicitation agreement in respect of Mr. Whitehead's services as CEO of LAI. Pursuant to the employment agreement, Mr. Whitehead has agreed to serve as CEO of LAI and is entitled to a base salary of US$350,000 per year less statutory withholdings. Mr. Whitehead is also entitled to a bonus and stock options at the discretion of LAI. Mr. Whitehead is further entitled to a bonus of $25,000 and a grant of 100,000 options upon LAI achieving EBITDA of $1 million, and an additional bonus of $100,000 and a grant of 250,000 options upon LAI achieving EBITDA of $2 million. In the event that Mr. Whitehead's employment is terminated without cause, Mr. Whitehead shall be entitled to a payment equal to twenty-four months base salary. If Mr. Whitehead's employment had been terminated without cause as at December 31, 2023, the amount of such payment would have been US$700,000. Pursuant to the terms of the non-competition and non-solicitation agreement, Mr. Whitehead has agreed that during the term of his employment with LAI and for a period of 12 months following termination of employment, he will not be employed by, or engaged as a consultant or contractor with, a competing business in any research, scientific or managerial capacity within the geographic territory of Canada and the United States of America. A competing business means any entity or company engaged in the development, production and/or sale of medical devices specializing in the artificial intelligence technology for the development of diagnostics for diseases that may show diagnostic information in the oral cavity. Mr. Whitehead has further agreed that during the term of his employment with LAI and for a period of 12 months following termination of employment, within the geographic territory of Canada and the United States of America, he will not solicit customers, potential customers or maturing business opportunities of LAI in order to attempt to direct any such customer, potential customer or maturing business opportunity away from LAI. Mr. Whitehead has further agreed that during the term of employment with LAI and for a period of 12 months following termination of employment not to solicit or persuade any employee of LAI to be employed by any other entity or company, or to terminate their employment relationship with LAI.

Director Compensation

The following table sets forth the summary of the compensation paid to the LAI directors for LAI's most recently completed financial year:

Directors Compensation Table

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation	Pension value ($)	All other compensation ($)	Total ($)
Steven Semmelmayer	Nil	Nil	72,554[(1)]	Nil	Nil	Nil	72,554

(1) During the year ended December 31, 2023, LAI granted Steven Semmelmayer 100,000 stock options at an exercise price of $1.40 and expiring July 1, 2028 to replace 100,000 stock options at an exercise price of US$1.66 per share which were to expire December 20, 2024. The option replacement was effected to extend the term of the previous stock options and to reflect a current exercise price of $1.40 based on the estimated value of the LAI common shares at the time of grant. LAI recorded a net incremental fair value of $72,554 for the 100,000 cancelled and replaced stock options.

The LAI Board determines director compensation from time to time. Directors are not generally compensated in their capacities as such but LAI may, from time to time, grant to its directors LAI Options to purchase LAI Shares.

Director Share-based Awards and Option-based Awards

The following table sets forth details on outstanding share-based awards and option-based awards for the LAI directors as at December 31, 2023:

Table on Outstanding Share-Based Awards and Option-Based Awards

	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of share-based awards not paid out or distributed ($)
Steven Semmelmayer	100,000	1.40	July 1, 2028	N/A	Nil	Nil	Nil

Table on Incentive Plan Awards-Value Vested or Earned During the Year

Name	Option-based awards-value vested during the year ($)	Share-based awards-value vested during the year ($)	Non-equity incentive plan compensation-value earned during the year ($)
Steven Semmelmayer	$72,554	Nil	Nil

Pension Plan Benefits

LAI does not have any pension plan arrangements in place, nor does it have any deferred compensation plans.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Prospectus none of the directors and executive officers of the Company, or associates of such persons is indebted to the Company or a subsidiary of the Company, nor has any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or a subsidiary of the Company.

AUDIT COMMITTEE

Audit Committee's Charter

The full text of the Audit Committee's charter is attached as Schedule "H" to this Prospectus.

Composition of the Audit Committee

The Audit Committee of the Resulting Issuer is comprised of the following individuals:

Member	Independence[(1)]	Financial Literacy
Steven J. Semmelmayer	Independent	Financially Literate (MBA and BBA)
Mark Attanasio[(2)]	Independent	Financially Literate (CPA)
Hugh Cleland	Not Independent	Financially Literate (CFA)

Notes:

(1) Within the meaning of NI 52-110.
(2) Chair of Audit Committee.

A description of the education and experience of each Audit Committee member that is relevant to the performance of their responsibilities as an Audit Committee member may be found above under the heading "*Directors and Executive Officers*".

The Resulting Issuer is considered a venture issuer (as defined under NI 52-110), and as such the Resulting Issuer is relying on the exemption contained in Section 6.1 of NI 52-110 that provides that the Resulting Issuer is not required to comply with Part 5 (Reporting Obligations) of NI 52-110 until January 1, 2026, assuming the Common Shares are listed on the Exchange after December 31, 2024. The Resulting Issuer intends to appoint an independent director who can be appointed to the Audit Committee within 30 days of its next annual meeting of shareholders.

Reliance on Certain Exemptions

At no time since the commencement of the most recently completed financial year of the Company or LAI has the Company or LAI relied on the exemption in sections 2.4 (*De Minimis Non-audit Services*) of NI 52-110 or an exemption from NI 52-110 in whole or in part, granted under Part 8 (*Exemptions*). It is not anticipated that the Resulting Issuer will rely on any of the above exemptions.

Audit Committee Oversight

Since the commencement of the most recently completed financial year, no recommendation of the audit committee to nominate or compensate an external auditor was not adopted by the Company or LAI.

Pre-Approval Policies and Procedures

The Audit Committees of the Company and LAI have not adopted specific policies and procedures for the engagement of non-audit services but all such services are subject to the prior approval of the Audit Committees. It is not

anticipated that the Resulting Issuer will adopt specific policies and procedures for the Audit Committee of the Resulting Issuer.

External Auditor Service Fees by Category

The aggregate audit fees incurred by the Company, LAI and Finco for the applicable financial years are set out in the table below.

	Company		LAI		Finco
Nature of Services	**Year Ended August 31, 2023**	**Year Ended August 31, 2022**	**Year Ended December 31, 2023**	**Year Ended December 31, 2022**	**For the period from December 28, 2023 to September 30, 2024**
Audit Fees[(1)]	$21,256	$16,000	$38,000	$48,500	$45,000
Audit-Related Fees[(2)]	Nil	Nil	$15,500	Nil	Nil
Tax Fees[(3)]	$2,000	$1,932	$16,305	$25,335	Nil
All Other Fees[(4)]	Nil	Nil	Nil	Nil	Nil
Total	$23,256	$17,932	$69,805	$73,835	$45,000

Notes:

(1) "Audit Fees" includes fees necessary to perform the annual audit of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" include review of the Prospectus and all other non-audit services.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the board of directors of a corporation, whose members are elected by and are accountable to the shareholders of the corporation. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognize the principles of good management. The Resulting Issuer Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision making. The Board is of the view that the Resulting Issuer's general approach to corporate governance, summarized below, is appropriate and substantially consistent with objectives reflected in the guidelines for improved corporate governance in Canada adopted by the Canadian Securities Administrators (the "**National Guidelines**").

Board of Directors

The Resulting Issuer Board is composed of four (4) directors. The chair of the Resulting Issuer Board is Steven J. Semmelmayer.

The National Guidelines suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "unrelated" directors. An "unrelated" director is a director who is independent of management and is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Resulting

Issuer, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, the National Guidelines suggest that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder.

Messrs. Steven J. Semmelmayer, Emmanuel L.R. Blin and Mark Attanasio are considered by the Resulting Issuer Board to be "unrelated" within the meaning of the National Guidelines. Mr. Hugh Cleland is considered to be a "related" director as he received more than $75,000 in compensation from LAI during the last 12 months. In assessing the National Guidelines and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors. Accordingly, the majority of the Resulting Issuer Board is comprised of directors who are independent.

The Resulting Issuer Board does not intend on holding regularly scheduled meetings at which non-independent directors and members of management are not in attendance. The Resulting Issuer Board intends on utilizing its meetings to facilitate open and candid discussion among its independent directors. Furthermore, the Resulting Issuer Board has not developed written position descriptions for neither members of the Resulting Issuer Board and the committees thereof, nor the CEO of the Resulting Issuer.

Directorships

Except as otherwise disclosed herein, none of the directors of the Resulting Issuer currently serve on boards of other reporting companies (or equivalent).

Mr. Cleland currently serves as a director of each of Perimeter Medical Imaging AI Inc. (TSX-V:PINK.V) and CHAR Technologies, Inc. (TSX-V: YES.V).

Board Mandate

The Board currently does not have a written board mandate and it is not anticipated that the Resulting Issuer Board will adopt a written mandate. The Resulting Issuer Board will work with management to delineate its role and responsibilities.

Position Descriptions

The Board currently does not have written position descriptions developed for the CEO, the chair or the chair of each board committee and it is not anticipated that the Resulting Issuer Board will adopt written position descriptions for the chair and the chair of each board committee. The Resulting Issuer Board will work with management to delineate the role and responsibilities of each such position, including that of the CEO and the chair of the Resulting Issuer Board.

Orientation and Continuing Education

The Board has not adopted formal steps to orient new board members. The Board's continuing education is typically derived from correspondence with the legal counsels of the Company and LAI to remain up to date with developments in relevant corporate and securities law matters. It is not anticipated that the Resulting Issuer Board will adopt formal steps in the 12 months following completion of the Transaction.

Ethical Business Conduct

The Board has not adopted formal guidelines to encourage and promote a culture of ethical business conduct but does promote ethical business conduct by nominating board members it considers ethical, by avoiding or minimizing conflicts of interest and by having a sufficient number of its board members independent of corporate matters. It is not anticipated that the Resulting Issuer Board will adopt formal guidelines in the 12 months following completion of the Transaction.

Nomination of Directors

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the nomination members, including both formal and informal discussions among nomination members. It is not anticipated that the nomination committee of the Resulting Issuer will adopt a formal process to determine new nominees in the 12 months following completion of the Transaction. However, nominees to the Board is approved by a majority of the independent directors of the Board.

Compensation

The independent directors of the Board will decide on the compensation for officers and directors, based on industry standards and the Resulting Issuer's financial situation. It is anticipated that the independent directors of the Resulting Issuer Board will decide the compensation for officers and directors in the 12 months.

Other Board Committees

The Board has no committees other than the audit committee. It is not anticipated that the Resulting Issuer Board will establish any committee other than its audit committee and project evaluation committee in the 12 months following completion of the Transaction.

Assessments

The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director is informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board. It is not anticipated that the Resulting Issuer Board will perform formal assessments of its members in the 12 months following completion of the Transaction.

Director Term Limits and Other Mechanisms of Board Renewal

The Board has not adopted director term limits, retirement policies or other automatic mechanisms of board renewal and it is not expected that the Resulting Issuer Board will adopt such limits. It is expected that the Resulting Issuer Board will review and evaluate its performance as a whole, as well as the performance of each individual director while taking into account, among other things, applicable position description(s) as well as the competencies and skills of each individual director.

Diversity Disclosure

The Board has not developed a written diversity policy and it is not expected that the Resulting Issuer Board will adopt such a policy. In the future, however, as the Resulting Issuer's business expands, it is anticipated that the Resulting Issuer Board will consider whether it should adopt specific policies and practices regarding the representation of members of designated groups on the Resulting Issuer Board and in executive positions.

The Board has not adopted a specific target regarding the representation of women on the Board or in executive officer positions and it is not expected that the Resulting Issuer Board will adopt such targets. However, it is anticipated that it will be an objective of the Resulting Issuer Board that diversity be considered in determining the optimal composition of the Resulting Issuer Board. Gender diversity is an important factor that is taken into account in identifying and selecting Resulting Issuer Board members. The Company believes that diversity is important to ensure that directors provide a wide range of perspectives, experience and expertise required to achieve effective stewardship of the Resulting Issuer and it is anticipated that the Resulting Issuer Board will take the necessary steps to ensure the foregoing is achieved.

Currently, none of the directors of the Resulting Issuer Board are women. At this early stage of the Resulting Issuer's development, it is not anticipated that the Resulting Issuer will adopt a target regarding the number of women on the Resulting Issuer Board.

PLAN OF DISTRIBUTION

The Offering

The Company has engaged the Agents pursuant to the Agency Agreement to offer for sale to the public on a "best efforts" agency basis without underwriter liability, 18,181,818 Units in the case of the Minimum Offering and up to 29,248,000 Units in the case of the Maximum Offering at the Offering Price, for aggregate gross proceeds of $10,000,000 in the case of the Minimum Offering and up to $16,086,400 in the case of the Maximum Offering, payable in cash to the Company against delivery of the Units and subject to the terms and conditions of the Agency Agreement. The Offering Price and certain other terms of the Offering have been determined by arm's length negotiation between the Company and the Lead Agent with reference to the prevailing market price of the Common Shares. The obligations of the Agents under the Agency Agreement are subject to certain closing conditions and may be terminated at their discretion on the basis of "material change out", "disaster out", "regulatory out", "market out", "due diligence out" and "breach out" provisions in the Agency Agreement and may also be terminated upon the occurrence of certain other stated events. The Agents are not obligated to purchase any Units under the Agency Agreement.

Each Unit will consist of one Unit Share and one-half of one Warrant. The Warrants will be created and issued pursuant to the terms of the Warrant Indenture. Each Warrant will be exercisable at $0.80 per Warrant Share, subject to adjustment in certain circumstances, at any time prior to 5:00 p.m. on the Expiry Date. The Warrant Indenture will contain provisions designed to protect the holders of Warrants against dilution upon the occurrence of certain events. No fractional Common Shares will be issued upon the exercise of any Warrants. See "*Description of Securities Being Distributed*".

The Company has granted the Agents the Over-Allotment Option, exercisable in whole or in part, at any time and from time to time, in the sole discretion of the Agents, for a period of 30 days after and including the Closing Date, to sell up to an additional amount of Units equal to 15% of the Units sold pursuant to the Offering, being 4,387,200 Over-Allotment Units, at the Offering Price, to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option shall be exercisable for any number of Over-Allotment Units, Over-Allotment Shares, Over-Allotment Warrants, or any combination thereof at a price equal to the Offering Price for a Unit and a price to be agreed upon for the Over-Allotment Shares and Over-Allotment Warrants.

The grant of the Over-Allotment Option and any Units or Broker Warrants issued upon exercise of the Over-Allotment Option are qualified for distribution under this Prospectus. A purchaser who acquires securities forming part of the Agents' over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Assuming the Maximum Offering, and if the Over-Allotment Option is exercised in full, assuming no President's List purchasers, the total price to the public, the Agents' Fee and the net proceeds to the Company (before payment of the expenses of the Offering) will be approximately $18,499,360, $1,294,955 and $17,204,404, respectively. Any exercise of the Over-Allotment Option is not expected to materially affect the price of the securities.

In consideration for the services rendered by the Agents in connection with the Offering, the Agents will receive the Agents' Fee equal to 7% of the gross proceeds of the Offering (including in respect of any exercise of the Over-Allotment Option, if any). The Agents' Fee shall be payable in cash. In addition to the Agents' Fee, the Company will: (i) pay to the Lead Agent the Corporate Finance Fee; and (ii) issue that number of Broker Warrants that is equal to 7% of the aggregate number of Units issued under the Offering (including any Over-Allotment Units issued upon

exercise of the Over-Allotment Option, if any). The Company shall provide a President's List that may subscribe in the Offering. Provided the Agents deliver subscribers for the Minimum Offering, the President's List shall include subscriptions for up to a maximum of 5,454,545 Units for gross proceeds of up to $3,000,000. The Agents' Fee will be reduced to 3.5% in respect of sales to purchasers on the President's List and the number of Broker Warrants issuable in respect of sales of Units to purchasers on the President's List will be reduced to 3.5%.

This Prospectus qualifies the issuance of the Units (including in respect of any Units issuable in respect of any exercise of the Over-Allotment Option). This Prospectus also qualifies the issuance of the Broker Warrants.

Pursuant to the Agency Agreement, the Agents may offer the Units to the public pursuant to the securities legislation of each of the provinces and territories of Canada, other than Québec. The Agents may also offer the Units for sale to, or for the account or benefit of, persons in the United States and U.S. persons by or through one or more U.S. Placement Agents, under certain exemptions from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

The Offering is not underwritten or guaranteed by any person. Subscription for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Subscription proceeds will be received by the Agents, or by any other securities dealer authorized by the Agents, and will be held by the Agents in trust until subscriptions for the Minimum Offering are received and other closing conditions of the Offering have been satisfied. In the event subscriptions received do not amount to the Minimum Offering prior to Closing Date, all subscriptions will be rejected and subscription monies will be returned to subscribers without interest or deduction. It is expected that the closing of the Offering will occur on or about December 23, 2024, or on such later date as the Company and the Lead Agent may agree upon, but in any event not later than the date that is 90 days after the date on which the Company receives a final receipt for this Prospectus. The distribution of the Units will not continue for a period of more than 90 days after the date on which the Company receives a final receipt for this Prospectus, unless an amendment to this Prospectus is filed and a receipt obtained therefor by the Company in accordance with applicable securities laws; provided that the total period of distribution under the Offering will in any event not exceed 180 days from the date of the final receipt for this Prospectus.

Subject to certain limited exceptions, it is anticipated that the Units Shares and Warrants will be deposited electronically with CDS or its nominees on the Closing Date. Transfers of ownership of the Units Shares or Warrant Shares deposited with CDS will be effected through records maintained by CDS Participants, which include securities brokers and dealers, banks and trust companies. Indirect access to the CDS book-based system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly. Subject to certain limited exceptions, purchasers of Units will receive only a customer confirmation of Unit Shares and Warrants from the CDS Participant from or through which such Units are purchased in accordance with the practices and procedures of such CDS Participant. No certificates representing the Units, Unit Shares, Warrants or Warrant Shares will be issued unless it is specifically requested or required. Notwithstanding the foregoing, Unit Shares and Warrants issued to, or for the account or benefit of, persons in the United States or U.S. Persons that are U.S. Accredited Investors (that are not Qualified Institutional Buyers) shall be issued in the form of definitive certificates or DRS statements representing such securities.

Pursuant to the terms of the Agency Agreement, the Company shall reimburse the Agents for certain expenses incurred in connection with the Offering and to indemnify the Agents and their directors, officers, employees, and agents against certain liabilities and expenses and to contribute to payments the Agents may be required to make in respect thereof.

The Company has agreed that as a condition of closing of the Offering that each executive officer and each director of LAI and the Resulting Issuer will enter into a lock-up agreement with the Lead Agent, pursuant to which each executive officer or director shall not, directly or indirectly, offer, sell, contract to sell, lend, swap or enter into any

agreement to transfer the economic consequences of, or otherwise dispose of (or announce any of the foregoing) any securities of the Resulting Issuer held by each of them, in each case, for a period of 120 days after the Closing Date, without the prior written consent of the Lead Agent, such consent not to be unreasonably withheld or delayed (the "**Lock-Up**"). The Company will undertake commercially reasonable efforts to cause the Principal Securityholders (as defined herein, and together with the executive officers and board of directors of LAI and the Resulting Issuer, the "**Locked-Up Shareholders**") to be subject to the Lock-Up. Notwithstanding the foregoing, nothing shall prevent any of the Locked-Up Shareholders from transferring securities of the Resulting Issuer in the event of a takeover bid, arrangement or similar transaction involving the acquisition of the Company. "**Principal Securityholders**" refers to all securityholders of the LAI and the Resulting Issuer that own, upon closing of the Transaction, securities representing 10% or more of the outstanding equity of LAI or the Resulting Issuer, as applicable, after giving effect to the exercise of convertible securities owned or controlled by them that are exercisable within 60 days.

The Company has agreed in favour of the Agents, that until the date which is 120 days after the Closing Date, not to, without the written consent of the Lead Agent (on behalf of the Agents), such consent not be unreasonably withheld or delayed, issue, agree to issue or announce an intention to issue any additional Common Shares or any securities convertible into or exchangeable for Common Shares, other than in connection with (i) the exchange, transfer, conversion or exercise rights of existing outstanding securities; (ii) the issuance of options, restricted share units, deferred share units and other similar issuances pursuant to equity incentive plans of the Company and other stock-based compensation arrangements (provided that in call cases the exercise price of the stock options or the deemed price of Common Shares issued pursuant to such equity incentive plans or stock-based compensation arrangements is equal to or greater than the Offering Price); (iii) existing commitments to issue securities; (iv) an arm's length acquisition (including to acquire assets or intellectual property rights and the Transaction); or (v) the Offering, including any exercise of the Over-Allotment Option.

Other than in each of the provinces and territories of Canada, other than Québec, no action has been taken by the Company or the Agents that would permit a public offering of the Units offered by this Prospectus in any jurisdiction where action for that purpose is required. The Units offered by this Prospectus may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisements in connection with the offer and sale of any Units be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this Prospectus comes are advised to inform themselves about and to observe any restrictions relating to the Offering and the distribution of this Prospectus. The U.S. Placement Agents that may be appointed by the Agents will not be registered as dealers in any Canadian jurisdiction and, accordingly, they will not, directly or indirectly, solicit offers to purchase or sell the Units in Canada.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Agents may not, at any time during the period ending on the date the selling period for the Units ends, bid for or purchase Common Shares. The foregoing restrictions are subject to certain exceptions including: (i) a bid for or purchase of Common Shares permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Canadian Investment Regulatory Organization relating to market stabilization and passive market making activities; (ii) a bid or purchase made for or on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Agents during the period of distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities; and (iii) a bid or purchase to cover a short position entered into prior to the commencement of the prescribed restricted period. Consistent with these requirements, and in connection with the Offering, the Agents may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Agents at any time. The Agents may carry out these transactions on the Exchange, in the over-the- counter market or otherwise.

The Company has applied to list the Unit Shares, the Warrant Shares, and the Broker Warrant Shares to be distributed under this Prospectus on the Exchange. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any Units offered by this Prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

United States Sales

The Units, the Unit Shares and the Warrants, and the Warrant Shares issuable upon exercise of the Warrants, have not been and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and, accordingly, may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, any person in the United States or any U.S. Person except in accordance with the Agency Agreement and pursuant to exemptions from registration under the U.S. Securities Act and applicable U.S. state securities laws. The Agents have agreed that they will not offer or sell the Units to, or for the account or benefit of, persons in the United States or U.S. Persons, except that offers of Units may be made to, or for the account or benefit of, persons in the United States or U.S. Persons by or through one or more U.S. Placement Agents. The Agency Agreement will provide that the Units may be offered to, or for the account or benefit of, persons in the United States or U.S. Persons that are (i) U.S. Accredited Investors and/or (ii) Qualified Institutional Buyers that are also U.S. Accredited Investors, in each case for sale directly by the Company pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 506(b) of Regulation D Act and similar exemptions under applicable U.S. state securities laws. The Agency Agreement will also provide that the Agents will offer and sell the Units outside the United States to non-U.S. Persons in accordance with Rule 903 of Regulation S. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units, the Unit Shares or the Warrants within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer or sale is made pursuant to an exemption from registration under the U.S. Securities Act.

The Warrants will not be exercisable by, or for the account or benefit of, a person in the United States or a U.S. Person, nor will certificates or DRS statements representing the Warrant Shares issuable upon exercise of the Warrants be registered or delivered to an address in the United States, unless an exemption from the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws is available and the Company has received an opinion of counsel of recognized standing or such other evidence in form and substance reasonably satisfactory to the Company to such effect; provided, however, that a holder who purchased Units pursuant to the Offering and continues to qualify as a U.S. Accredited Investor at the time of exercise of the Warrants, and provides written certification to such effect, will not be required to deliver an opinion of counsel or such other evidence in connection with the exercise of Warrants that are a part of those Units.

The Unit Shares, the Warrants and the Warrant Shares issuable upon exercise of the Warrants issued to, or for the account or benefit of, persons in the United States or U.S. Persons will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act. Securities that are offered, sold or issued to, or for the account or benefit of, persons in the United States or U.S. Persons that are U.S. Accredited Investors (but not Qualified Institutional Buyers) will be represented by definitive certificates or DRS statements imprinted with a legend to the effect that such securities are not registered under the U.S. Securities Act or any applicable U.S. state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws.

RISK FACTORS

Investing in our securities is speculative and involves a high degree of risk due to the nature of our business and the present stage of its development. The following risk factors, as well as risks currently unknown to us, could materially and adversely affect our future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to the Company, or its business, operations, or financial condition, each of which could cause purchasers of our securities to lose part or all of their investment. The risks set out below are not the only risks we face; risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, results of operations and prospects. You should also refer to the other information set forth or incorporated by reference in this Prospectus or any applicable prospectus supplement. **A prospective investor should carefully consider the risk factors set out below along with the other matters set out or incorporated by reference in this Prospectus.**

Risks Related to the Transaction and the Offering

Ability to Achieve the Desired Synergies and Benefits of the Transaction

The Transaction was completed with the expectation that it will result in an increase in sustained profitability, cost savings and enhanced growth opportunities for the Resulting Issuer. These anticipated benefits will depend in part on whether the Resulting Issuer's operations can be streamlined in an efficient and effective manner and the Resulting Issuer's ability to implement its strategies and meet its strategic goals. The extent to which efficiencies are realized and the timing of such cannot be assured. The Resulting Issuer may be unable to successfully realize the anticipated benefits of the Transaction.

Potential undisclosed liabilities associated with the Transaction

In connection with the Transaction, there may be liabilities that the Company failed to discover or were unable to quantify in its due diligence which was conducted prior to the execution of the Business Combination Agreement and the Company may not be indemnified for some or all of these liabilities.

Completion of the Offering is subject to conditions

The completion of the Offering remains subject to satisfaction of a number of conditions, including approval of the Offering by the Exchange. There can be no certainty that the Offering will be completed. If the Offering is not completed, the Company may not be able to complete the Listing or to raise the funds required for the purposes under "*Use of Proceeds*" from other sources on commercially reasonable terms, or at all.

Warrants are speculative in nature and may not have any value

The Warrants do not confer any rights of Common Share ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire Common Shares at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the Warrants may exercise their right to acquire Common Shares by payment of the exercise price, subject to certain adjustments at any time prior to 5:00 p.m. (Vancouver time) on the Expiry Date, after which date any unexercised Warrants will expire and have no further value. Moreover, following the completion of the Offering, the market value of the Warrants, if any, is uncertain and there can be no assurance that the market value of the Warrants will equal or exceed their imputed offering price.

Loss of entire investment

An investment in the Units is speculative and may result in the loss of an investor's entire investment. Only investors who are experienced in high-risk investments and who can afford to lose their entire investment should consider an investment in the Resulting Issuer.

No current market for the Warrants

The Company has not applied and does not intend to apply to list the Warrants on any securities exchange. There will be no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased in the Offering. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

Sale of Common Shares issued upon exercise of the Warrants could encourage short sales by third-parties which could further depress the price of the Common Shares

Any downward pressure on the price of Common Shares caused by the sale of Warrant Shares issued upon the exercise of the Warrants could encourage short sales by third-parties. In a short sale, a prospective seller borrows Common Shares from a shareholder or broker and sells the borrowed Common Shares. The prospective seller anticipates that the Common Share price will decline, at which time the seller can purchase Common Shares at a lower price for delivery back to the lender. The seller profits when the Common Share price declines because it is purchasing Common Shares at a price lower than the sale price of the borrowed Common Shares. Such sales could place downward pressure on the price of the Common Shares by increasing the number of Common Shares being sold, which could further contribute to any decline in the market price of the Common Shares.

Market Price of Common Shares and Volatility

Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Factors unrelated to the Resulting Issuer's performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Resulting Issuer's business may be limited if investment banks with research capabilities do not follow the Resulting Issuer; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of the Resulting Issuer's public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares to be delisted from the Exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Resulting Issuer may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

The market price of the Common Shares is affected by many other variables which are not directly related to the Resulting Issuer's success and are, therefore, not within its control. These include other developments that affect the breadth of the public market for the Common Shares, the release or expiration of lock-up, escrow or other transfer restrictions on the Common Shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares is expected to make the Common Share price volatile in the future, which may result in losses to investors.

No Dividends

The Company has never paid any cash or stock dividends and it does not intend to pay any dividends for the foreseeable future. To the extent that the Resulting Issuer require additional funding currently not provided for in its financing plan, its funding sources may prohibit the payment of any dividends. Because the Company does not intend to declare dividends, any gain on your investment will need to result from an appreciation in the price of the Common Shares. There will therefore be fewer ways in which you are able to make a gain on your investment.

Risks Relating to the Business of the Resulting Issuer

Limited Operating History

LAI has a limited history of operations and is considered a start-up company. As such, the Resulting Issuer is subject to many risks common to such enterprises, including the negotiation and execution of contracts necessary to support the Resulting Issuer's business plan (including definitive agreements in relation to the Term Sheet), under-capitalization, cash shortages, larger and well-capitalized competitors, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of the Resulting Issuer's success must be considered in light of its early stage of operations.

Investment in the Resulting Issuer carries a high degree of risk and should be considered as a speculative investment. The Resulting Issuer is a clinical stage medical device company with a limited operating history, specializing in software as a medical device. LAI was founded in 2015. As a result of its limited operating history, its ability to forecast future results of operations is limited and subject to a number of uncertainties, including inability to plan for future growth. LAI has encountered and the Resulting Issuer will encounter risks and uncertainties frequently experienced by growing companies in life sciences industries, such as risks and uncertainties related to:

- FDA and CE regulatory approval;
- market acceptance of its platform and products;
- reliability and scalability of its platform and products;
- success of its artificial intelligence initiative;
- results of clinical research programs;
- obtaining reimbursement authorization from government and other healthcare payors;
- adding channel partners and customers and entering new vertical markets;
- the successful expansion of its business beyond automatic diagnosis of GAS;
- competition from incumbents and other disruptive technologies;
- its ability to control costs, particularly product development, manufacturing and sales and marketing expenses; and
- general economic and political conditions.

If the Resulting Issuer does not address these risks successfully, its business, results of operations, cash flows, financial condition and financing plans may be adversely affected.

The Resulting Issuer's actual financial position and results of operations may differ materially from the expectations of the Resulting Issuer's management.

The Resulting Issuer's actual financial position and results of operations may differ materially from management's expectations. Given LAI's early stage, the Resulting Issuer's net income and cash flow may differ materially from the projected revenue, net income and cash flow. The process for estimating the Resulting Issuer's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Resulting Issuer's financial condition or results of operations.

Management's experience in managing a publicly-traded company

Management has operated the business of LAI as a privately owned company. The individuals comprised of the Resulting Issuer's senior management team have limited experience in managing a publicly traded entity. The Resulting Issuer will be required to develop control systems and procedures required to operate as a public company, and these systems and procedures could place a significant strain on the Resulting Issuer's management systems, infrastructure and other resources. The Resulting Issuer can provide no assurances that management's past experience will be sufficient to enable the Company to successfully operate as a public company. Although the Resulting Issuer has established an experienced management team and Board and engaged a number of professional service providers to assist the Resulting Issuer with complying with its continuous disclosure, filing, and other requirements applicable to public entities, if management of the Resulting Issuer is unable to satisfactorily manage the Resulting Issuer as a public entity and ensure that it remains in compliance with all continuous disclosure and other requirements applicable to public entities, there could occur a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

LAI has a history of losses and the Resulting Issuer will continue to incur significant expenses and may be unable to generate revenues

LAI recorded net losses and comprehensive losses of $2.1 million and $0.9 million for the fiscal years ended December 31, 2023 and December 31, 2022, respectively. As of December 31, 2023, LAI had an accumulated deficit of approximately $14.4 million. LAI has not received 510(k) approval from the FDA for Light.AI$^{(SCAN)}$ and none of its products have been approved for commercial sale by any regulatory authority. LAI has not generated any revenue from product sales to date nor does it have any firm orders from customers. The Resulting Issuer will continue to incur significant research and development and other expenses related to ongoing operations, which expenses are expected to continue even after products are available for commercial sales.

The Resulting Issuer may be unable to generate revenues or establish a subscription-based revenue model

The Resulting Issuer's business plan assumes that it will successfully receive orders and generate revenues. In order for the Resulting Issuer to generate substantial revenues and establish its products, it must achieve the milestones under its business plan and secure orders from potential customers. LAI is currently in the early stages of developing its business, and the Resulting Issuer may not be able to succeed with respect to these efforts.

Many factors may adversely affect the Resulting Issuer's ability to establish a viable and profitable business, including, but not limited to:

- Failure to negotiate, execute or perform the definitive agreements contemplated by the Term Sheet;
- Failure to articulate or effectively educate the market of the perceived benefits of LAI's artificial intelligence solution, or failure to persuade reimbursement authorities or customers that such benefits justify the additional cost over incumbent or other solutions or technologies;
- Reluctance on the part of healthcare providers and patients to adopt AI-based diagnostic solutions, especially in regions where traditional diagnostic methods like throat swabs and RADTs are deeply entrenched;
- Failure to develop and offer solutions that satisfy customers' needs;
- Introduction of competitive offerings by other companies, including many that are larger, better financed and more well-known than the Resulting Issuer;
- Inability to fulfill existing agreements or enter into satisfactory agreements relating to the integration of its platform with products of other companies to pursue particular vertical markets, or the failure of such relationships to achieve their anticipated benefits;
- Failure to provide adequate channel partners and customer support;
- Long sales cycles for customers in the healthcare markets; and
- Failure to generate broad customer acceptance of or interest in its artificial intelligence solutions.

If the Resulting Issuer fails to generate revenues and develop a successful business, its business, results of operations and financial condition will suffer, and you may lose all or part of your investment in the Resulting Issuer.

The report of LAI's independent auditor on its 2023 and 2022 audited consolidated financial statements contains an explanatory paragraph regarding its ability to continue as a going concern

LAI is currently pre-revenue and therefore its ability to continue as a going concern is dependent upon its ability to continue to obtain borrowings from third parties or raise capital, sufficient to meet current and future obligations and to complete development of its product. There can be no assurance that the Resulting Issuer will receive sufficient additional financing to complete the product, or that the produce will be commercial successful. LAI's auditor included an explanatory paragraph on its report on the audited consolidated financial statements for 2023 and 2022 noting that these conditions may cast significant doubt upon LAI's ability to continue as a going concern. Substantial doubt about the Resulting Issuer's ability to continue as a going concern may materially and adversely affect the price per share of the Resulting Issuer shares and make it more difficult for the Resulting Issuer to obtain financing. If the Resulting Issuer is unable to obtain sufficient capital, its business, financial condition, and results of operations will be materially and adversely affected, and it will need to obtain alternative financing or significantly modify its operational plans to continue as a going concern. Further, given the Resulting Issuer's planned expenditures for the next several years, its auditors are likely to conclude, in connection with the preparation of its financial statements for 2024 or any subsequent period that there continues to be substantial doubt regarding the Resulting Issuer's ability to continue as a going concern. LAI has prepared and the Resulting Issuer intends to prepare its financial statements on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. LAI's financial statements do not, and the Resulting Issuer does not plan to include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might be necessary should the Resulting Issuer be unable to continue in existence.

The Resulting Issuer expects to require additional capital to support its business, and this capital might not be available on acceptable terms, if at all

The Resulting Issuer intends to continue to make investments to support its business and will likely require additional funds. In particular, the Resulting Issuer expects to seek additional funds to develop new products and cover the cost of the clinical trials in respect of those products, enhance its platform and expand its operations, including its sales and marketing organizations. Accordingly, the Resulting Issuer expects to engage in equity and/or debt financings to secure additional funds. If the Resulting Issuer raises additional funds through future issuances of equity or convertible debt securities, you could suffer significant dilution, and any new equity securities the Resulting Issuer issues could have rights, preferences and privileges superior to those of holders of the Resulting Issuer Shares. Any debt financing that the Resulting Issuer may secure in the future could involve debt service obligations and restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for it to obtain additional capital and to pursue business opportunities, and it may be obligated to issue equity securities to the providers of that financing. The Resulting Issuer may not be able to obtain additional financing on terms favorable to it, if at all. If the Resulting Issuer is unable to obtain adequate financing or financing on terms satisfactory to it when required, the Resulting Issuer's ability to continue to support its business growth, scale its infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and its business, results of operations and financial condition may be significantly adversely affected.

The Resulting Issuer may never achieve profitability

Because of the numerous risks and uncertainties associated with disruptive artificial intelligence technology, the Resulting Issuer is unable to accurately predict the timing or amount of future revenue or expenses or when, or if, it will be able to achieve profitability. LAI has financed its operations primarily through convertible loans and the issuance and sale of equity. The size of the Resulting Issuer's future net losses will depend, in part, on the rate of growth or contraction of its expenses and the level and rate of growth, if any, of its revenues. The Resulting Issuer expects to continue to expend substantial financial and other resources on, among other things:

- investments to expand and enhance its platform and technology infrastructure, make improvements to the scalability, availability and security of its platform, and develop new products;
- acquiring additional data to be used as training data for its platform and enriching that data through a verification process;

- sales and marketing, including expanding its indirect sales organization and marketing programs, and expanding our programs directed at increasing its brand awareness among current and new customers;
- planning and conducting clinical trials to obtain regulatory and reimbursement approval for the commercialization of its products;
- expansion of the Resulting Issuer's operations and infrastructure, both domestically and internationally; and
- general administration, including legal, accounting and other public company expenses.

If the Resulting Issuer is unable to successfully commercialize its products or if revenue from any products that receive marketing approval is insufficient, the Resulting Issuer will not achieve profitability. Furthermore, even if the Resulting Issuer successfully commercializes its products, its planned investments may not result in increased revenue or growth of its business. The Resulting Issuer may not be able to generate net revenues sufficient to offset its expected cost increases and planned investments in its business and platform. As a result, the Resulting Issuer may incur significant losses for the foreseeable future, and may not be able to achieve and sustain profitability. If the Resulting Issuer fails to achieve and sustain profitability, then it may not be able to achieve its business plan, fund its business or continue as a going concern.

The Resulting Issuer will depend on its senior management team and other key employees, and the loss of one or more key employees could adversely affect its business

The Resulting Issuer's success depends largely upon the continued services of its executive officers and directors. The Resulting Issuer will rely on its leadership team and other mission-critical individuals in the areas of research and development, technology development and support, marketing, sales, services and general and administrative functions. From time to time, the Resulting Issuer may need to identify and retain additional skilled management and personnel to efficiently operate its business. The number of persons skilled in the healthcare technology sector is limited and as new entrants enter this business, competition for such persons may intensify. Recruiting and retaining qualified personnel is critical to the Resulting Issuer's success and there can be no assurance of such recruitment and retention. If the Resulting Issuer is not successful in attracting and training qualified personnel, the Resulting Issuer's ability to execute its business model and growth strategy could be affected, which could have a material adverse impact on its profitability, results of operations and financial condition. If the Resulting Issuer is not successful in attracting and training qualified personnel, the Resulting Issuer's ability to execute its business model and growth strategy could be affected, which could have a material adverse impact on its profitability, results of operations and financial condition. The loss of one or more of the Resulting Issuer's executive officers or key employees, could have a material adverse effect on its business. Also, the Resulting Issuer will not have any key person life insurance policies on officers and directors.

The Resulting Issuer's ability to attract, train and retain qualified employees is crucial to its results of operations and any future growth

To execute the Resulting Issuer's growth plan, it must attract and retain highly qualified personnel. Competition for these individuals is intense, especially for scientists and engineers with high levels of experience, senior sales executives and professional services personnel with appropriate financial reporting experience. The Resulting Issuer expects to experience difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which the Resulting Issuer competes for experienced personnel have greater resources than it has. If the Resulting Issuer hires employees from competitors or other companies, their former employers may attempt to assert that these employees have breached their legal obligations or that the Resulting Issuer has induced such breaches, resulting in a diversion of time and resources. If the Resulting Issuer fails to attract new personnel or fails to retain and motivate its current personnel, its business and future growth prospects could be adversely affected.

The Resulting Issuer's quarterly results may fluctuate significantly and period-to-period comparisons of its results may not be meaningful

The Resulting Issuer's quarterly results, including the levels of future revenue, if any, its operating expenses and other costs, and its operating margins, may fluctuate significantly in the future, and period-to period comparisons of its results may not be meaningful. This may be especially true to the extent that the Resulting Issuer does not successfully

establish a backlog of orders for its products. Accordingly, the results of any one period should not be relied upon as an indication of the Resulting Issuer's future performance. In addition, the Resulting Issuer's quarterly results may not fully reflect the underlying performance of its business. Factors that may cause fluctuations in the Resulting Issuer's quarterly results include, but are not limited to:

- the timing of regulatory approvals for its products;
- its ability to successfully establish its business model;
- its ability to attract and retain its channel partners, customers and to expand its business;
- enacted or pending legislation and reimbursement rates effecting the healthcare industry;
- results of its clinical research efforts and positions of key opinion leaders;
- changes in its pricing policies or those of its competitors;
- the impact of the relatively long sales cycle that is typical of customers in the Resulting Issuer's industry, which are large hospitals and healthcare delivery organizations;
- the timing of the Resulting Issuer's recognition of revenue and the mix of revenues during the period;
- the amount and timing of operating expenses and other costs related to the maintenance and expansion of its business, infrastructure and operations;
- the amount and timing of operating expenses and other costs related to the development or acquisition of businesses, services, technologies or intellectual property rights;
- the timing and impact of security breaches, service outages or other performance problems with its technology infrastructure and software solutions;
- the timing and costs associated with legal or regulatory actions;
- changes in the competitive dynamics of its industry, including consolidation among competitors, channel partners or customers;
- loss of executive officers or other key employees;
- industry conditions and trends that are specific to the vertical markets in which the Resulting Issuer intends to sell its solutions;
- disruptions of or interference with its channel partners' services; and
- general economic and market conditions.

Fluctuations in quarterly results may negatively impact the value of the Resulting Issuer shares, regardless of whether they impact or reflect the overall performance of its business.

Currency exchange rate fluctuations affect the Resulting Issuer's results of operations, as reported in its financial statements

Some of the Resulting Issuer's future revenues will be transacted in foreign currencies, such as U.S. dollars. However, substantially all of the research and development expenses of the Resulting Issuer's Canadian operations, as well as a portion of the cost of revenues, selling and marketing, and general and administrative expenses of its Canadian operations, are (or will be, as appropriate) incurred in Canadian dollars. As a result, the Resulting Issuer will be exposed to exchange rate risks that may adversely affect its financial results. If the Canadian dollar appreciates against the U.S. dollar or if the value of the Canadian dollar declines against the U.S. dollar or other foreign currencies at a time when the rate of inflation in the cost of Canadian goods and services exceeds the rate of decline in the relative value of the Canadian dollar, then the U.S. dollar or other foreign currency costs of the Resulting Issuer's operations in Canada would increase and its results of operations would be adversely affected. The Resulting Issuer's Canadian operations also could be adversely affected if it is unable to effectively hedge against currency fluctuations in the future. The Resulting Issuer cannot predict any future trends in the rate of inflation in Canada or the rate of devaluation (if any) of the Canadian dollar against the U.S. dollar or other foreign currencies.

From time to time the Resulting Issuer may engage in currency hedging activities. Those measures, however, may not adequately protect it from material adverse effects due to the impact of inflation in Canada or from fluctuations in the relative values of the U.S. dollar and the Canadian dollar, and may result in a financial loss.

The Resulting Issuer may pursue the acquisition of other companies, businesses or technologies, which could be expensive, divert its management's attention and/or fail to achieve the expected benefits

As part of the Resulting Issuer's growth strategy, it may acquire businesses, services, technologies or intellectual property rights that it believes could complement, expand or enhance the features and functionality of its platform and its technical capabilities, broaden its service offerings or offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause the Resulting Issuer to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not such acquisitions are consummated. Acquisitions also could result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect the Resulting Issuer's operating results and financial condition. In addition, the Resulting Issuer may experience difficulties in integrating the acquired personnel, operations and/or technologies successfully or effectively managing the combined business following the acquisition. The Resulting Issuer also may not achieve the anticipated benefits from the acquired business and may incur unanticipated costs and liabilities in connection with any such acquisitions. If any of these results occurs, the Resulting Issuer's business and financial results could be adversely affected.

Risks Related to the Resulting Issuer's Business and Industry

Artificial intelligence and machine learning is a relatively new and unproven technology, and it may decline or experience limited growth, which would adversely affect its ability to fully realize the potential of its platform. Evaluating the size and scope of the market is subject to a number of risks and uncertainties. Future success will depend in large part on the growth of this market. The utilization of artificial intelligence and machine learning for diagnostic and decision-making support is new, and physicians may not recognize the need for, or benefits of, the Resulting Issuer's platform. This may prompt them to reject or cease use of its platform or decide to adopt alternative products and services to satisfy their requirements. Even if this market does grow, the Resulting Issuer's ability to expand its business and extend its market position depends upon a number of factors, including the cost, performance and perceived value of its platform and the applications the Resulting Issuer develops for it. The perceived value of the Resulting Issuer's platform and the applications it develops for it may be a function of estimated cost savings by healthcare providers using the Light.AI$^{(SCAN)}$ platform, which may be difficult to accurately predict. Physicians may resist change from the current standard of practice.

The Resulting Issuer's market opportunity and cost saving estimates are subject to significant uncertainty and are based on assumptions and estimates, including internal analysis and industry experience

Assessing the market for the Resulting Issuer's solutions in each of the vertical markets it is planning to compete in is particularly difficult due to a number of factors, including limited available information and rapid evolution of the market. The market for the Light.AI$^{(SCAN)}$ platform and the applications the Resulting Issuer develops for it may fail to grow significantly or be unable to meet the level of growth the Resulting Issuer expects. As a result of these and other factors, the Resulting Issuer may experience lower than expected demand for its products and services due to lack of reimbursement authority, channel partner, hospital and/or physician acceptance, technological challenges, competing products and services, decreases in spending by current and prospective customers, weakening economic conditions and other causes. If the Resulting Issuer's market does not experience significant growth, or if demand for its platform does not increase in line with its projections, then the Resulting Issuer's business, results of operations and financial condition will be adversely affected.

The Resulting Issuer anticipates generating a portion of its revenue from channel partners and to the extent no such revenue materializes, its business, results of operations and financial results will be materially harmed

LAI currently expects to depend on future revenues generated through a limited number of channel partners and a direct sales force. LAI does not currently have distribution contracts with any channel partners or any sales representatives deployed. If these partners are not satisfied with LAI's products, they may not promote the Light.AI$^{(SCAN)}$ platform. Further, if these partners do not dedicate sufficient time to the commercialization of the Resulting Issuer's products or otherwise fail to comply with their obligations under the Resulting Issuer's agreements with them, then this may have an adverse effect on the Resulting Issuer's business and prospects. These partners will not be obligated to deal with the Resulting Issuer exclusively and therefore may sell competing products or solutions. As a result, these partners may give higher priority to products or services of the Resulting Issuer's competitors, thereby reducing their efforts in commercialization of the Resulting Issuer's products. Channel partner agreements may be terminated under specified circumstances. The termination of any such agreement or the failure of one of such partners to extend its relationship with the Resulting Issuer after the term of an agreement with it expires, could harm

the Resulting Issuer's brand and reputation. A significant decline in any future revenue stream from channel partners would have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

If the Resulting Issuer is not able to develop a strong brand for its platform and increase market awareness of the Resulting Issuer and its platform, then the Resulting Issuer's business, results of operations and financial condition may be adversely affected

The success of Light.AI(SCAN) will depend in part on the Resulting Issuer's ability to develop a strong brand identity for itself as a company and its products, and to increase the market awareness of its platform and the platform's capabilities. The successful promotion of the Resulting Issuer's brand will depend largely on its marketing efforts and its ability to ensure that its technology provides the expected benefits to its customers. It is important for the Resulting Issuer to be perceived as leaders in the GAS diagnostic market. The Resulting Issuer's brand promotion and thought leadership activities may not be successful or produce increased revenue. In addition, independent industry analysts may provide reviews of the Resulting Issuer's platform and of competing products and services, which may significantly influence the perception of the Resulting Issuer's platform in the marketplace. If these reviews are negative or not as positive as reviews of competitors' products and services, then the Resulting Issuer's brand may be harmed. The promotion of the Resulting Issuer's brand also requires substantial expenditures, and the Resulting Issuer anticipates that these expenditures will increase as its industry becomes more competitive and as it seeks to expand into new markets. These higher expenditures may not result in any increased revenue or in revenue that is sufficient to offset the higher expense levels. If the Resulting Issuer does not successfully maintain and enhance its brand, then its business may not grow, the Resulting Issuer may see its pricing power reduced relative to competitors and may lose customers, all of which would adversely affect the Resulting Issuer's business, results of operations and financial condition.

Failure to manage growth effectively could increase the Resulting Issuer's expenses, decrease its revenue and prevent the Resulting Issuer from implementing its business strategy

The Resulting Issuer's ability to generate revenues and achieve profitability will require substantial growth in its business, which will put a strain on its management and financial resources. To manage this and its anticipated future growth effectively, including as the Resulting Issuer expands into new clinical areas and geographic regions, it must maintain and enhance its platform and information technology infrastructure, as well as its financial and accounting systems and controls. The Resulting Issuer also must attract, train and retain a significant number of qualified data scientists, software developers and engineers, technical and management personnel, sales and marketing personnel and customer and channel partner support personnel. Failure to effectively manage growth could lead the Resulting Issuer to over-invest or under-invest in development and operations, result in weaknesses in its platform, systems or controls, give rise to operational mistakes, losses, loss of productivity or business opportunities and result in loss of employees and reduced productivity of remaining employees.

The Resulting Issuer's growth could require significant capital expenditures and might divert financial resources from other projects such as the development of new products and services. If the Resulting Issuer's management is unable to effectively manage its growth, its expenses might increase more than expected, its revenue could decline or grow more slowly than expected, and the Resulting Issuer might be unable to implement its business strategy. The quality of the Resulting Issuer's products and services might suffer, which could negatively affect its reputation and harm its ability to retain and attract channel partners or customers.

If the Resulting Issuer is not able to enhance or introduce new applications for its platform or other new products that achieve market acceptance and keep pace with technological developments, its business, results of operations and financial condition could be harmed.

The Resulting Issuer's ability to attract new channel partners and customers and increase revenue from existing channel partners and customers depends in part on its ability to enhance and improve its applications for its Light.AI(SCAN) platform, increase adoption and usage of the Resulting Issuer's products and introduce new products and features for GAS diagnostics. The success of any enhancements or new products depends on several factors, including timely completion, adequate quality testing, actual performance quality, market-accepted pricing levels, regulatory approvals and overall market acceptance and demand. Enhancements and new products that the Resulting Issuer develops may not be introduced in a timely or cost-effective manner, may contain defects, may have

interoperability difficulties, or may not achieve the market acceptance necessary to generate significant revenue. If the Resulting Issuer is unable to successfully enhance existing platform and capabilities to meet evolving customer requirements, increase adoption and usage of its platform, develop new products, or if its efforts to increase the usage of its products are more expensive than expected, then the Resulting Issuer's business, results of operations and financial condition could be harmed.

The security of the Resulting Issuer's platform, networks or computer systems may be breached, which could have an adverse effect on its business and reputation

The Light.AI$^{(SCAN)}$ platform may be subject to computer malware, viruses and computer hacking, all of which have become more prevalent. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, they may include the theft or destruction of data owned by the Resulting Issuer or its customers, and/or damage to its platform. Any failure to maintain the performance, reliability, security and availability of the Resulting Issuer's products and technical infrastructure to the satisfaction of the Resulting Issuer's customers may harm its reputation and its ability to retain existing customers and attract new users.

Accidental or unauthorized access to or disclosure, loss, destruction or modification of data, through cybersecurity breaches, computer viruses, human error, natural or man-made disasters, or disruption of the Resulting Issuer's services could expose the Resulting Issuer to liability, protracted and costly litigation and damage to the Resulting Issuer's reputation. In connection with the various services the Resulting Issuer anticipates to provide to its clients, the Resulting Issuer collects, stores processes and transmits the sensitive personal and health data of its patients and customers, in some cases through providing services to the Resulting Issuer's clients as well as other end users of health services, including but not limited to names, addresses, identification numbers, medical histories, credit or debit card numbers and expiration dates and/or bank account numbers.

In addition, computer viruses and malware can be distributed and spread rapidly over the internet and could infiltrate the Resulting Issuer's systems or those of its clients and other associated participants. Infiltration of the Resulting Issuer's systems or those of the Resulting Issuer's associated participants could in the future lead to, disruptions in systems, accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of confidential or otherwise protected information (including personal and health data) and the corruption of data. Given the unpredictability of the timing, nature and scope of information technology disruptions, there can be no assurance that any security procedures and controls that the Resulting Issuer or its associated participants have implemented will be sufficient to prevent security incidents from occurring.

The Resulting Issuer's operations depend, in part, on how well it protects networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to damage to hardware, computer viruses, hacking and theft. The Resulting Issuer's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures. A compromise of the Resulting Issuer's information technology or confidential information, or that of the Resulting Issuer's clients and third parties with whom the Resulting Issuer interacts, may result in negative consequences, including the inability to process client transactions, reputational harm affecting customer and/or investor confidence, potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties and additional regulatory scrutiny, any of which could have a material adverse effect on the Resulting Issuer's business, financial position, results of operations or cash flows.

Privacy and data security laws and regulations could require the Resulting Issuer to make changes to its business, impose additional costs and reduce the demand for its artificial intelligence software solutions

The Resulting Issuer's business model contemplates, among other things, that the users of its products will process and transmit patients' medical data. End users of the Resulting Issuer's products may transmit a significant amount of personal or identifying information through its platform, which may be transmitted inappropriately and therefore be revealed to unauthorized third parties. In addition, the health and research institutions which provide the Resulting Issuer with data for purposes of training its algorithms may inadvertently fail to de-identify data (when regulated) before sending it to the Resulting Issuer which then places on the Resulting Issuer the responsibility of handling that sensitive information in accordance with applicable law. In addition, there may be additional agreements for use of data in connection with the research and development of the Resulting Issuer's products. Privacy and data security

have become significant issues in the U.S. and in other jurisdictions where the Resulting Issuer may offer its software solutions. The regulatory framework relating to privacy and data security issues worldwide is evolving rapidly and is likely to remain uncertain for the foreseeable future. Federal, state, local and foreign government bodies and agencies have in the past adopted, or may in the future adopt, laws and regulations regarding the collection, use, processing, storage and disclosure of personal or identifying information obtained from customers and other individuals, and these laws may create varied and potentially conflicting requirements. In addition to government regulation, privacy advocates and industry groups may propose various self regulatory standards that may legally or contractually apply to the Resulting Issuer's business. Because the interpretation and application of many privacy and data security laws, regulations and applicable industry standards are uncertain, it is possible that these laws, regulations and standards may be interpreted and applied in a manner inconsistent with its existing privacy and data management practices. As the Resulting Issuer expands into new jurisdictions or verticals, it will need to understand and comply with various new requirements applicable in those jurisdictions or verticals.

To the extent applicable to the Resulting Issuer's business or the businesses of its end users, these laws, regulations and industry standards could have negative effects on the Resulting Issuer's business, including by increasing costs and operating expenses, and delaying or impeding deployment of new core functionality and products. Compliance with these laws, regulations and industry standards requires significant management time and attention, and failure to comply could result in negative publicity, subject the Resulting Issuer to fines or penalties or result in demands that it modify or cease existing business practices. In addition, the costs of compliance with, and other burdens imposed by, such laws, regulations and industry standards may adversely affect the Resulting Issuer's end users' ability or desire to collect, use and process personal information using its software solutions, which could reduce overall demand for them. Even the perception of privacy and data security concerns, whether or not valid, may inhibit market acceptance of the Resulting Issuer's software solutions in certain verticals. Furthermore, privacy and data security concerns may cause end users or their employees and other industry participants to resist providing the personal information necessary to allow effective use of the Resulting Issuer's applications. Any of these outcomes could adversely affect the Resulting Issuer's business and operating results.

Furthermore, the Resulting Issuer's business requires continued access to non-public third-party medical imaging and related electronic medical record data that are used as training data for its platform. If end-users refuse or limit the Resulting Issuer's access to relevant information on grounds of privacy it will inhibit the Resulting Issuer's ability to continue to improve its platform and thereby could adversely affect its business, operating results and competitiveness. If regulated data is used or disclosed inappropriately, the Resulting Issuer has an obligation to notify regulators and/or impacted individuals and may incur breach notification related costs.

If the Resulting Issuer is not able to compete effectively, its business and operating results will be harmed

The market for automatic GAS diagnostics is in its early stages of development, but competition in the market could grow rapidly and include various large, well-capitalized technology companies as well as early stage entrants. Although the Resulting Issuer's initial focus is on GAS, the Resulting Issuer expects to face increased competition in both this market and other markets where it may expand its platform application.

Potential competitors may have better brand name recognition, greater financial and engineering resources and larger sales teams than the Resulting Issuer has. In addition, some of the Resulting Issuer's competitors may be further along in obtaining regulatory approval for their products than LAI. As a result, these competitors may be able to develop and introduce competing solutions and technologies that may have greater capabilities than the Resulting Issuer's or that are able to achieve greater acceptance, they may be able to achieve commercialization of their products sooner than the Resulting Issuer does, and they may be able to respond more quickly and effectively than the Resulting Issuer can to new or changing opportunities, technologies, standards or requirements. The Resulting Issuer expects that competition will increase and intensify as it continues to expand its serviceable markets and improve its platform and services. Increased competition may result in pricing pressures and require the Resulting Issuer to incur additional sales and marketing expenses, which could negatively impact its sales, ability and market share.

The Resulting Issuer's business model depends on commercial third-party payors and government payors, and if those payors do not provide coverage or adequate reimbursement for the services in which its products are used, the Resulting Issuer's revenue and prospects for profitability would be harmed.

Commercial sales of the Resulting Issuer's products depend in part on the availability of reimbursement from third-party payors, including government health administrative authorities, managed care providers, private health insurers and other organizations. Each third-party payor has its own policy regarding what products it will cover, the conditions under which it will cover such products, and how much it will pay for such products. Third-party payors are increasingly examining the medical necessity and cost effectiveness of medical products and services in addition to safety and efficacy and, accordingly, significant uncertainty exists as to the reimbursement status of newly approved devices.

Risks Related to Intellectual Property

If the Resulting Issuer is unable to protect its intellectual property rights or if its intellectual property rights are inadequate to protect its technology, competitors could develop and commercialize technology similar to the Resulting Issuer's, and the Resulting Issuer's competitive position could be harmed.

The Resulting Issuer will rely on a combination of patent and trademark laws, trade secret protection, confidentiality agreements and other contractual arrangements with its employees, channel partners and others to maintain its competitive position. In particular, the Resulting Issuer's success depends, in part, on its ability to maintain patent protection for its products, technologies and inventions, maintain the confidentiality of its trade secrets and know-how, operate without infringing upon the proprietary rights of others and prevent others from infringing upon its proprietary rights. Despite the Resulting Issuer's efforts to protect its proprietary rights, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose its technologies, inventions, processes or improvements. Moreover, other parties may independently develop similar or competing technology, methods, know-how or design around any patents that may be issued to or held by the Resulting Issuer. Unauthorized parties may also attempt to copy or reverse engineer proprietary aspects of the Resulting Issuer's products. There is no assurance that the Resulting Issuer's patents or other intellectual property rights will not be challenged, invalidated or circumvented, or will otherwise provide meaningful protection. If the Resulting Issuer's patents and other intellectual property do not adequately protect its technology, competitors may be able to offer products similar to the Resulting Issuer's. Competitors may also be able to develop similar technology independently or design around any patents granted to the Resulting Issuer, and it may not be able to detect the unauthorized use of its proprietary technology or take appropriate steps to prevent such use. Any such activities by competitors that circumvent the Resulting Issuer's intellectual property protection could subvert its competitive advantage and have an adverse effect on its results of operations.

Furthermore, filing, prosecuting, maintaining and defending patents on the Resulting Issuer's solutions in all countries throughout the world would be prohibitively expensive, and its intellectual property rights in some countries outside the U.S. are less extensive than those in the U.S. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the U.S. Also, it may not be possible to effectively enforce intellectual property rights in some foreign countries at all or to the same extent as in the U.S. and other countries. Consequently, the Resulting Issuer may be unable to prevent third parties from using its inventions in all countries, or from selling or importing products made using its inventions in the jurisdictions in which it does not have (or is unable to effectively enforce) patent protection. Competitors may use the Resulting Issuer's technologies in jurisdictions where it has not obtained patent protection to develop, market or otherwise commercialize their own products, and the Resulting Issuer may be unable to prevent those competitors from importing those infringing products into territories where the Resulting Issuer has patent protection but enforcement is not as strong as in the U.S.

The Resulting Issuer may be sued by third parties for alleged infringement of their proprietary rights, which could adversely affect the Resulting Issuer's business, results of operations and financial condition.

There is often litigation between competing companies relying on their respective technologies based on allegations of infringement or other violations of intellectual property rights. The Resulting Issuer's future success depends, in part, on not infringing the intellectual property rights of others. The Resulting Issuer may receive claims from third parties, including its competitors, alleging that its platform and its underlying technology infringe or violate such third party's intellectual property rights, and the Resulting Issuer may be found to be infringing upon such rights.

The Resulting Issuer may be unaware of the intellectual property rights of others that may cover some or all of its technology. Any such claims or litigation could cause the Resulting Issuer to incur significant expenses and, if successfully asserted against the Resulting Issuer, could require that the Resulting Issuer pay substantial damages or ongoing royalty payments, prevent the Resulting Issuer from offering some portion of its platform, or require that it comply with other unfavorable terms. The Resulting Issuer may also be obligated to indemnify its customers or channel partners in connection with any such litigation and to obtain licenses or modify its platform, which could further exhaust its resources. Patent infringement, trademark infringement, trade secret misappropriation and other intellectual property claims and proceedings brought against the Resulting Issuer, whether successful or not, could harm its brand, business, results of operations and financial condition. Litigation is inherently expensive and uncertain, and any judgment or injunctive relief entered against the Resulting Issuer or any adverse settlement could negatively affect its business, results of operations and financial condition. In addition, litigation can involve significant management time and attention and be expensive, regardless of the outcome. During the course of litigation, there may be announcements of the results of hearings and motions and other interim developments related to the litigation. If customers regard these announcements as negative, demand for the Resulting Issuer's products may decline.

The Resulting Issuer may become involved in lawsuits to protect or enforce its patents which could be expensive, time consuming and unsuccessful

If the Resulting Issuer attempts enforcement of its patents or other intellectual property rights, it may be subject or party to claims, negotiations or complex, protracted litigation. These claims and any resulting lawsuits, if resolved adversely to the Resulting Issuer, could subject it to significant liability for damages, impose temporary or permanent injunctions against the Resulting Issuer's solutions or business operations, or invalidate or render unenforceable its intellectual property. In addition, because patent applications can take many years until the patents issue, there may be applications now pending of which the Resulting Issuer is unaware, which may later result in issued patents that its solutions may infringe. If any of the Resulting Issuer's solutions infringe a valid and enforceable patent, or if it wishes to avoid potential intellectual property litigation on its alleged infringement, the Resulting Issuer could be prevented from selling its solutions unless it can obtain a license, which may be unavailable.

Alternatively, the Resulting Issuer could be forced to pay substantial royalties or redesign its solutions to avoid infringement. Additionally, the Resulting Issuer may face liability to channel partners or other third parties for indemnification or other remedies if they are sued for infringement in connection with their use of the Resulting Issuer solutions.

Intellectual property disputes and litigation, regardless of merit, can be costly and disruptive to the Resulting Issuer's business operations by diverting attention and energies of management and key technical personnel, and by increasing its costs of doing business. Such litigation, regardless of its success, could seriously harm the Resulting Issuer's reputation with channel partners, business partners and patients and in the industry at large. Some competitors may be able to sustain the costs of complex patent or intellectual property litigation more effectively than the Resulting Issuer can because they have substantially greater resources. Any of the foregoing could adversely affect the Resulting Issuer's operating results.

The Resulting Issuer may be subject to claims asserting that its employees, consultants, independent contractors and advisors have wrongfully used or disclosed confidential information and/or alleged trade secrets of their current or former employers or claims asserting ownership of what the Resulting Issuer regards as its own intellectual property.

Many of the Resulting Issuer's employees, consultants, independent contractors and advisors were previously employed at other companies, including potential competitors. The Resulting Issuer could in the future be subject to claims that these employees and others, or the Resulting Issuer, has inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If the Resulting Issuer fails in defending against such claims, a court could order it to pay substantial damages and prohibit it from using technologies or features that are essential to its solutions, if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. An inability to incorporate technologies or features that are important or essential to the Resulting Issuer's solutions would have a material adverse effect on its business, and may prevent it from distributing its solutions. In addition, the Resulting Issuer may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper or prevent the Resulting Issuer's ability to commercialize certain potential solutions,

which could severely harm its business. Even if the Resulting Issuer is successful in defending against these claims, such litigation could result in substantial costs and be a distraction to management. Incurring such costs could have a material adverse effect on the Resulting Issuer's financial condition, results of operations and cash flows.

Under applicable employment laws, the Resulting Issuer may not be able to enforce covenants not to compete

The Resulting Issuer will generally enter into non-competition agreements with its employees. These agreements prohibit the Resulting Issuer's employees, if they cease working for the Resulting Issuer, from competing directly with it or working for its competitors or clients for a limited period. The Resulting Issuer may be unable to enforce these agreements under the laws of the jurisdictions in which its employees work and it may be difficult for it to restrict competitors from benefitting from the expertise its former employees or consultants developed while working for the Resulting Issuer. For example, Canadian labour courts have required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer which have been recognized by the courts, such as the protection of a company's trade secrets or other intellectual property.

Risks Related to Regulatory Matters

The Resulting Issuer will be subject to costly and complex laws and governmental regulations and any adverse regulatory action may materially adversely affect its financial condition and business operations.

The Resulting Issuer operates in a complex regulatory and legal environment and are subject to a wide variety of laws and regulations in the jurisdictions in which the Resulting Issuer operates. Some of the provincial and federal laws and regulations in Canada and other jurisdictions in which the Resulting Issuer operates that affect or may affect it include: those relating to provision of healthcare, consumer products, product liability and consumer protection; those relating to negligence; those relating to the manner in which the Resulting Issuer advertises, markets and sells products and services; labour and employment laws, including wage and hour laws; tax laws or interpretations thereof; data protection and privacy laws and regulations. Continuing to achieve and sustain compliance with these laws may prove costly. The laws and regulations specifically applicable to the Resulting Issuer may also change on the basis of a change in the nature of the Resulting Issuer's products or services, or a change in the jurisdictions in which those products or services are being offered, including, but not limited to, as a result of acquisitions. There can be no guarantee that the Resulting Issuer will have sufficient resources to comply with new laws, regulations or government action, or to successfully compete in the context of a shifting regulatory environment. Moreover, these laws and regulations may change, sometimes significantly, as a result of political, economic and social events.

The Resulting Issuer's products, including software solutions that contain algorithms or artificial intelligence, will be subject to regulation by numerous government agencies, including the FDA and comparable agencies outside the U.S. To varying degrees, each of these agencies requires the Resulting Issuer to comply with laws and regulations governing the development, testing, manufacturing, labeling, marketing, and distribution of its products. The U.S. Congress recently passed the Cures Act, which amended certain provisions of the FDA Act, related to medical devices and software. The Cures Act amended the definition of "medical device" to exclude several types of software and digital health solutions from the FDA's medical device requirements and to ease the path to market for novel devices and products. The FDA has interpreted this law to exclude from regulation certain clinical decision support tools that are intended to aid in diagnosis, treatment or health management. However, the FDA intends to regulate other categories of clinical decision support, software, algorithms and artificial intelligence tools depending on the functions and intended use of those products. Recent changes to FDA regulations and advances in artificial intelligence have also generated compliance uncertainty across a variety of industry and settings, including about which legal and regulatory frameworks should apply to current and future iterations. However, the FDA currently regulates clinical decision support and software-based devices and tools that analyze medical and diagnostic images for patient treatment or diagnosis. Further, the FDA regulates Picture Archiving and Communications Systems, or those devices that "provide one or more capabilities relating to the acceptance, transfer, display, storage, and digital processing of medical images" and whose software components may "provide functions for performing operations related to image manipulation, enhancement, compression or quantification" under 21 C.F.R. § 892.2050(a). Picture Archiving and Communications Systems must obtain a 510(k) before commercialization in the U.S. The FDA is concerned with the accuracy of alterations, modifications, measurements, or analysis to or of images that could affect the accuracy of treatment and diagnosis decisions made using such data.

Laws and regulations relating to the healthcare industry and privacy are particularly complex and subject to change which could create significant additional costs related to monitoring and compliance, and could require changes to its operating model which could result in lower revenue. The Resulting Issuer expects the future technology and data-driven revenue streams of the Resulting Issuer will be governed by applicable foreign laws, covering data privacy and security. Although the Resulting Issuer maintains that its operations are in compliance with existing laws, there can be no assurance that the Resulting Issuer's operations will not be challenged in the future and, if challenged, that they will not be found to violate applicable laws. Any such ruling against the Resulting Issuer could subject it to potential damages, injunctions and/or civil and criminal penalties or require it to restructure the Resulting Issuer's arrangements in a way that would affect the control or quality of the Resulting Issuer's services or change the amounts that the Resulting Issuer receives from its operations, which could have a material adverse effect on the Resulting Issuer's business.

Reliance on third parties

LAI intends to rely on TC4A for legal and regulatory compliance in African jurisdictions and may, in the future, rely on other third parties for legal and regulatory compliance in foreign jurisdictions. There is no guarantee that TC4A or future third parties will comply with applicable laws and regulations. Despite arrangements regarding responsibility of compliance with applicable laws and regulations, LAI may be held liable for TC4A's or a future third party's failure to comply with such laws and regulations.

There is no guarantee that the Resulting Issuer will be able to obtain marketing clearance for its medical device products or enhancements or modifications to existing products

The Resulting Issuer may not receive required marketing clearances or approvals on a timely basis, if at all. The failure to maintain approvals or obtain approval or clearance for new products or functions could have a material adverse effect on the Resulting Issuer's business, results of operations, financial conditions and cash flows. Even if the Resulting Issuer is able to obtain such approval or clearance, it may:

- take a significant amount of time;
- require the expenditure of substantial resources;
- involve stringent clinical and pre-clinical testing, as well as increased post-market compliance requirements and surveillance;
- involve modifications, repairs, or replacements of the Resulting Issuer's products; and
- result in limitations on the proposed uses and marketing of the Resulting Issuer's products.

Further, if the FDA or other applicable regulatory authorities approve or clear a similar product that competes with the Resulting Issuer's artificial intelligence applications, it could decrease its expected sales. Both before and after a product is commercially released, the Resulting Issuer have ongoing responsibilities under FDA regulations. Many of the Resulting Issuer's planned facilities and procedures and those of its suppliers are also subject to periodic inspections by the FDA to determine compliance with the FDA's requirements, including primarily the quality system regulations and medical device reporting regulations. The results of these inspections can include inspectional observations on FDA's Form-483, warning letters, or other forms of enforcement. Since 2009, the FDA has significantly increased its oversight of companies subject to its regulations, including medical device companies, by hiring new investigators and increasing inspections of manufacturing facilities. If the FDA were to conclude that the Resulting Issuer is not in compliance with applicable laws or regulations, or that any of its medical devices are ineffective or pose an unreasonable health risk, the FDA could prohibit us from marketing such medical devices, detain or seize adulterated or misbranded medical devices, order a recall, repair, replacement, or refund of such devices, refuse to grant pending pre-market approval applications or require certificates of non-U.S. governments for exports, or require the Resulting Issuer to notify health professionals and others that the devices present unreasonable risks of substantial harm to the public health. The FDA may also assess civil or criminal penalties against the Resulting Issuer, its officers or employees and impose operating restrictions on a company-wide basis, or enjoin or restrain certain conduct resulting in violations of applicable law. The FDA may also recommend prosecution to the U.S. Department of Justice. Any adverse regulatory action, depending on its magnitude, may restrict the Resulting Issuer from effectively marketing and selling its products and limit its ability to obtain future pre-market clearances or approvals, and could result in a substantial modification to its business practices and operations.

LAI is in the early stage of developing its products. FDA clearance may require significant additional discovery efforts, pre-clinical testing and studies, as well as applicable regulatory guidance for preclinical and clinical studies from the FDA and other regulatory authorities before the Resulting Issuer can seek regulatory clearance and begin commercial sales of any potential products.

The design and execution of clinical trials to support FDA clearance of the Resulting Issuer's products is subject to substantial risk and uncertainty. Clinical development is a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. Clinical failure can occur at any stage of clinical development. The Resulting Issuer relies on third parties to conduct clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, or if they terminate their agreement with the Resulting Issuer, it may not be able to obtain regulatory clearance for or commercialize its products. The regulatory clearance processes of the FDA are lengthy, time consuming and inherently unpredictable, and if the Resulting Issuer is ultimately unable to obtain regulatory clearance for its products, the Resulting Issuer's business will be substantially harmed.

In addition, the marketing license for any product is limited by the FDA to those specific indications and conditions for which clinical safety and efficacy have been demonstrated. The FDA has taken the position that device manufacturers are prohibited from promoting their products other than for the uses and indications set forth in the approved product labeling. The U.S. government has initiated a number of enforcement actions against manufacturers that promote products for "off label" uses, including actions alleging that federal health care program reimbursement of products promoted for "off-label" uses (or services in which such products are utilized) constitute false and fraudulent claims to the government. The failure to comply with "off-label" promotion restrictions can result in significant civil or criminal exposure, administrative obligations and costs, or other potential penalties from, or agreements with, the federal government. Further, clinical practice guidelines and recommendations published by various organizations could have significant influence on the Resulting Issuer's products.

The Resulting Issuer will face extensive FDA and foreign regulatory requirements and may face future regulatory difficulties

The FDA and certain other regulatory authorities require that the Resulting Issuer's products receive marketing clearance. Further, as the healthcare industry increasingly adopts AI, new regulations and standards may emerge. The Resulting Issuer may need to adjust its technology to meet evolving FDA guidelines, as well as new standards in AI and machine learning, increasing compliance costs and development timelines. Any failure by the Resulting Issuer with the terms of any marketing licenses or new regulations, could have a material adverse effect on its business, financial condition, operating results and cash flows. In addition, such failure could be the basis for action by the FDA to withdraw clearance for products previously granted to the Resulting Issuer and for other regulatory action. Changes to current product standards, guidance and regulations may impact the timeline and resources required to develop the Resulting Issuer's products.

The Resulting Issuer's industry is experiencing greater scrutiny and regulation by governmental authorities, which may lead to greater regulation in the future

The Resulting Issuer's medical devices and technologies and its business activities are subject to a complex regime of regulations and enforcement environment, including regulations promulgated by the FDA, U.S. Department of Justice, the Office of Inspector General of the Department of Health and Human Services, and numerous other federal, state, and non-U.S. governmental authorities. In addition, certain state governments and the U.S. federal government have enacted legislation aimed at increasing transparency of the Resulting Issuer's interactions with health care providers. As a result, if the Resulting Issuer's devices and solutions (or the procedures in which they are used) are reimbursed by Federal healthcare programs such as Medicare or Medicaid, it will be required by law to disclose payments and other transfers of value to health care providers licensed by certain states and to all U.S. physicians and U.S. teaching hospitals at the federal level. Any failure to comply with these legal and regulatory requirements could impact the Resulting Issuer's business. In addition, the Resulting Issuer will devote substantial additional time and financial resources to further develop and implement policies, systems, and processes to comply with enhanced legal and regulatory requirements, which may also impact its business. The Resulting Issuer anticipates that governmental authorities will continue to scrutinize its industry closely, and that additional regulation may increase compliance and legal costs, exposure to litigation, and other adverse effects to the Resulting Issuer's operations. The Resulting Issuer's

future success will be partially dependent on reimbursement rates for diagnostic services from Medicare, Medicaid and private health insurers. Any reduction or changes in these reimbursement policies could limit the adopt of the Resulting Issuer's products, affecting revenue growth.

Product liability lawsuits against the Resulting Issuer could result in substantial liabilities and to limit commercialization of its products

Because LAI's initial product family upon approval will be used, and the Resulting Issuer intends to initially focus its future product development efforts, in acute care settings, where real-time decisions are challenging and critical to delivering differentiated care and preventing patients, product malfunctions in this context create heightened risk of product liability lawsuits. A product liability or professional liability claim could result in substantial financial and reputational damages and be costly and time-consuming for us to defend. Although LAI intends to maintain liability insurance, including for errors and omissions, there is no assurance that the Resulting Issuer's insurance would fully protect it from the financial impact of defending against these types of claims or any judgments, fines or settlement costs arising out of any such claims. Any liability claim, including an errors and omissions liability claim, brought against the Resulting Issuer, with or without merit, could increase its insurance rates or prevent it from securing insurance coverage in the future. Additionally, any liability lawsuit could cause injury to the Resulting Issuer's reputation or cause it to suspend sales of its products. The occurrence of any of these events could have an adverse effect on the Resulting Issuer's business, reputation, results of operations and cash flows.

In addition, although LAI's algorithm has demonstrated high accuracy, any errors in diagnosing GAS or other conditions could expose the Resulting Issuer to liability claims, particularly if patients receive incorrect or delayed treatment. Such incidents could lead to lawsuits, product recalls and reputational harm.

If the Resulting Issuer fails to comply with applicable health information privacy and security laws and other state and federal privacy and security laws, it may be subject to significant liabilities, reputational harm and other negative consequences, including decreasing the willingness of current and potential customers to work with the Resulting Issuer

The Resulting Issuer will be subject to data privacy and security regulation by both the federal government and the states in which it conducts its business. The Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), established uniform federal standards for "covered entities," which include certain healthcare providers, healthcare clearinghouses, and health plans, governing the conduct of specified electronic healthcare transactions and protecting the security and privacy of PHI. The HITECH Act makes HIPAA's security standards directly applicable to "business associates," which are independent contractors or agents of covered entities that create, receive, maintain, or transmit PHI in connection with providing a service for or on behalf of a covered entity. The HITECH Act also increased the civil and criminal penalties that may be imposed against covered entities, business associates and certain other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce HIPAA's requirements and seek attorney's fees and costs associated with pursuing federal civil actions. A portion of the data that the Resulting Issuer will obtain and handle for or on behalf of certain of its clients is considered PHI, subject to HIPAA. The Resulting Issuer will also be required to maintain similar business associate agreements with its subcontractors that have access to PHI of its customers in rendering services to LAI or on its behalf. Under HIPAA and the Resulting Issuer's contractual agreements with its HIPAA-covered entity health plan customers, the Resulting Issuer will be considered a "business associate" to those customers, and are required to maintain the privacy and security of PHI in accordance with HIPAA and the terms of the Resulting Issuer's business associate agreements with its clients, including by implementing HIPAA-required administrative, technical and physical safeguards. LAI has incurred, and the Resulting Issuer will continue to incur, significant costs to establish and maintain these safeguards and, if additional safeguards are required to comply with HIPAA regulations or its clients' requirements, the Resulting Issuer's costs could increase further, which would negatively affect its operating results. Furthermore, there is no guarantee that such safeguards have been and will continue to be adequate. If LAI has failed, or the Resulting Issuer fails in the future, to maintain adequate safeguards, or the Resulting Issuer or its agents or subcontractors use or disclose PHI in a manner prohibited or not permitted by HIPAA, the Resulting Issuer's subcontractor business associate agreements, or its business associate agreements, or if the privacy or security of PHI that it obtains and handles is otherwise compromised, the Resulting Issuer could be subject to significant liabilities and consequences, including, without limitation:

- breach of contractual obligations to clients, which may cause clients to terminate their relationship with the Resulting Issuer and may result in potentially significant financial obligations to its clients;
- investigation by the federal and state regulatory authorities empowered to enforce HIPAA and other data privacy and security laws, which include the U.S. Department of Health and Human Services, the U.S. Trade Commission and state attorneys general, and the possible imposition of civil and criminal penalties;
- private litigation by individuals adversely affected by any misuse of their personal health information for which the Resulting Issuer is responsible and/or breach notification related costs; and
- negative publicity, which may decrease the willingness of potential future customers to work with us and negatively affect its sales and operating results.

Further, the Resulting Issuer will publish statements to end users of its services that describe how it handles and protects personal information. If federal or state regulatory authorities or private litigants consider any portion of these statements to be untrue, the Resulting Issuer may be subject to claims of deceptive practices, which could lead to significant liabilities and consequences, including, without limitation, damage to its reputation and costs of responding to investigations, defending against litigation, settling claims and complying with regulatory or court orders. Recent legal developments in Europe have created compliance uncertainty regarding certain transfers of personal data from Europe to the U.S. For example, the General Data Protection Regulation, which came into application in the European Union on 25 May 2018, applies to all of the Resulting Issuer's activities conducted from an establishment in the EU or related to products and services that the Resulting Issuer offers to EU users. The General Data Protection Regulation created a range of new compliance obligations which may cause the Resulting Issuer to change its business practices, and significantly increased financial penalties for noncompliance (including possible fines of up to four percent (4%) of global annual turnover for the preceding financial year or €20 million (whichever is higher) for the most serious infringements).

Federal or state governmental authorities may impose additional data security standards or additional privacy or other restrictions on the collection, use, maintenance, transmission and other disclosures of health information. Legislation has been proposed at various times at both the federal and the state level that would limit, forbid or regulate the use or transmission of medical information outside of the U.S. Such legislation, if adopted, may render the Resulting Issuer's use of off-shore partners for work related to such data impracticable or substantially more expensive. Alternative processing of such information within the U.S. may involve substantial delay in implementation and increased cost.

If the Resulting Issuer fails to comply with federal and state healthcare laws and regulations, including those governing submission of false or fraudulent claims to government healthcare programs and financial relationships among healthcare providers, it may be subject to civil and criminal penalties or loss of eligibility to participate in government healthcare programs. The Resulting Issuer may be subject to certain federal and state laws and regulations designed to protect patients, governmental healthcare programs, and private health plans from fraudulent and abusive activities. These laws include anti-kickback restrictions and laws prohibiting the submission of false or fraudulent claims. These laws are complex and their application to the Resulting Issuer's specific products, services and relationships may not be clear and may be applied to its business in ways that are not anticipated. Federal and state regulatory and law enforcement authorities have recently increased enforcement activities with respect to Medicare and Medicaid fraud and abuse regulations and other reimbursement laws and rules. From time to time in the future, the Resulting Issuer may receive inquiries or subpoenas to produce documents in connection with such activities. The Resulting Issuer could be required to expend significant time and resources to comply with these requests, and the attention of management could be diverted to these efforts. If the Resulting Issuer is found to be in violation of any federal or state fraud and abuse laws, it could be subject to civil and criminal penalties, and it could be excluded from participating in federal and state healthcare programs such as Medicare and Medicaid. The occurrence of any of these events could significantly harm the Resulting Issuer's business and financial condition.

Provisions in Title XI of the Social Security Act, commonly referred to as the federal Anti-Kickback Statute (the "Anti-Kickback Statute"), prohibit the knowing and willful offer, payment, solicitation or receipt of remuneration, directly or indirectly, in cash or in kind, in return for or to induce either the referral of an individual or arranging for the referral of an individual for items or services for which payment may be made in whole or in part by a federal health care program, or the purchasing, leasing, ordering, or arranging for or recommending the purchasing, leasing,

or ordering of items, services, goods, or facilities for which payment may be made, in whole or in part, by a federal healthcare program, including but not limited to Medicare or Medicaid. The definition of "remuneration" has been broadly interpreted to include anything of value such as gifts, discounts, rebates, waiver of payments or providing anything at less than its fair market value. Many states have adopted similar prohibitions against kickbacks and other practices that are intended to induce referrals which are applicable to all patients regardless of whether the patient is covered under a governmental health program or private health plan. The Resulting Issuer will attempt to scrutinize its business relationships and activities to comply with the federal Anti-Kickback Statute and similar laws and attempt to structure its sales and group purchasing arrangements in a manner that is consistent with the requirements of applicable safe harbors to these laws. There is no assurance that the Resulting Issuer's arrangements will be protected by such safe harbors or that such increased enforcement activities will not directly or indirectly have an adverse effect on the Resulting Issuer's business, financial condition or results of operations. Any determination by a state or federal agency that any of the Resulting Issuer's activities or those of its vendors or customers violate any of these laws could subject the Resulting Issuer to civil or criminal penalties, monetary fines, disgorgement, individual imprisonment, contractual damages, reputational harm, diminished profits and future earnings and curtailment of its operations, could require the Resulting Issuer to change or terminate some portions of operations or business, could disqualify it from providing services to healthcare providers doing business with government programs and, thus, could have an adverse effect on the Resulting Issuer's business.

The Resulting Issuer's business is also subject to numerous federal and state laws regarding submission of false or fraudulent claims, including, without limitation, the civil False Claims Act, which forbids knowingly presenting or "causing to be presented" false or fraudulent claims for payment to a federal health care program. Analogous laws and regulations of Canada, other countries and state and local government may apply to the Resulting Issuer's arrangements and customers' claims involving healthcare items or services reimbursed by non-governmental third-party payors. HIPAA also imposes criminal and civil liability for, among other things, executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters. These laws and regulations may change rapidly, and it is frequently unclear how they apply to the Resulting Issuer's business. Errors created by the Resulting Issuer's products that relate to entry, formatting, preparation or transmission of claim or cost report information may be determined or alleged to be in violation of these laws and regulations. Any failure of the Resulting Issuer's products or services to comply with these laws and regulations could result in substantial civil or criminal liability, monetary fines, disgorgement, individual imprisonment, contractual damages, reputational harm, diminished profits and future earnings and curtailment of its operations, could adversely affect demand for the Resulting Issuer's product or service offerings, could invalidate all or portions of some of its customer contracts, could require it to change or terminate some portions of its business, could require it to refund certain amounts collected, could cause it to be disqualified from serving clients doing business with government payors and could have an adverse effect on its business.

The Resulting Issuer's activities will also be subject to state and federal self-referral laws, including the federal Physician Self-referral Law, commonly known as the Stark Law, which prohibits physicians from referring patients to an entity for Medicare-covered "designated health services" if the physician, or a member of the physician's immediate family, has a financial relationship with the entity, unless a statutory or regulatory exception applies. Many states have similar laws that may apply regardless of payor. In addition, the Resulting Issuer's activities may also implicate state laboratory licensure laws, as well as the corporate practice of medicine prohibition in certain states that maintain such laws or regulations. The Resulting Issuer's failure to abide by these state and federal laws could expose the Resulting Issuer to criminal, civil and administrative sanctions, reputational harm, and could harm its results of operations and financial conditions.

The Resulting Issuer's business model depends on commercial third-party payors or government payors, therefore legislative or regulatory reforms may impact the ability of its customer to obtain such reimbursement, and its revenue and prospects for profitability would be harmed

The Resulting Issuer's go-to-market strategy relies upon governmental or third-party payor reimbursement. Healthcare policy and payment reform models and medical cost containment models are being considered and/or adopted in the U.S. and other countries. Legislative and/or administrative reforms to applicable reimbursement systems may significantly reduce reimbursement for the services in which the Resulting Issuer's products are used or result in the denial of coverage for such services outright. As a result, third-party reimbursement adequate to enable the Resulting

Issuer to realize an appropriate return on its investment in research and product development may not be available for its products.

Negative Operating Cash Flow

LAI's business has incurred losses since its inception. Although the Resulting Issuer expects to become profitable, there is no guarantee that will happen, and the Resulting Issuer may never become profitable. LAI currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future.

If the Resulting Issuer has a material weakness in its internal controls over financial reporting, investors could lose confidence in the reliability of its financial statements, which could result in a decrease in the value of its securities

One or more material weaknesses in the Resulting Issuer's internal controls over financial reporting could occur or be identified in the future. In addition, because of inherent limitations, the Resulting Issuer's internal controls over financial reporting may not prevent or detect misstatements, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the Resulting Issuer's policies or procedures may deteriorate. If the Resulting Issuer fails to maintain the adequacy of its internal controls, including any failure or difficulty in implementing required new or improved controls, its business and results of operations could be harmed, the Resulting Issuer may not be able to provide reasonable assurance as to its financial results or meet its reporting obligations and there could be a material adverse effect on the price of its securities.

Economic and Political Uncertainty

The volatility of global capital markets, over the past several years, has generally made the raising of capital by equity or debt financing more difficult. Current and future global economic, political and social conditions remain volatile and uncertain. The Resulting Issuer may be dependent upon capital markets to raise additional financing in the future. As such, the Resulting Issuer is subject to liquidity risks in meeting its operating expenditure requirements and future development cost requirements in instances where adequate cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Resulting Issuer and its management. It is difficult to estimate the level of growth or contraction for the global economy as a whole. It is even more difficult to estimate economic growth or contraction in various sectors and regions, including the markets in which the Resulting Issuer will operate. Because all components of the Resulting Issuer's budgeting and forecasting are dependent upon estimates of growth or contraction in the markets it serves and the demand for its products and services, the prevailing economic uncertainties render estimates of future income and expenditures very difficult to make. Adverse changes may occur as a result of the prevalence of public health crises, wavering consumer confidence, unemployment, declines in stock markets, contraction of credit availability, declines in real estate values, stagnant economic conditions, increasing nationalism and protectionism, trade tensions and tariff uncertainty, political deadlock, social unrest or other factors affecting economic conditions generally. These changes may negatively affect the sales of the Resulting Issuer's products and services.

The Resulting Issuer expects to incur increased costs as a public company for regulatory compliance and operations. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Resulting Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer. The Resulting Issuer's efforts to grow our business may be costlier than it expect, and it may not be able to increase our revenue enough to offset our higher operating expenses. The Resulting Issuer may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Resulting Issuer is unable to achieve and sustain profitability, the market price of its common shares may significantly decrease.

In addition, as the Resulting Issuer's operations expand and reliance on global supply chains increases, the impact of significant geopolitical risk and conflict globally may have a sizeable and unpredictable impact on the Resulting Issuer's business, financial condition and operations. The ongoing Russia-Ukraine and Israel-Hamas conflicts, and

the global response to these conflicts as it relates to sanctions, trade embargos and military support has resulted in significant uncertainty as well as economic and supply chain disruptions. The Resulting Issuer could be materially adversely affected if the conflicts expand or continue for an extended period of time, or other geopolitical disputes and conflicts emerge in other regions.

Uncertainty of Revenue Growth

There can be no assurance that the Resulting Issuer can generate substantial revenue growth, or that any revenue growth that is achieved, can be sustained. Revenue growth that the Resulting Issuer may achieve may not be indicative of future operating results. In addition, the Resulting Issuer may increase further its operating expenses in order to fund higher levels of sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Resulting Issuer's business, operating results and financial condition will be materially adversely affected.

Dilution

In order to finance future operations, the Resulting Issuer may raise funds through the issuance of additional common shares or the issuance of debt instruments or other securities convertible into common shares. The size of future issuances of common shares or the issuance of debt instruments or other securities convertible into common shares or the dilutive effect, if any, that future issuances and sales of the Resulting Issuer's securities will have on the market price of the common shares cannot be predicted.

Interest Rate Risk

The Resulting Issuer may obtain financing in the future by accessing the debt markets. Amounts payable in respect of interest and principal on debt to be incurred by the Resulting Issuer will affect its net cash flow and profitability. Any increase in such payments will result in a corresponding increase in the cash out flow of the Resulting Issuer that must be applied to debt service. In the event of such an increase, there can be no assurance that net cash flow derived from the Resulting Issuer's operations will be sufficient to cover its future financial obligations or that additional funds will otherwise be able to be obtained. If the Resulting Issuer becomes unable to pay its debt service charges or otherwise commits an event of default such as bankruptcy, the lender may foreclose on or sell all or some of the Resulting Issuer's assets, which may have a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition.

Changes in the Market Price of the Common Shares

Factors unrelated to the Resulting Issuer's performance that may have an effect on the price of the Resulting Issuer Shares and may adversely affect an investors' ability to liquidate an investment and consequently an investor's interest in acquiring a significant stake in the Resulting Issuer includes: a reduction in analytical coverage by investment banks with research capabilities; a drop in trading volume and general market interest in the Resulting Issuer's securities; a failure to meet the reporting and other obligations under relevant securities laws or imposed by applicable stock exchanges could result in a delisting of the Resulting Issuer Shares and a substantial decline in the price of the Resulting Issuer Shares that persists for a significant period of time.

As a result of any of these factors, the market price of the Resulting Issuer Shares at any given point in time may not accurately reflect their long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Resulting Issuer may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Use of Proceeds

While information regarding the use of proceeds is provided herein, the Resulting Issuer will have broad discretion over the use of the net proceeds from the Offering. Because of the number and variability of factors that will determine the use of such proceeds, the Resulting Issuer's ultimate use might vary substantially from its planned use. Purchasers

of the Units may not agree with how the Company or the Resulting Issuer, as applicable, allocates or spends the proceeds from the Offering. The Resulting Issuer may pursue acquisitions, collaborations or other opportunities that do not result in an increase in the market value of our securities, including the market value of the Resulting Issuer Shares, and that may increase our losses.

Acquisitions and Integration

From time to time, the Resulting Issuer may seek to grow by acquiring companies, assets, or establishing joint ventures that it believes will complement its current or future business. Any acquisition that the Resulting Issuer may choose to complete may be of a significant size relative to the size of the Resulting Issuer, may change the nature or scale of the Resulting Issuer's business and activities, and may expose the Resulting Issuer to new geographic, political, operating, financial and geological risks. The Resulting Issuer's success in its acquisition activities, if any, depends upon its ability to obtain additional sources of financing, identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate any acquired operations successfully with those of the Resulting Issuer. Any acquisitions would be accompanied by risks. In the event that the Resulting Issuer chooses to raise debt capital to finance any such acquisitions, the Resulting Issuer's leverage will be increased. If the Resulting Issuer chooses to use equity as consideration for such acquisitions, existing shareholders may suffer significant dilution. The Resulting Issuer may not effectively select acquisitions candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for the business. The Resulting Issuer cannot guarantee that it can complete any acquisition it pursues on favourable terms, or that any acquisitions completed with ultimately benefit its business.

Research and Development Risks

The Resulting Issuer's growth and long-term success is dependent in part on its ability to successfully develop new and current products and it will likely incur significant research and development expenditures to do so. The Resulting Issuer cannot be certain that any investment in research and development will yield technically feasible or commercially viable products. Furthermore, its ability to discover and develop products will depend on its ability to retain key scientists as employees or partners, identify high quality therapeutic targets and unmet medical needs, successfully complete laboratory testing and clinical trials on humans, obtain and maintain necessary intellectual property rights to the Resulting Issuer's products, obtain and maintain necessary regulatory approvals for its products. The Resulting Issuer may not be successful in discovering and developing medical device products. Failure to introduce and advance new and current products could materially and adversely affect the Resulting Issuer's operations and financial conditions.

Clinical Research Risks

The Resulting Issuer must demonstrate the safety and efficacy of its products through, among other things, extensive clinical testing. The Resulting Issuer's research and development programs are at an early stage of development. Numerous unforeseen events during, or as a result of, the testing process could delay or prevent commercialization of any products the Resulting Issuer develops. The results of early clinical studies may be inconclusive, may demonstrate potentially unsafe characteristics, or may not be indicative of results that will be obtained in later human clinical trials.

Clinical studies are very expensive, can run into unexpected difficulties and the outcomes are uncertain. Clinical studies of the Resulting Issuer's products may not be completed on schedule or on budget. The Resulting Issuer's failure to complete any of its clinical studies on schedule or on budget, or its failure to adequately demonstrate the safety and efficacy of any of the products it develops, could delay or prevent regulatory approval of such products, which could adversely affect the Resulting Issuer's business, financial condition, and results of operations.

Actual Performance May Vary from the Results Observed in Prior Testing

The dataset used to test the model's performance is limited, comprising of only 82 images. Consequently, the model's real-world performance may vary from the results observed in the initial testing completed by LAI. If future studies call into question the efficacy of the Company's model, the Company's business, financial condition and results of operations could be adversely affected.

Data Quality Risks

The effectiveness of the Resulting Issuer's diagnostic tools depends on the quality of training data and algorithm performance. In regions with limited access to high-quality healthcare data (such as lower-middle-income markets), AI models may underperform, leading to inaccurate results and undermining the Resulting Issuer's market acceptance.

GAS may mutate regionally or globally or otherwise change its presentation. If the Resulting Issuer's algorithm is not adequately trained on a dataset that captures this change in GAS presentation, its performance may vary, leading to inaccurate diagnoses for some or all regions. Such disparities could undermine the clinical effectiveness and market acceptance of Light AI's products in some or all regions.

Revenue Derived from Healthcare Services

While the Resulting Issuer intends to broaden the scope of technology enabled products and services it offers, it may not be successful in deriving the revenue from these efforts that it expects. Failure to broaden the scope of technology enabled products and services that are attractive to the Resulting Issuer's existing and potential clients and corporate customers or penetrate additional verticals may inhibit the growth of repeat users and harm the Resulting Issuer's business. The products and services that may be attractive to the Resulting Issuer's existing and potential clients and corporate customers may not always remain that way, and while the Resulting Issuer may research the nature and prospects of such products and services in advance of investing in them, it cannot guarantee that any revenue may be derived from such investments.

Furthermore, the Resulting Issuer may have limited or no experience with new offerings and these offerings may present new and difficult technology, regulatory, operational and other challenges. If the Resulting Issuer experiences service disruptions, failures or other issues with any such new offerings, the Resulting Issuer's business may be materially and adversely affected. The Resulting Issuer's newer activities may not recoup the Resulting Issuer's investments in a timely manner or at all. If any of this were to occur, it could damage the Resulting Issuer's reputation, limit the Resulting Issuer's growth and materially and adversely affect the Resulting Issuer's business, financial condition and results of operations.

Incorporation of AI May Present Risks

The Resulting Issuer has incorporated, and plans to incorporate in the future, AI, into its products. AI is a new and emerging technology that is in its early stages of commercial use, particularly within the medical device industry. If any of our products that incorporate AI have perceived or actual negative impacts on the clinicians or patients who use them, the Resulting Issuer may experience brand or reputational harm, competitive harm or legal liability. The rapid evolution of AI may also require the application of significant resources to develop, test and maintain our products and services that incorporate AI in order to help ensure that it is implemented in a socially responsible manner, to minimize any real or perceived unintended harmful impacts.

In addition, AI is subject to a complex and evolving regulatory landscape, including data protection, privacy, and potentially other laws and different jurisdictions have taken and may take in the future varying approaches to regulating AI. Compliance with these laws and regulations can be complex, costly and time-consuming, and there is a risk of regulatory enforcement actions or litigation if the Resulting Issuer fails to comply with these requirements. As regulations evolve, the Resulting Issuer may have to alter its business practices or products in order to comply with regulatory requirements.

Competition

The industry in which the Resulting Issuer operates is highly competitive, evolving and is characterized by technological change. A number of competitors have substantially greater capital resources, larger customer bases, larger technical, sales and marketing forces and stronger reputations with target customers than ours. Current or future competitors may have longer operating histories, larger corporate customer bases, greater brand recognition and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing and other

resources than the Resulting Issuer. As a result, the Resulting Issuer's competitors may be able to develop products and services better received by customers or may be able to respond more quickly and effectively than the Resulting Issuer can to new or changing opportunities, technologies, regulations or customer requirements. In addition, larger competitors may be able to leverage a larger client base to adopt more aggressive pricing policies, which could cause the Resulting Issuer to lose potential clients or corporate customers, or to sell its solutions at lower prices.

The Resulting Issuer's success will be dependent on its ability to market its products and services. There is no guarantee that the Resulting Issuer's products and services will remain competitive. Unforeseen competition, and the inability of the Resulting Issuer to effectively develop and expand the market for its products and services, could have a significant adverse effect on the growth potential of the Resulting Issuer. The Resulting Issuer cannot assure that it will be able to compete effectively against existing and future competitors. Further, advances in AI, medical imaging, and diagnostic technologies by competitors could render the Resulting Issuer's current solutions obsolete or less effective, requiring additional investments in research and development and innovation to stay competitive. In addition, competition or other competitive pressures may result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on the Resulting Issuer's business, financial condition or results of operations. We expect that the rapid technological changes occurring in the health care industry could lead to the entry of new competitors, particularly as artificial intelligence driven software gains market acceptance in the field. If we do not compete successfully, our revenue and market share could decline and our business, financial condition, and results of operations could be adversely affected.

Personal Health Information Data and Privacy

As the Resulting Issuer will have access to sensitive and confidential information, including personal information and personal health information, and since the Resulting Issuer may be vulnerable to material security breaches, theft, misplaced, lost or corrupted data, programming errors, employee errors and/or malfeasance (including misappropriation by departing employees), there is a risk that sensitive and confidential information, including personal information and personal health information, may be disclosed through improper use of Resulting Issuer systems, software solutions or networks or that there may be unauthorized access, use, disclosure, modification or destruction of such information.

As cyber threats continue to evolve, the Resulting Issuer may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities. In connection with the services the Resulting Issuer anticipates providing, the Resulting Issuer may share information with its associated participants who collect, process, store and transmit sensitive data. The accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of data by the Resulting Issuer or through the systems the Resulting Issuer provides could result in significant fines, penalties, orders, sanctions and proceedings or actions against the Resulting Issuer by governmental bodies and other regulatory authorities, end users or third parties, which could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations. Any such proceeding or action, and any related indemnification obligation, could damage the Resulting Issuer's reputation, force the Resulting Issuer to incur significant expenses in defense of these proceedings, distract the Resulting Issuer's management, increase the Resulting Issuer's costs of doing business or result in the imposition of financial liability. These risks may increase as the Resulting Issuer continues to grow and collect, process, store and transmit increasingly large amounts of data.

Insurance

The Resulting Issuer's insurance policies may not adequately cover all risks to which the Resulting Issuer is exposed and may not be adequate for all liabilities actually incurred or indemnification claims against the Resulting Issuer. A significant claim not covered by the Resulting Issuer's insurance, in full or in part, may result in significant expenditures by the Resulting Issuer. Moreover, the Resulting Issuer may not be able to maintain insurance policies in the future at reasonable costs, on acceptable terms or at all, which may adversely affect the Resulting Issuer's business and the trading price of its securities. The successful assertion of one or more large claims against the Resulting Issuer that exceed available insurance coverage, or the occurrence of changes in the Resulting Issuer's insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect the Resulting Issuer's business, financial condition and results of operations.

Conflicts of Interest

Certain directors and officers of the Resulting Issuer may be involved in direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Resulting Issuer. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers may conflict with the interests of the Resulting Issuer. Directors and officers of the Resulting Issuer with conflicts of interest will be subject to and follow procedures set out in applicable corporate and securities legislation, regulation, rules and policies, including, the relevant provisions of the BCBCA.

Tax Issues

Income tax consequences in relation to the Resulting Issuer Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

COVID-19 and Other Health Crises

The Resulting Issuer's business, operations and financial condition, and the market price of the Resulting Issuer Shares, could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the outbreak of COVID-19. Such public health crises can result in volatility and disruptions in the supply and demand for minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Resulting Issuer of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labor and fuel costs, regulatory changes, political or economic instabilities or civil unrest.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as at the date of this Prospectus, a general summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") generally applicable to an investor who acquires Units as beneficial owner pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, (i) deals at arm's length with the Company and the Agents, (ii) is not affiliated with the Company or the Agents, and (iii) acquires and holds the Unit Shares and Warrants, and will hold the Warrant Shares issuable on the exercise of the Warrants, as capital property. For purposes of this summary, references to Common Shares include the Unit Shares and Warrant Shares unless otherwise indicated. A holder who meets all of the foregoing requirements is referred to as a "**Holder**" in this summary, and this summary only addresses such Holders. Generally, the Common Shares and Warrants will be considered as capital property of a Holder thereof provided that the Holder does not hold or use the Common Shares or Warrants in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (i) that is a "financial institution" for the purposes of the mark-to-market rules contained in the Tax Act, (ii) that is a "specified financial institution" as defined in the Tax Act, (iii) an interest in which would be a "tax shelter investment" as defined in the Tax Act, (iv) that has made a functional currency reporting election under the Tax Act to determine its Canadian tax results in a foreign currency, (v) that is exempt from tax under Part I of the Tax Act, (vi) that is a partnership, (vii) that has entered into or will enter into a "derivative forward agreement", "synthetic equity arrangement", or "synthetic disposition arrangement", as those terms are defined in the Tax Act, with respect to the Common Shares or Warrants, or (viii) that receives dividends on Common Shares under or as part of a "dividend rental arrangement", as defined in the Tax Act. All such Holders should consult their own tax advisors with respect to an investment in Units. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Units.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada and is, or becomes, (or does not deal at arm's length within the meaning of the Tax Act with a corporation resident in Canada that is or becomes) as part of a transaction or event or series of transactions or events that includes the acquisition of the Units, controlled by a non-resident person or a group of non-resident persons not dealing with each other at arm's length for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to the consequences of acquiring Units.

This summary is based on the current provisions of the Tax Act in force as of the date of this Prospectus and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted in the manner and form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. If the Tax Proposals are not enacted or otherwise implemented as presently proposed, the tax consequences described below may be different. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign tax considerations, or any other federal considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. All investors, including Holders as defined above, should consult their own tax advisors with respect to their particular circumstances.

Allocation of Cost

The total purchase price of a Unit to a Holder must be allocated on a reasonable basis between the Unit Share and the one-half of one Warrant which such Unit comprises to determine the cost of each to the Holder for purposes of the Tax Act.

For its purposes, the Company intends to allocate $0.5499 of the Offering Price of each Unit as consideration for the issue of each Unit Share and $0.0001 of the Offering Price of each Unit for the one-half of one Warrant which such Unit comprises. Although the Company believes its allocation is reasonable, it is not binding on the CRA or the Holder, and no valuation or related opinion has been sought or obtained in this regard. The Holder's adjusted cost base of the Unit Share composing a part of each Unit will be determined by averaging the cost allocated to the Unit Share with the adjusted cost base to the Holder of all Common Shares (if any) owned by the Holder as capital property immediately prior to such acquisition.

Exercise of Warrants

The exercise of a Warrant to acquire a Warrant Share will be deemed not to constitute a disposition of property for purposes of the Tax Act. As a result, no gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Common Shares (if any) owned by the Holder as capital property immediately prior to such acquisition.

Holders Resident in Canada

The following section of this summary applies to Holders who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times ("**Resident Holders**") and this portion of the summary only addresses such Resident Holders. Certain Resident Holders whose Common Shares might not otherwise constitute capital property may make, in certain circumstances, an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Common Shares, and every other "Canadian security" as defined in the Tax Act, held by such persons in the taxation year of the election and each subsequent taxation year to be capital property. This election does not apply to Warrants. Resident Holders should consult their own tax advisors regarding the availability and/or advisability of making this election in their particular circumstances.

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant immediately before the disposition. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "*Capital Gains and Capital Losses".*

Dividends

Dividends received or deemed to be received on the Common Shares by a Resident Holder, if any, will be included in computing the Resident Holder's income. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of "taxable dividends" received from "taxable Canadian corporations" (each as defined in the Tax Act), including the enhanced gross-up and dividend tax credit in respect of "eligible dividends", if any, so designated by the Company to the Resident Holder in accordance with the provisions of the Tax Act. There may be restrictions on the Company's ability to so designate any dividends as "eligible dividends", and the Company has made no commitments in this regard.

Dividends received or deemed to be received by a Resident Holder that is a corporation must be included in computing its income but generally will be deductible in computing its taxable income, subject to certain restrictions and special rules under the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their particular circumstances.

A Resident Holder that is a "private corporation" (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a special tax under Part IV of the Tax Act (refundable in certain circumstances) on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income.

Dispositions of Common Shares and Warrants

Upon a disposition (or a deemed disposition) of a Common Share (other than a disposition to the Company in a transaction that is not a sale in the open market in the manner in which such shares would normally be purchased by any member of the public in an open market) or a Warrant (other than a disposition arising on exercise), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security, as applicable, to the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "*Capital Gains and Capital Losses*".

Capital Gains and Capital Losses

Under the provisions in the Tax Act currently in force, subject to the Tax Proposals relating to the taxation of capital gains and losses discussed below, generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized in the year by such Resident Holder. Allowable capital losses in excess of taxable capital gains realized in a year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against net taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

Tax Proposals released on September 23, 2024 (the "**Capital Gains Proposals**") would increase a Resident Holder's capital gains inclusion rate for a taxation year ending after June 24, 2024 from one-half to two-thirds, subject to transitional rules applicable for a Resident Holder's 2024 taxation year that would reduce the capital gains inclusion rate for that taxation year to, in effect, be one-half for net capital gains realized before June 25, 2024. The Capital Gains Proposals also include provisions that would, generally, offset the increase in the capital gains inclusion rate for up to $250,000 of capital gains realized by a Resident Holder who is an individual in a year, calculated net of any capital losses incurred in the year (or the portion of the year ending after June 24, 2024 in the case of the 2024 taxation year), and which are not offset by net capital losses from other years which are deducted against taxable capital gains in the year. If the Capital Gains Proposals are enacted as proposed, capital losses realized prior to June 25, 2024 which are deductible against capital gains included in income for the 2024 or subsequent taxation years will offset an equivalent capital gain regardless of the inclusion rate which applied at the time such capital losses were realized. Resident Holders should consult their own tax advisors with regard to the impact of the Capital Gains Proposals having regarding to their particular circumstances.

The amount of any capital loss realized on the disposition or deemed disposition of Common Shares by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstances specified by the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Minimum Tax

Capital gains realized (or deemed to be realized) and dividends received (or deemed to be received) by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act. Such Resident Holders should consult their own advisors with respect to the application of the minimum tax.

Additional Refundable Tax

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) or "substantive CCPC" (as defined in the Tax Act) also may be liable to pay a special additional tax (refundable in certain circumstances) on its "aggregate investment income" (as defined in the Tax Act) for the year which will generally include taxable capital gains and dividends.

Holders Not Resident in Canada

The following section of this summary is generally applicable to Holders who, for the purposes of the Tax Act (i) are not, and will not be deemed to be, resident in Canada at any time while they hold the Common Shares or Warrants, and (ii) do not use or hold, and are not deemed to use or hold, the Common Shares or Warrants in carrying on a

business in Canada at any relevant time ("**Non-Resident Holders**"), and this portion of the summary only addresses such Non-Resident Holders.

Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere or that is an "authorized foreign bank" (as defined in the Tax Act). Such Holders should consult their own tax advisors.

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company are subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless such rate is reduced by the terms of an applicable income tax treaty or convention. For example, under the *Canada-United States Tax Convention* (1980), as amended (the "**Treaty**"), the rate of withholding tax on dividends paid or credited to a Non-Resident Holder that is the beneficial owner of the dividend, who is resident in the U.S. for purposes of the Treaty, and can substantiate entitlement to the full benefits under the Treaty (a "**U.S. Holder**") is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a company that beneficially owns at least 10% of the Company's voting shares). The *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting*, to which Canada is a signatory, affects many of Canada's bilateral tax treaties, including the ability to claim benefits thereunder. Affected Non-Resident Holders should consult their own tax advisors in this regard.

Dispositions of Common Shares and Warrants

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Common Share or a Warrant, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Common Share or Warrant, as applicable, constitutes, or is deemed to constitute, "taxable Canadian property" to the Non-Resident Holder thereof for purposes of the Tax Act at the time of disposition, and the gain is not exempt from tax pursuant to the terms of an applicable income tax treaty or convention.

Provided the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE and the Exchange) at the time of disposition, the Common Shares and Warrants generally will not constitute taxable Canadian property of a Non-Resident Holder at that time unless, at any time during the 60-month period immediately preceding the disposition, the following two conditions are met concurrently: (i) one or any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm's length (for the purposes of the Tax Act), and (c) partnerships in which the Non-Resident Holder or such non-arm's length person referred to in (b) holds a membership interest (either directly or indirectly through one or more partnerships), owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the shares of the Company was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists. Notwithstanding the foregoing, a Common Share or Warrant may also be deemed to be taxable Canadian property to a Non-Resident Holder under other provisions of the Tax Act.

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Common Share or Warrant that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable income tax treaty or convention, the consequences described above under the headings "*Holders Resident in Canada - Dispositions of Common Shares and Warrants*" and "*Holders Resident in Canada – Capital Gains and Capital Losses*" will generally be applicable to such disposition.

Non-Resident Holders who may hold Common Shares or Warrants as taxable Canadian property should consult their own tax advisors with respect to all tax consequences applicable in their particular circumstances.

PROMOTERS

Peter Whitehead, the CEO of the Company, is the promoter of the Company.

Other than disclosed under "*Executive Compensation*", "*Directors and Executive Officers*" or elsewhere in this Prospectus, no person who was a promoter of the Company within the last two years:

1. received anything of value directly or indirectly from the Company or a subsidiary;

2. sold or otherwise transferred any asset to the Company or a subsidiary within the last two (2) years;

3. has been a director, officer or promoter of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject or instituted any proceedings, arrangements or comprise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;

4. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;

5. had been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or

6. has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manger or trustee appointed to hold its assets.

Please see "*Directors and Executive Officers*" for details on the number and percentage of each class of voting and equity securities of the Company that are beneficially owned, or controlled or directed, directly or indirectly, by Peter Whitehead.

Other than disclosed under "*Transaction*" in relation to the exchange of 2,062,877 LAI Shares for 8,024,591 Common Shares (of which 16,918 LAI Shares registered to SISU Venture Fund Limited, where Peter Whitehead is the principal and beneficial owner, were exchanged for 65,811 Common Shares) and 400,000 LAI share purchase options for 1,556,000 Options, each at the LAI Exchange Ratio, on the same terms as the former securityholders of LAI, and as described elsewhere in this Prospectus, no assets have been acquired within the two years preceding the date of this Prospectus, nor are there any assets to be acquired by the Company or its subsidiaries from Peter Whitehead. For details on the consideration paid for the asset, please see "*Transaction*".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company is not a party to, or any of its property is or was the subject of, any legal proceedings and is not aware of any such proceedings known to be contemplated.

Regulatory Actions

The Company is not aware of any:

(a) penalties or sanctions imposed against the Company, LAI nor Finco, as applicable, by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three (3) years immediately preceding the date of this Prospectus;

(b) any other penalties or sanctions imposed by a court or regulatory body against the issuer necessary for this Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed hereunder; and

(c) settlement agreements either the Company, LAI nor Finco, as applicable, entered into before a court relating to provincial or territorial securities legislation nor with a securities regulatory authority within the three (3) years immediately preceding the date of this Prospectus.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Company's issued and outstanding Common Shares, or associate or affiliate of any such foregoing individuals, has any material interest, direct or indirect, in any transaction of the Company within the three (3) most recently completed financial years or during the current financial year, that has materially affected or is reasonably expected to materially affect the Company.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Auditor

The auditor of the Company is Dale Matheson Carr-Hilton Labonte LLP, located at Suite 1500, 1140 West Pender Street, Vancouver, British Columbia V6E 4G1.

Registrar and Transfer Agent

The Company's registrar and transfer agent is Endeavor Trust Corporation at its Vancouver office located at Suite 702, 777 Hornby Street, Vancouver, British Columbia V6Z 1S4.

MATERIAL CONTRACTS

Other than as set out below, there are no contracts of the Company, other than those entered into in the ordinary course of business, that are material to the Company and that were entered into by the Company since September 1, 2023, or that were entered into prior to September 1, 2023, but are still in effect as of the date of this Prospectus:

- the Business Combination Agreement, as amended, with respect to the Transaction; and
- the Agency Agreement with respect to the Offering.

EXPERTS AND LEGAL MATTERS

No person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named in this Prospectus as having prepared or certified a part of this Prospectus, or a report, valuation, statement or opinion described in this Prospectus, has received or shall receive a direct or indirect interest in any securities or other property of the Company or any associate or affiliate of the Company. The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in the Prospectus:

Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, prepared an auditors' report on the financial statements of the Company as at and for the years ended August 31, 2023 and 2022. As of the date hereof, Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, have reported that they are independent in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

Doane Grant Thornton LLP (formerly Grant Thornton LLP), Chartered Professional Accountants, prepared an auditors' report on the financial statements of LAI as at and for the years ended December 31, 2022 and 2021. As of the date hereof, Doane Grant Thornton LLP (formerly Grant Thornton LLP), Chartered Professional Accountants, have reported that they are independent in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

SHIM & Associates LLP, Chartered Professional Accountants, prepared an auditors' report on the financial statements of LAI as at and for the year ended December 31, 2023 and the financial statements of Finco as at and for the period from December 28, 2023 to September 30, 2024. As of the date hereof, SHIM & Associates LLP, Chartered Professional Accountants, have reported that they are independent in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

Certain legal matters relating to the Offering hereby will be passed upon on behalf of the Company by McMillan LLP, and on behalf of the Agents by Cozen O'Connor LLP. As at the date of this Prospectus, the partners and associates of McMillan LLP and Cozen O'Connor LLP, each as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding Common Shares.

PURCHASERS' STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provide purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces or territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The Purchaser should refer to any applicable provisions of the securities legislation of the Purchaser's province or territory for the particulars of these rights or consult with legal counsel.

In an offering containing Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial and territorial securities legislation, to the price at which the Warrants are offered to the public under the Offering. This means that, under the securities legislation of certain provinces and territories, if the Purchaser pays additional amounts upon exercise of the Warrants, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The Purchaser should refer to any applicable provisions of the securities legislation of the Purchaser's province or territory for the particulars of this right of action for damages or consult with legal counsel.

ELIGIBILITY FOR INVESTMENT

In the opinion of McMillan LLP, counsel to the Company, based on the provisions of the Tax Act in force as of the date hereof, the Unit Shares, Warrants and Warrant Shares, if issued on the date hereof, would be "qualified investments" under the Tax Act for a trust governed by a registered retirement savings plan (a "**RRSP**"), a registered retirement income fund (a "**RRIF**"), a deferred profit sharing plan, a registered education savings plan (a "**RESP**"), a registered disability savings plan (a "**RDSP**"), a first home savings account (a "**FHSA**") and a tax-free savings account (a "**TFSA**") (collectively, the "**Deferred Plans**") provided that: (i) in the case of the Unit Shares and the Warrant Shares, the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the CSE and the Exchange); and (ii) in the case of the Warrants, the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act and neither the Company, nor any person with whom the Company does not deal at arm's length, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of the particular Deferred Plan.

Notwithstanding that the Unit Shares, Warrants and Warrant Shares may be qualified investments for a Deferred Plan, the annuitant under an RRSP or RRIF, the holder of a TFSA, RDSP or FHSA, or the subscriber of an RESP, as the

case may be, will be subject to a penalty tax as set out in the Tax Act if such Unit Shares, Warrants and Warrant Shares are a "prohibited investment" (as defined in the Tax Act) for the RRSP, RRIF, RESP, RDSP, FHSA or TFSA. The Unit Shares, Warrants and Warrant Shares will generally not be a prohibited investment for a particular RRSP, RRIF, RESP, RDSP, FHSA or TFSA provided that the annuitant under the RRSP or RRIF, the holder of the TFSA, RDSP, or FHSA or the subscriber of the RESP, as the case may be, (i) deals at arm's length with the Company for the purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act) in the Company. In addition, the Unit Shares, Warrants and Warrant Shares will not be a prohibited investment if such securities are "excluded property" (as defined in the Tax Act) for the particular RRSP, RRIF, RESP, RDSP, FHSA or TFSA.

Prospective purchasers who intend to hold Unit Shares, Warrants or Warrant Shares in a Deferred Plan should consult their own tax advisors.

OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts relating to the Company, LAI, Finco, the Offering or the Transaction, which are not otherwise disclosed in this Prospectus or are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the Company.

SCHEDULE A

MOJAVE BRANDS INC. - FINANCIAL STATEMENTS

[See Attached]

MOJAVE BRANDS INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Mojave Brands Inc.

Opinion

We have audited the consolidated financial statements of Mojave Brands Inc. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2023 and 2022, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.

Yours truly,

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

December 21, 2023

MOJAVE BRANDS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT AUGUST 31

	Note	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents		$ 690,178	$ 881,136
Interest receivable		1,079	-
Prepaid		884	2,906
Total assets		$ 692,141	$ 884,042
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payables and accrued liabilities	5	$ 24,950	$ 139,906
Due to related parties	7	31,913	-
		56,863	139,906
Non-current liabilities			
Loan payable	6	-	40,000
Total liabilities		56,863	179,906
Equity			
Share capital	8	55,937,788	55,937,788
Share-based payments reserve	9	7,020,615	7,020,615
Deficit		(62,323,125)	(62,254,267)
Total equity		635,278	704,136
Total liabilities and equity		$ 692,141	$ 884,042

Nature of business and going concern (Note 1)

Events after the reporting period (Note 15)

Approved by the board of directors on December 21, 2023 and signed on its behalf by:

"Robert Dubeau" Director *"Christopher Cooper"* Director

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

MOJAVE BRANDS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
YEARS ENDED AUGUST 31

	Note	2023	2022
EXPENSES			
Accounting and audit		$ 24,656	$ 24,332
Consulting	7,14	33,000	250
Legal fees		27,323	15,321
Management fees	7	90,000	120,000
Office and general		5,536	3,806
Rent	7	15,000	-
Regulatory filing and transfer agent		19,833	17,162
Shareholder information		2,918	475
Loss before items below		(218,266)	(181,346)
Foreign exchange gain		15,708	18,289
Forgiveness of loan	6	10,000	-
Gain on extinguishment of accounts payable	5	103,869	-
Interest income		21,296	6,180
Reversal of provision (provision) for doubtful receivables	3	(1,465)	191,237
Income (loss) from continuing operations		(68,858)	34,360
Income from discontinued operations	4	-	32,759
Comprehensive income (loss) for the year		$ (68,858)	$ 67,119
Basic and diluted income (loss) per common share			
Continuing operations		$ (0.03)	$ 0.01
Discontinued operations		$ 0.00	$ 0.00
Weighted average number of common shares outstanding*		2,560,614	2,560,614

* The number of shares has been restated to reflect the 4:1 share consolidation (Note 8).

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

MOJAVE BRANDS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Number of Shares*	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, August 31, 2021	2,560,614	$ 55,937,788	$ 7,020,615	$ (62,321,386)	$ 637,017
Comprehensive income for the year	-	-	-	67,119	67,119
Balance, August 31, 2022	2,560,614	$ 55,937,788	$ 7,020,615	$ (62,254,267)	$ 704,136
Comprehensive loss for the year	-	-	-	(68,858)	(68,858)
Balance, August 31, 2023	2,560,614	$ 55,937,788	$ 7,020,615	$ (62,323,125)	$ 635,278

* The number of shares has been restated to reflect the 4:1 share consolidation (Note 8).

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

MOJAVE BRANDS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) from continuing operations	$ (68,858)	$ 34,360
Items not affecting cash:		
Accrued interest income	(1,079)	-
Foreign exchange loss	-	2,017
Forgiveness of loan	(10,000)	-
Gain on extinguishment of accounts payable	(103,869)	-
Changes in non-cash working capital items:		
GST recoverable	-	13,436
Prepaid expenses	2,022	13,710
Trade and other payables	(11,087)	(11,644)
Amounts due to related parties	31,913	(109,750)
Net cash used in operating activities	(160,958)	(57,871)
Net cash provided by operating activities of discontinued operations	-	32,759
	(160,958)	(25,112)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to related parties	-	(8,820)
Loan repayment	(30,000)	-
Net cash used in financing activities	(30,000)	(8,820)
Change in cash during the year	(190,958)	(33,932)
Cash and cash equivalents, beginning of the year	881,136	915,068
Cash and cash equivalents, end of the year	$ 690,178	$ 881,136
Cash and cash equivalents consist of:		
Cash	$ 565,178	$ 881,136
Redeemable GIC	$ 125,000	$ -

There are no significant non-cash investing and financing transactions during the years ended August 31, 2023 and 2022.

1. NATURE OF BUSINESS AND GOING CONCERN

Mojave Brands Inc., (the "Company") was incorporated in British Columbia on November 12, 2010. The registered office address of the Company is 1500 – 1055 West Georgia Street, P.O. Box 11117, Vancouver, BC, V6E 4N7. The principal place of business address is 2050 – 1055 West Georgia Street, P.O. Box 11121, Royal Centre, Vancouver, BC, V6E 3P3. The Company is a reporting issuer in British Columbia, Ontario and Alberta, and its common shares are traded on the Canadian Securities Exchange under the symbol "MOJO" and on the Frankfurt Exchange under symbol "FSE: 0HCN".

The Company was in the business of processing and sale of cannabis extracts. Currently the Company is not generating revenues as it has closed down all its operations in the US, and plans to seek out other potential strategic alliances, joint venture, acquisition, or merger opportunities.

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception with an accumulated deficit as at August 31, 2023 of $62,323,125. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. Management believes that the current cash position will be sufficient to fund the Company's operating requirements for at least the next 12 months. Should the Company identify a business acquisition opportunity, it would be required to raise additional capital to finance the transaction.

These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Coachellagro Corp. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

On August 7, 2023, the Company dissolved its wholly-owned subsidiary, Coachellagro Corp. Accordingly, for the period after the dissolution, the results of operations and statement of financial position are those of the Company only (Note 4).

2. BASIS OF PREPARATION (cont'd…)

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of the wholly-owned subsidiary of the Company was the United States dollar ("USD"), and the financial statement items of the subsidiary are measured using that functional currency.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Significant accounting estimates and judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. 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 those estimates and judgments. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Areas requiring a significant degree of estimation and judgment by the Company's management relate to but are not limited to:

- the fair value measurements for financial instruments;
- the recoverability and measurement of deferred tax assets and liabilities; and
- whether the Company has sufficient financing to operate as a going concern.

Actual results may differ from those estimates and judgments.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

Financial instruments

(i) Financial assets

All financial assets are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial assets' classification, as described below:

Fair value through profit or loss ("FVTPL"): Financial instruments designated at FVTPL are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to net earnings. Financial instruments under this classification include cash and cash equivalents.

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Financial instruments under this classification includes interest receivable.

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax. None of the Company's financial assets are classified as FVTOCI.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost. Financial liabilities classified at amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable, amounts due to related parties, loan payable and loan from related party are classified at amortized cost. The Company does not currently have any FVTPL financial liabilities.

(iii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. During the year ended August 31, 2023, the Company has recorded a provision for doubtful receivables totaling $1,465 (2022 - $16,457) and a recovery of provision for doubtful receivables of $nil (2022 - $207,694).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based payments

The Company's share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purpose (direct employee) or provides services similar to those performed by a direct employee.

The Company accounts for stock options issued to employees at the fair value determined on the grant date using the Black-Scholes Option Pricing Model. The fair value of the options is recognized as an expense using the graded vesting method where the fair value of each tranche is recognized over its respective vesting period. When stock options are forfeited prior to becoming fully vested, any expense previously recorded is reversed.

Share-based payments made to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. These payments are recorded at the date of the goods and services are received.

Foreign currency translation

The financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

Subsidiaries that have functional currencies other than the Canadian dollar translate their statement of comprehensive loss items at the average rate during the year. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange rate variations resulting from the retranslation at the closing rate of the net investment in these subsidiaries, together with differences between their statement of comprehensive loss items translated at actual and average rates, are recognized in accumulated other comprehensive income (loss). On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange difference is recognized in the statement of comprehensive loss.

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued. Proceeds from unit placements are allocated between share and warrants using the residual method.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Earnings / loss per share

Basic earnings/loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the year.

Income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the Canadian taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax is recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial exporting purposes.

Deferred tax is recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

New accounting standards

There were no new or amended IFRS pronouncements effective September 1, 2023 that are expected to impact the Company's consolidated financial statements in the future.

4. DISCOUNTINUED OPERATIONS

Coachellagro Corp. ("Coachellagro")

Coachellagro owned a parcel of land in Coachella, California, where the Company intended to build a facility. During the year ended August 31, 2019, the Company determined that it would no longer pursue the development of the land and committed to a plan to locate a buyer for the land. As a result, the Company reclassified Coachellagro as an asset held for sale and recorded an impairment of $5,077,872 to write down the asset group to the lesser of its carrying value and fair value less cost to sell, which was determined through an assessment of the market value of similar parcels of land. During the year ended August 31, 2020, the Company assessed a further impairment of $889,215 due to the decrease in value of the land. During the year ended August 31, 2021, the Company sold the land and realized a loss of $88,546. On August 7, 2023, Coachellagro was dissolved.

The net loss attributable to Coachellagro are summarized as follows:

	2023	2022
State franchise tax	$ -	$ (3,772)
Other income	-	36,531
Income from discontinued operations	$ -	$ 32,759

5. TRADE AND OTHER PAYABLES

	2023	2022
Trade payables	$ 450	$ 121,205
Accrued liabilities	24,500	18,701
	$ 24,950	$ 139,906

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

During the year ended August 31, 2023, the Company wrote off $103,869 stale dated accounts payable. Each of the stale dated accounts payable was statue barred since the liabilities were incurred. No attempts by any of the vendors to contact the company with reference to overdue amounts has been received and annual corporate searches have never indicated any actions for recovery.

6. LOAN PAYABLE

In May 2020, the Company opened a Canada Emergency Business Account ("CEBA") and received a loan of $40,000 from the Canadian Government. The loan was unsecured and non-interest bearing until December 31, 2023. The principal amount of the loan would be reduced to $30,000 if it is repaid before December 31, 2023. In February 2023, the Company repaid $30,000 of the loan principal and recognized a gain of $10,000.

7. RELATED PARTY TRANSACTIONS AND BALANCES

Amounts due to related parties of $31,913 (August 31, 2022 - $nil) related to advances made by a director and a close family member of a director of the Company, and trade payable due to a company controlled by a close family member of a director of the Company and are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel and entities over which they have control or significant influence during the years ended August 31 is as follows:

	2023	2022
Management fees	$ 90,000	$ 120,000
Consulting fees	2,000	250
Total	$ 92,000	$ 120,250

The Company entered into the following transactions with related parties during the year ended August 31, 2023:

a) Incurred management fees of $90,000 (2022 - $120,000) to a company partially controlled by a director of the Company. This is pursuant to an administrative services agreement with a company controlled by a director of the Company for administrative and accounting services for a monthly fee of $7,500.

b) Incurred consulting fees of $2,000 (2022 - $250) to a company controlled by the Chief Executive Officer ("CEO") of the Company and the former CEO of the Company.

c) Incurred rent expense of $15,000 (2022 - $nil) to a company controlled by a close family member of a director of the Company.

8. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Issued share capital

At August 31, 2023 and 2022, the Company had 2,560,614 common shares outstanding, after giving effect to the share consolidation.

Share consolidation

On October 25, 2023, the Company completed a consolidation of the Company's issued and outstanding common shares, stock options and warrants on a basis of one (1) post-consolidation common share for every four (4) pre-consolidation common shares. All information relating to basic and diluted loss per share, issued and outstanding common shares, stock options and warrants in these consolidated financial statements have been adjusted and restated retrospectively to reflect the share consolidation.

9. SHARE-BASED PAYMENTS

Stock options

The Company's Board of Directors approved the implementation of an aggregate maximum of 10% of the issued and outstanding common shares may be issued for granting of options to directors, senior officers, full time employees of the Company, affiliates or subsidiaries, or any consultants to the Company. The terms of the awards under the Plan are determined by the Board of Directors.

The Company had no stock option transactions during the year ended August 31, 2023 and 2022.

The options outstanding at August 31, 2023 have an exercise price of $34 and a weighted average remaining contractual life of 0.69 year.

As at August 31, 2023, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
5,000	$ 34.00	May 8, 2024

Performance Share Units and Restricted Share Units

The Company's Board of Directors approved the implementation of a restricted share unit plan (the "RSU Plan"). Under the RSU Plan, eligible persons may (at the discretion of the Board) be allocated several RSUs as the Board deems appropriate, with vesting provisions also to be determined by the Board, subject to a maximum vesting term of three (3) years from the end of the calendar year in which RSUs were granted. Upon vesting, eligible participants shall be entitled to a cash payment equal to the number of RSUs granted, multiplied by the fair market value of the Company's common shares on the redemption date. The Company shall also have the option (at the discretion of the Board) to settle amounts owing to eligible persons via the issuance of common shares of the Company.

The Company had no RSU transactions during the year ended August 31, 2023 and 2022. There were no RSUs outstanding as at August 31, 2023 and 2022.

9. SHARE-BASED PAYMENTS (cont'd…)

Warrants

Warrants are issued as private placement incentives. Agents' warrants are measured at fair value on the date of the grant determined using the Black-Scholes Option Pricing Model.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, August 31, 2021	1,596,805	$ 0.60
Warrants expired	(159,305)	30.00
Balance, August 31, 2022 and 2023	1,437,500	$ 0.60

During the year ended August 31, 2023, the Company extended the expiry date of 1,437,500 warrants from July 12, 2023 to July 12, 2025. The warrants outstanding at August 31, 2023 have an exercise price of $0.60 and a weighted average remaining contractual life of 1.87 years.

As at August 31, 2023, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,437,500	$ 0.60	July 12, 2025

The share-based payment reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

10. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company to support the growth and development of its subsidiaries and additional acquisition opportunities. 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. The Company defines capital to include all components of its shareholders' equity.

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 period. The Company is not subject to externally imposed capital requirements.

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2023	2022
Income (loss) before tax from continuing operations	$ (68,858)	$ 34,360
Income (loss) before tax from discontinued operations	-	32,759
Statutory tax rate	27%	27%
Expected income tax (recovery) at statutory rates	$ (18,592)	$ 18,122
Permanent differences and other	24,592	(28,122)
Changes in tax benefits not recognized	(6,000)	10,000
Deferred income tax recovery	$ -	$ -

Deferred income tax assets

Significant components of the company's deferred income tax assets are as follows:

	2023	2022
Deferred income tax assets:		
Non-capital loss carry forwards	$ 5,550,000	$ 5,550,000
Allowable capital loss carry forwards	4,818,000	4,818,000
Share issuance costs	5,000	11,000
Unrecognized deferred income tax assets	$ 10,373,000	$ 10,379,000

The Company has available for deduction against future taxable income, Canadian non-capital losses of approximately $20,550,000 which will begin to expire in 2032.

12. FINANCIAL INSTRUMENTS

As of August 31, 2023, the carrying amounts of accounts payables and due to related parties carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. Cash and cash equivalents are carried at fair value.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have enough liquidity to meet liabilities when due. as they fall due. As at August 31, 2023, the Company has a cash and cash equivalents balance of $690,178 and current liabilities of $56,863. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

The Company is exposed to interest rate risk arising from cash held in Canadian financial institutions. The interest rate risk on cash is not considered significant due to its short-term nature and maturity. The exposure to interest rates for the Company is considered minimal.

13. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Financial instruments measured at fair value on the consolidated statement of financial position are summarized in levels of fair value hierarchy as follows. There have been no changes in these levels and no changes in classifications during the year ended August 31, 2023.

	Level 1	Level 2	Level 3	Total
August 31, 2023				
Cash and cash equivalents	$ 690,178	$ -	$ -	$ 690,178
August 31, 2022				
Cash	$ 881,136	$ -	$ -	$ 881,136

14. SETTLEMENT OF CONTINGENCY

In July 2021, Coachellagro Corp. and William Campbell Birge, a director of the Company, were served with a complaint in the Superior Court of California, Riverside County whereby Coachellagro and Mr. Birge were named as defendants. The complaint was filed by the former owners of 420 Realty, a former subsidiary of the Company. During the year ended August 31, 2023 the Company settled the claim with the plaintiffs, and the settlement amount paid by the Company was recorded in consulting fees.

15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to August 31, 2023,

i) The Company signed a consulting agreement with Commodity Partners Inc. for capital market advisory services, effective from September 22, 2023 to August 30, 2024, for a total fee of $610,000, inclusive of applicable taxes (fully paid). Commodity Partners Inc. became a significant shareholder of the Company through the non-brokered private placement subscription in note 15 ii).

ii) The Company completed a non-brokered private placement of 6,799,800 units announced at a price of $0.07 per unit for gross proceeds of $475,986. Each unit is comprised of one common share and one-half of share purchase warrant; each whole warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of $0.11.

MOJAVE BRANDS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

Three and Nine Months Ended May 31, 2024

(Unaudited)

(EXPRESSED IN CANADIAN DOLLARS)

MOJAVE BRANDS INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)

	Note	May 31, 2024	August 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		$ 7,200	$ 690,178
GST recoverable		37,998	-
Interest receivable		-	1,079
Prepaid expenses	4	145,238	884
Loan receivable	1	250,000	-
Total assets		$ 440,436	$ 692,141
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payables and accrued liabilities	5	$ 100,234	$ 24,950
Due to related parties	8	-	31,913
Loan payable	7	25,132	-
Total liabilities		125,366	56,863
Equity			
Share capital	9	56,393,861	55,937,788
Share-based payments reserve	10	7,020,615	7,020,615
Deficit		(63,099,406)	(62,323,125)
Total equity		315,070	635,278
Total liabilities and equity		$ 440,436	$ 692,141

Nature of business and going concern (Note 1)

Approved by the board of directors on July 29, 2024 and signed on its behalf by:

"Robert Dubeau" Director *"Christopher Cooper"* Director

MOJAVE BRANDS INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

	Note	Three Months Ended May 31, 2024	Three Months Ended May 31, 2023	Nine Months Ended May 31, 2024	Nine Months Ended May 31, 2023
Expenses					
Accounting and audit		$ 16,720	$ 2,000	$ 43,613	$ 8,656
Consulting	8	145,238	27,000	451,589	27,000
Filing and transfer agent		4,078	3,427	25,409	16,834
Legal fees		18,965	10,165	34,564	16,738
Loan interest	7	132	-	132	-
Management fees	8	15,000	22,500	43,500	67,500
Marketing & promotion		15,000	-	51,077	-
Office and general		799	1,681	5,877	12,244
Travel		-	-	115,961	-
Loss before items below		(215,932)	(66,773)	(771,722)	(148,972)
Foreign exchange gain (loss)		6	(260)	(4,857)	18,587
Interest income		-	6,085	298	14,004
Gain on CEBA loan repayment	6	-	-	-	10,000
Comprehensive loss for the period		(215,926)	(60,948)	(776,281)	(106,381)
Basic and diluted loss per common share		$ (0.02)	$ (0.01)	$ (0.12)	$ (0.01)
Weighted average number of common shares outstanding *		9,360,414	2,560,614	6,729,834	2,560,614

* The number of shares has been restated to reflect the 4:1 share consolidation (Note 9).

MOJAVE BRANDS INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Note	Number of Shares*	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, August 31, 2023		2,560,614	$ 55,937,788	$ 7,020,615	$ (62,323,125)	$ 635,278
Private placement	9	6,799,800	475,986	-	-	475,986
Share issuance costs	9	-	(19,913)	-	-	(19,913)
Comprehensive loss for the period		-	-	-	(776,281)	(776,281)
Balance, May 31, 2024		9,360,414	$ 56,393,861	$ 7,020,615	$ (63,099,406)	$ 315,070

	Number of Shares*	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, August 31, 2022	2,560,614	$ 55,937,788	$ 7,020,615	$ (62,254,267)	$ 704,136
Comprehensive loss for the period	-	-	-	(106,381)	(106,381)
Balance, May 31, 2023	2,560,614	$ 55,937,788	$ 7,020,615	$ (62,360,648)	$ 597,755

* The number of shares has been restated to reflect the 4:1 share consolidation (Note 9).

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

MOJAVE BRANDS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED MAY 31
(Unaudited)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (776,281)	$ (106,381)
Items not affecting cash:		
Accrued loan interest	132	-
Foreign exchange loss	-	2,017
Gain on loan repayment	-	(10,000)
Changes in non-cash working capital items:		
GST recoverable	(37,998)	-
Prepaid expenses	(144,354)	112
Trade and other payables	75,284	15,062
Amounts due to related parties	(31,913)	-
Net cash used in operating activities	(915,130)	(99,190)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan advanced	(250,000)	-
Interest received	1,079	-
Net cash used in investing activities	(248,921)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	475,986	-
Share issuance costs	(19,913)	-
Loan proceeds received (repayment)	25,000	(30,000)
Net cash provided by (used in) financing activities	481,073	(30,000)
Change in cash during the period	(682,978)	(129,190)
Cash, beginning of the period	690,178	881,136
Cash, end of the period	$ 7,200	$ 751,946

There are no significant non-cash investing and financing transactions during the nine months ended May 31, 2024 and 2023.

1. NATURE OF BUSINESS AND GOING CONCERN

Mojave Brands Inc., (the "Company") was incorporated in British Columbia on November 12, 2010. The registered office address of the Company is 1500 – 1055 West Georgia Street, P.O. Box 11117, Vancouver, BC, V6E 4N7. The principal place of business address is 1540 – 1075 West Georgia Street, Vancouver, BC, V6E 3C9. The Company is a reporting issuer in British Columbia, Ontario and Alberta, and its common shares are traded on the Canadian Securities Exchange (the "CSE") under the symbol "MOJO" and on the Frankfurt Exchange under symbol "FSE: 0HCN".

The Company was in the business of processing and sale of cannabis extracts. Currently the Company is not generating revenues as it has closed down all its operations in the US, and plans to seek out other potential strategic alliances, joint venture, acquisition, or merger opportunities.

These interim financial statements have been prepared based on accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception with an accumulated deficit as at May 31, 2024 of $63,099,406. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. While the Company has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

These interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Proposed transaction

On January 31, 2024, the Company entered into a binding letter of intent ("LOI") with LAI SPV Corp. ("LAI") and Light AI Inc. ("Light AI") under which the Company, LAI and Light AI will combine their respective businesses by way of a share exchange, merger, amalgamation, plan of arrangement or such other similar form of transaction (the "Transaction"). On June 19, 2024, the parties entered into a Business Combination Agreement, whereby the Company, Light AI and LAI agree to effect the combination of their respective businesses and assets by way of a series of steps or transactions including the Amalgamation.

In accordance with the terms and conditions of the Business Combination Agreement, the transaction will be completed by way of a three-cornered amalgamation, whereby, among other things: (i) 1479875 B.C. Ltd. ("Subco"), a wholly owned subsidiary of the Company incorporated for the purpose of effecting the transaction, will amalgamate with Light AI and LAI to form an amalgamated company ("Amalco"); (ii) holders of common shares in the capital of Light AI will receive 3.89 common shares in the capital of the Company for each Light AI share held, and the Light AI shares will be cancelled; (iii) holders of common shares in the capital of LAI will receive one common share in the capital of the Company for each LAI share held, and the LAI shares will be cancelled; (iv) Company share purchase warrants will be issued to the holders of Light AI share purchase warrants, and LAI share purchase warrants in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Light AI warrants and LAI warrants will be cancelled; (v) Company options will be issued to holders of Light AI options and LAI options in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Light AI options and LAI options will be cancelled; (vi) Amalco will become a wholly owned subsidiary of the Company; and (vii) the Company will change its name to Light AI Inc. or such other similar name as may be accepted by the relevant regulatory authorities and approved by the board of directors of the Company. The Company will continue to carry on the business of Light AI. The Transaction constitutes an arms' length transaction.

1. NATURE OF BUSINESS AND GOING CONCERN (cont'd…)

Following completion of the transaction, the former securityholders of Light AI will hold approximately 45% of the issued and outstanding company shares on a fully diluted basis, prior to the concurrent financing described below. Company shares issued to former Light AI shareholders shall be subject to escrow conditions as required by applicable securities laws, including CBOE Canada, and voluntary escrow conditions set out in the business combination agreement.

Upon closing of the transaction and in accordance with the Business Combination Agreement: (i) each of the directors and officers of the company will resign, and the board will be reconstituted to consist of four nominees of Light AI and one nominee of the company; and (ii) Peter Whitehead, chief executive officer of Light AI, will be appointed as chief executive officer of the Company.

The transaction will constitute a fundamental change as such term is defined in the policies of the CSE, and completion thereof will be subject to a number of conditions customary for a transaction of this nature, including, but not limited to, the receipt of required regulatory and corporate approvals, approval of the amalgamation by the shareholders of Light AI and the Company, the board reconstitution, the completion of the concurrent financing, the delisting of the common shares on the Canadian Securities Exchange, and the listing of the common shares on CBOE Canada by way of a direct listing.

Trading in the Company shares has been halted, and will remain halted, pending review and approval of the transaction by the applicable stock exchange. For further information with respect to the transaction, please refer to the business combination agreement, which is available on the Company's profile at SEDAR+.

Concurrent Financings

In connection with the amalgamation, the Company will complete a non-brokered private placement for gross proceeds of at least $7,500,000. The terms of the concurrent financing will be determined in the context of the market. Finders' fees may be paid in connection with the concurrent financing within the maximum amounts permitted by the policies of the CBOE Canada.

In addition, LAI SPV will complete a non-brokered private placement of convertible debentures for gross proceeds of at least $2,500,000 and a maximum of $5,000,000 (the "LAI SPV Concurrent Financing"). The LAI SPV convertible debentures will convert automatically into common shares of LAI SPV upon completion of the Transaction.

Loan

In connection with the LOI, Mojave advanced a loan of $250,000 to LAI (the "Loan"), which is evidenced by a promissory note. The Loan is non-interest bearing (except as described below) and is payable upon demand. In the event the LOI is terminated, the Loan will become due and payable, bear interest at a rate of 24% per annum from the date of issuance, and LAI will issue Mojave 277,778 common share purchase warrants of LAI (the "LAI Warrants"). The LAI Warrants will be exercisable for LAI Shares at $0.90 per LAI Share for a period of 48 months from the date of issuance. In addition, Mojave has the right to convert the Loan into LAI Shares at $0.90 per LAI Share.

2. BASIS OF PREPARATION

Statement of compliance

These condensed unaudited interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The condensed interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended August 31, 2023, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of measurement

These interim financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition, these interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

Significant accounting estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. 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 those estimates and judgments. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Areas requiring a significant degree of estimation and judgment by the Company's management relate to but are not limited to:

- the fair value measurements for financial instruments;
- the recoverability and measurement of deferred tax assets and liabilities; and
- whether the Company has sufficient financing to operate as a going concern.

Actual results may differ from those estimates and judgments.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out in the Company's annual consolidated financial statements for the year ended August 31, 2023 were consistently applied to all the periods presented unless otherwise noted below.

New accounting standards

There were no new or amended IFRS pronouncements effective September 1, 2023 that are expected to impact the Company's financial statements in the future.

4. PREPAID EXPENSES

		May 31, 2024		August 31, 2023
Prepaid advisory fee	$	145,238	$	-
Legal retainer		-		884
	$	145,238	$	884

The Company signed a consulting agreement with Commodity Partners Inc. for capital market advisory services, effective from September 22, 2023 to August 30, 2024, for a total fee of $610,000, inclusive of applicable taxes (fully paid). Commodity Partners Inc. became a significant shareholder of the Company through the non-brokered private placement subscription in note 9.

5. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

		May 31, 2024		August 31, 2023
Trade payables	$	88,234	$	450
Accrued liabilities		12,000		24,500
	$	100,234	$	24,950

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

6. CEBA LOAN

In May 2020, the Company opened a Canada Emergency Business Account ("CEBA") and received a loan of $40,000 from the Canadian Government. The loan was unsecured and non-interest bearing until December 31, 2023. The principal amount of the loan would be reduced to $30,000 if it is repaid before December 31, 2023. In February 2023, the Company repaid $30,000 of the loan principal and recognized a gain of $10,000.

7. LOAN PAYABLE

On April 23, 2024, the Company received a loan of $25,000 from LAI. The loan is unsecured, bears interest at a rate of 5% per annum, compounded monthly, and is payable on October 23, 2024. If the Company does not repay the loan by the due date, the principal amount together with the accrued interest will become subject to interest at the Bank of Canada rate plus 2% per annum, compounded monthly, until it is paid in full.

8. RELATED PARTY TRANSACTIONS AND BALANCES

Amounts due to related parties of $nil (August 31, 2023 - $31,913) related to advances made by a director and a close family member of a director of the Company and are unsecured, non-interest bearing, and have no specific terms of repayment. During the nine months ended May 31, 2024, the Company repaid the amounts due to related parties of $31,913.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel and entities over which they have control or significant influence during the nine month periods ended May 31 is as follows:

	2024	2023
Management fees	$ 43,500	$ 67,500
Consulting fees	290,476	-
	$ 333,976	$ 67,500

The Company entered into the following transactions with related parties during the nine months ended May 31, 2024:

a) Incurred management fees of $20,000 (2023 - $nil) the Chief Executive Officer (“CEO”) of the Company.

b) Incurred management fees of $16,000 (2023 - $nil) to a company controlled by the Chief Financial Officer (“CFO”) of the Company.

c) Incurred management fees of $7,500 (2023 - $67,500) to a company partially controlled by a former director of the Company.

d) Incurred consulting fees of $290,476 (2023 - $nil) to Commodity Partners Inc., a significant shareholder of the Company, for capital market advisory services.

9. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Issued share capital

At May 31, 2024, the Company had 9,360,414 common shares outstanding, after giving effect to the share consolidation (August 31, 2023 - 2,560,614 common shares).

9. SHARE CAPITAL (cont'd…)

Share consolidation

On October 25, 2023, the Company completed a consolidation of the Company's issued and outstanding common shares, stock options and warrants on a basis of one (1) post-consolidation common share for every four (4) pre-consolidation common shares. All information relating to basic and diluted loss per share, issued and outstanding common shares, stock options and warrants in these financial statements have been adjusted and restated retrospectively to reflect the share consolidation.

Share issuance

During the nine months ended May 31, 2024, the Company completed a non-brokered private placement of 6,799,800 units announced at a price of $0.07 per unit for gross proceeds of $475,986. Each unit is comprised of one common share and one-half of share purchase warrant; each whole warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of $0.11. No proceeds were allocated to the warrants based on the residual method. The Company incurred filing and other expenses of $19,913 in connection with the private placement.

10. SHARE-BASED PAYMENTS

Stock options

The Company's Board of Directors approved the implementation of an aggregate maximum of 10% of the issued and outstanding common shares may be issued for granting of options to directors, senior officers, full time employees of the Company, affiliates or subsidiaries, or any consultants to the Company. The terms of the awards under the Plan are determined by the Board of Directors.

Stock option transactions are summarized as follows:

	Number of options	Weighted Average Exercise Price
Balance, August 31, 2022 and 2023	5,000	$ 34.00
Forfeited	(5,000)	34.00
Balance, May 31, 2024	-	$ -

10. SHARE-BASED PAYMENTS (cont'd…)

Performance Share Units and Restricted Share Units

The Company's Board of Directors approved the implementation of a restricted share unit plan (the "RSU Plan"). Under the RSU Plan, eligible persons may (at the discretion of the Board) be allocated several RSUs as the Board deems appropriate, with vesting provisions also to be determined by the Board, subject to a maximum vesting term of three (3) years from the end of the calendar year in which RSUs were granted. Upon vesting, eligible participants shall be entitled to a cash payment equal to the number of RSUs granted, multiplied by the fair market value of the Company's common shares on the redemption date. The Company shall also have the option (at the discretion of the Board) to settle amounts owing to eligible persons via the issuance of common shares of the Company.

The Company had no RSU transactions during the year ended August 31, 2023 and the nine months ended May 31, 2024. There were no RSUs outstanding as at August 31, 2023 and May 31, 2024.

Warrants

Warrants are issued as private placement incentives and measured using the residual method. Agents' warrants are measured at fair value on the date of the grant determined using the Black-Scholes Option Pricing Model.

	Number of Warrants	Weighted Average Exercise Price
Balance, August 31, 2022 and 2023	1,437,500	$ 0.60
Issued	3,399,900	0.11
Balance, May 31, 2024	4,837,400	$ 0.26

As at May 31, 2024, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,437,500	$ 0.60	July 12, 2025
3,399,900	$ 0.11	December 15, 2025
4,837,400		

The share-based payment reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

11. FINANCIAL INSTRUMENTS

As of May 31, 2024, the carrying amounts of loan receivable and accounts payables carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. Cash and cash equivalents are carried at fair value.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and loan receivable. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. The loan receivable was a loan to a company with which the Company plans to merge (Note 1). The Company does not anticipate any default on the loan receivable.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have enough liquidity to meet liabilities when due. as they fall due. As at May 31, 2024, the Company has a cash balance of $7,200 and current liabilities of $125,366. Liquidity risk is assessed as high. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

The Company is exposed to interest rate risk arising from cash held in Canadian financial institutions. The interest rate risk on cash is not considered significant due to its short-term nature and maturity. The exposure to interest rates for the Company is considered minimal.

12. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows. There have been no changes in these levels and no changes in classifications during the nine months ended May 31, 2024.

	Level 1	Level 2	Level 3	Total
May 31, 2024				
Cash	$ 7,200	$ -	$ -	$ 7,200
August 31, 2023				
Cash and cash equivalents	$ 690,178	$ -	$ -	$ 690,178

13. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company to support the growth and development of its subsidiaries and additional acquisition opportunities. 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. The Company defines capital to include all components of its shareholders' equity.

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 period. The Company is not subject to externally imposed capital requirements.

SCHEDULE B

MOJAVE BRANDS INC. – MANAGEMENT'S DISCUSSION & ANALYSIS

[See Attached]

MOJAVE BRANDS INC.

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") has been prepared by the management of Mojave Brands Inc. ("Mojave" or the "Company") as of December 21, 2023, and should be read in conjunction with the audited consolidated financial statements of the Company together with the related notes thereto for the year ended August 31, 2023. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are stated in Canadian dollars unless otherwise indicated.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation. Additional information related to the Company and its operations is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans and strategy. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is based on assumptions and expectations which the Company considers are reasonable, and which are based on management's experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. The assumptions used to develop forward-looking information include, but not limited to, assumptions about:

- The general business and economic conditions;
- The timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned business objectives;
- The nature and location of the Company's plants, and the timing of the ability to commence its business operations;
- The Company's ability to secure the necessary consulting, technical and related services and supplies on favourable terms;
- The Company's ability to attract and retain key staff;
- Treatment of the Company's business under governmental regulatory regimes and tax laws and the renewal of the Company's license thereunder;
- The anticipated terms of the consents, permits and authorizations necessary to carry out the planned operations and the Company's ability to comply with such terms on a cost-effective basis;
- Fluctuations in the price of common shares and the market for the common shares: and
- The ability of the Company to generate cash flow from operations and from financing activities.

Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to be correct. The Company does not undertake to revise or update any forward-looking information, except in accordance with applicable laws. Readers should not place undue reliance on forward looking information.

Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results, or performance of the Company to be materially different from those expressed or implied by such forward-looking information. These risks and uncertainties included risk and uncertainties associated with the medical marijuana industry, such as the potential changes in government regulation, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally, such as changes in interest rates and the condition of financial markets, and changes in exchange rates, and other risks identified herein under "Risks and Uncertainties".

COMPANY OVERVIEW

Mojave Brands Inc. was incorporated under the name Infinity Minerals Corp. on 12, 2010, under the laws of the Province of British Columbia, Canada. The name of the Company was changed to Herbal Clone Bank Canada Inc. on August 29, 2014, to High Hampton Holdings Corp. on June 18, 2015, to Mojave Jane Brands Inc. on June 11, 2019, and to Mojave Brands Inc. on March 30, 2021. The Company is a reporting issuer in British Columbia, Ontario and Alberta, and its common shares are traded on the Canadian Securities Exchange (the "CSE") under the symbol "MOJO" and on the Frankfurt Exchange under the symbol "FSE: 0HCN".

The Company was in the business of processing and sale of cannabis extracts. Currently the Company is not generating revenues as it has closed down all its operations in the US, and plans to seek out other potential strategic alliances, joint venture, acquisition, or merger opportunities.

Subsequent to August 31, 2023,

i) On October 25, 2023, the Company completed a consolidation of the Company's issued and outstanding common shares, stock options and warrants on a basis of one (1) post-consolidation common share for every four (4) pre-consolidation common shares. All information relating to basic and diluted loss per share, issued and outstanding common shares, stock options and warrants in these consolidated financial statements have been adjusted and restated retrospectively to reflect the share consolidation.

ii) The Company signed a consulting agreement with Commodity Partners Inc. for capital market advisory services, effective from September 22, 2023 to August 30, 2024, for a total fee of $610,000, inclusive of applicable taxes (fully paid). Commodity Partners Inc. became a significant shareholder of the Company through the non-brokered private placement subscription described below.

iii) The Company completed a non-brokered private placement of 6,799,800 units announced at a price of $0.07 per unit for gross proceeds of $475,986. Each unit is comprised of one common share and one-half of share purchase warrant; each whole warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of $0.11.

SELECTED ANNUAL INFORMATION

The following table sets out selected financial information for the Company which has been derived from the Company's audited consolidated financial statements for the fiscal years ended August 31, 2023, 2022, and 2021.

	Fiscal 2023 ($)	**Fiscal 2022** ($)	**Fiscal 2021** ($)
Revenues	-	-	-
Income (loss) from continuing operations	(68,858)	34,360	(118,170)
Net income (loss)	(68,858)	67,119	(188,590)

Income (loss) from continuing operations per share - basic and diluted	(0.03)	0.01	(0.09)
Net loss (loss) per share - basic and diluted	(0.03)	0.03	(0.14)
Total assets	692,141	884,042	945,120
Total non-current liabilities	-	40,000	40,000
Dividends	-	-	-

Factors That Affect the Comparability of the Annual Financial Data Disclosed Above

Net income (loss) for the years ended August 31, 2023, 2022, and 2021 were ($68,858), $67,119, and ($188,590), respectively. The significant variance was mainly attributable to general operating expenses (2023 - $218,266, 2022 - $181,346, 2021 - $348,523), gain on extinguishment of accounts payable (2023 - $103,869, 2022 - $nil, 2021 - $nil) and gain (loss) from provision for doubtful receivables (2023 - ($1,465), 2022 - $191,237, 2021 - 210,958). The decrease in general operating expenses was mainly due to the wind down of US cannabis operations in fiscal 2021. The decrease in total assets was due to operating loss incurred and no financings completed during the last two fiscal year.

DISCUSSION OF OPERATIONS

During the year ended August 31, 2023, the Company reported a net loss of $68,858 as compared to a net income of $67,119 for the year ended August 31, 2022. The net loss for fiscal 2023 relates primarily to general operating expenses of $218,266 (2022 - $181,346), partially offset by foreign exchange gain of $15,708 (2022 - $18,289), interest income of $21,296 (2022 - $6,180), forgiveness of loan of $10,000 (2022 - $nil) and gain on extinguishment of accounts payable of $103,869 (2022 - $nil). The net income in fiscal 2022 was a result of $191,237 of recovery of doubtful GST receivable.

The general operating expenses related mainly to costs of maintaining the Company and identifying potential business opportunities. The main expense items are summarized as follows:

- Accounting and audit of $24,656 (2022 - $24,332) include audit and tax compliance related costs.
- Consulting fees of $33,000 (2022 - $250) relate to fees to contract consultants for corporate consulting work.
- Management fees of $90,000 (2022 - $120,000) relate to fees to a company controlled by a director of the Company for administrative and accounting services.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited financial information for the Company's eight most recent quarters ending with the last quarter for the three months ended August 31, 2023.

	For the Three Months Ended							
	Fiscal 2023				**Fiscal 2022**			
	Aug. 31, 2023	**May 31, 2023**	**Feb. 28, 2023**	**Nov. 30, 2022**	**Aug. 31, 2022**	**May 31, 2022**	**Feb. 28, 2022**	**Nov. 30, 2021**
	($)	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**
Total revenues	-	-	-	-	-	-	-	-
Net income (loss) from continuing operations	37,523	(60,948)	(29,427)	(16,006)	(44,442)	(34,538)	151,064	(37,724)
Net income (loss)	37,523	(60,948)	(29,427)	(16,006)	(44,442)	(35,654)	184,939	(37,724)

Net income (loss) from continuing operations per share - basic and diluted	0.01	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)	0.06	(0.01)
Net income (loss) per share - basic and diluted	0.01	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)	0.07	(0.01)

FOURTH QUARTER

In the fourth quarter ended August 31, 2023 the Company incurred a net income of $37,523 (2022 - net loss of $44,442). The net income for the 2023 fourth quarter relates primarily to general operating expenses of $69,294 (2022 - $52,928), offset by gain on extinguishment of accounts payable of $103,869 (2022 - $nil). Factors affecting the income for the current quarter are otherwise similar to those explained under the "Discussion of Operations" Section.

LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2023, the Company had a cash balance of $690,178, a decrease of $190,958 from the cash balance of $881,136 as at August 31, 2022. The Company spent $160,958 in operating activities and paid off $30,000 of the loan from the Canadian Government.

The Company had working capital of $635,278 as at August 31, 2023 compared to working capital of $744,136 as at August 31, 2022.

Going Concern

As at the date of this MD&A, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business objectives. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due and to attain future profitable operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. Further, if an equity offering is used to raise required additional capital, it may result in dilution to existing shareholders based on the size of such an offering. Management believes that the current cash position will be sufficient to fund the Company's operating requirements for at least the next 12 months. Should the Company identify a business acquisition opportunity, it would be required to raise additional capital to finance the transaction.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

RELATED PARTY TRANSACTIONS AND BALANCES

Amounts due to related parties of $31,913 (August 31, 2022 - $nil) are related to advances made by Peeyush Varshney and amounts payable to his father and a company controlled by his mother and are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel and entities over which they have control or significant influence during the years ended August 31 is as follows:

	2023	2022
Management fees	$ 90,000	$ 120,000
Consulting fees	2,000	250
Total	$ 92,000	$ 120,250

The Company entered into the following transactions with related parties during the year ended August 31, 2023:

a) Incurred management fees of $90,000 (2022 - $120,000) to Varshney Capital Corp. a company partially controlled by Peeyush Varshney, a director of the Company. This is pursuant to an administrative services agreement with a Varshney Capital Corp. which is partially controlled by Peeyush Varshney, a director of the Company for administrative and accounting services for a monthly fee of $7,500.

b) Incurred management fees of $2,500 (2022 - $250) to a company controlled by the Chief Executive Officer ("CEO") of the Company and the former CEO of the Company.

c) Incurred rent expense of $15,000 (2022 - $nil) to a company controlled by the mother of Peeyush Varshney, a director of the Company.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. 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 those estimates and judgments. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Areas requiring a significant degree of estimation and judgment by the Company's management relate to but are not limited to:

- the fair value measurements for financial instruments;
- the recoverability and measurement of deferred tax assets and liabilities; and
- whether the Company has sufficient financing to operate as a going concern.

Actual results may differ from those estimates and judgments.

FINANCIAL INSTRUMENTS

As of August 31, 2023, the carrying amounts of accounts payables and due to related parties carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have enough liquidity to meet liabilities when due. as they fall due. As at August 31, 2023, the Company has a cash balance of $690,178 and current liabilities of $56,863. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

The Company is exposed to interest rate risk arising from cash held in Canadian financial institutions. The interest rate risk on cash is not considered significant due to its short-term nature and maturity. The exposure to interest rates for the Company is considered minimal.

OUTSTANDING SHARE DATA

The Company had the following common shares, stock options and warrants outstanding as at the date of this report:

Issued and Outstanding Common shares	9,360,414
Stock options	5,000
Warrants	4,837,400
	14,202,814

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New accounting standards

There were no new or amended IFRS pronouncements effective September 1, 2023 that are expected to impact the Company's consolidated financial statements.

RISK AND UNCERTAINTIES

The Company's business is subject to risks inherent in a high growth, heavily regulated enterprise, and the Company has identified certain risks pertinent to its business that may materially and adversely affect our business, products, financial condition and operating results. There are many factors that affect our business and our results of operations, some of which are beyond our control. The following is a description of important factors that may cause our actual results of operations in future periods to differ materially from those currently expected or discussed in the forward-looking statements set forth in this report relating to our financial results, operations and business prospects. Except

as required by law, we undertake no obligation to update any such forward-looking statements to reflect events or circumstances after the date of this MD&A. These risks include, but are not limited to the following:

Additional funding requirements

The Company has not generated positive cash flows from operating activities. As a result of the Company's negative cash flow from operating activities, the Company continues to rely on the issuance of securities or other sources of financing to generate the funds required to fund its business. The Company may continue to have negative operating cash flow for the foreseeable future. The Company expects to continue to increase operating expenses as it implements initiatives to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations and the impact of COVID-19 to its business operations.

Business acquisition risk

A number of risks associated with business acquisition include: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets. The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our results of operations, business prospects and financial condition. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our existing operations.

DISCLOSURE CONTROLS

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

APPROVAL

The Board of Directors of Mojave brands Inc. has approved the contents of this management discussion and analysis on December 21, 2023.

MOJAVE BRANDS INC.

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
For the Three and Nine Months Ended May 31, 2024

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") has been prepared by the management of Mojave Brands Inc. ("Mojave" or the "Company") as of July 29, 2024, and should be read in conjunction with the unaudited interim consolidated financial statements and related notes of the Company for the three and nine months ended May 31, 2024, and the audited consolidated financial statements of the Company together with the related notes thereto for the year ended August 31, 2023. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are stated in Canadian dollars unless otherwise indicated.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation. Additional information related to the Company and its operations is available on SEDAR at www.sedarplus.ca.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans and strategy. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is based on assumptions and expectations which the Company considers are reasonable, and which are based on management's experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. The assumptions used to develop forward-looking information include, but not limited to, assumptions about:

- The general business and economic conditions;
- The timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned business objectives;
- The nature and location of the Company's plants, and the timing of the ability to commence its business operations;
- The Company's ability to secure the necessary consulting, technical and related services and supplies on favourable terms;
- The Company's ability to attract and retain key staff;
- Treatment of the Company's business under governmental regulatory regimes and tax laws and the renewal of the Company's license thereunder;
- The anticipated terms of the consents, permits and authorizations necessary to carry out the planned operations and the Company's ability to comply with such terms on a cost-effective basis;
- Fluctuations in the price of common shares and the market for the common shares: and
- The ability of the Company to generate cash flow from operations and from financing activities.

Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to

be correct. The Company does not undertake to revise or update any forward-looking information, except in accordance with applicable laws. Readers should not place undue reliance on forward looking information.

Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results, or performance of the Company to be materially different from those expressed or implied by such forward-looking information. These risks and uncertainties included risk and uncertainties associated with the medical marijuana industry, such as the potential changes in government regulation, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally, such as changes in interest rates and the condition of financial markets, and changes in exchange rates, and other risks identified herein under "Risks and Uncertainties".

COMPANY OVERVIEW

Mojave Brands Inc. was incorporated under the name Infinity Minerals Corp. on 12, 2010, under the laws of the Province of British Columbia, Canada. The name of the Company was changed to Herbal Clone Bank Canada Inc. on August 29, 2014, to High Hampton Holdings Corp. on June 18, 2015, to Mojave Jane Brands Inc. on June 11, 2019, and to Mojave Brands Inc. on March 30, 2021. The Company is a reporting issuer in British Columbia, Ontario and Alberta, and its common shares are traded on the Canadian Securities Exchange (the "CSE") under the symbol "MOJO" and on the Frankfurt Exchange under the symbol "FSE: 0HCN".

The Company was in the business of processing and sale of cannabis extracts. Currently the Company is not generating revenues as it has closed down all its operations in the US, and plans to seek out other potential strategic alliances, joint venture, acquisition, or merger opportunities.

On October 25, 2023, the Company completed a consolidation of the Company's issued and outstanding common shares, stock options and warrants on a basis of one (1) post-consolidation common share for every four (4) pre-consolidation common shares. All information relating to basic and diluted loss per share, issued and outstanding common shares, stock options and warrants in these financial statements have been adjusted and restated retrospectively to reflect the share consolidation.

On December 15, 2023, the Company completed a non-brokered private placement of 6,799,800 units announced at a price of $0.07 per unit for gross proceeds of $475,986. Each unit is comprised of one common share and one-half of share purchase warrant; each whole warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of $0.11.

Proposed transaction

On January 31, 2024, the Company entered into a binding letter of intent ("LOI") with LAI SPV Corp. ("LAI") and Light AI Inc. ("Light AI") under which the Company, LAI and Light AI will combine their respective businesses by way of a share exchange, merger, amalgamation, plan of arrangement or such other similar form of transaction (the "Transaction"). On June 19, 2024, the parties entered into a Business Combination Agreement, whereby the Company, Light AI and LAI agree to effect the combination of their respective businesses and assets by way of a series of steps or transactions including the Amalgamation.

In accordance with the terms and conditions of the Business Combination Agreement, the transaction will be completed by way of a three-cornered amalgamation, whereby, among other things: (i) 1479875 B.C. Ltd. ("Subco"), a wholly owned subsidiary of the Company incorporated for the purpose of effecting the transaction, will amalgamate with Light AI and LAI to form an amalgamated company ("Amalco"); (ii) holders of common shares in the capital of Light AI will receive 3.89 common shares in the capital of the Company for each Light AI share held, and the Light AI shares will be cancelled; (iii) holders of common shares in the capital of LAI will receive one common share in the capital of the Company for each LAI share held, and the LAI shares will be cancelled; (iv) Company share purchase warrants will be issued to the holders of Light AI share purchase warrants, and LAI share purchase warrants in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Light AI warrants and LAI warrants will be cancelled; (v) Company options will be issued to holders of Light AI options and LAI options in exchange and replacement for, and on an equivalent basis after giving effect to the

applicable exchange ratio, such Light AI options and LAI options will be cancelled; (vi) Amalco will become a wholly owned subsidiary of the Company; and (vii) the Company will change its name to Light AI Inc. or such other similar name as may be accepted by the relevant regulatory authorities and approved by the board of directors of the Company. The Company will continue to carry on the business of Light AI. The Transaction constitutes an arms' length transaction.

Following completion of the transaction, the former securityholders of Light AI will hold approximately 45% of the issued and outstanding company shares on a fully diluted basis, prior to the concurrent financing described below. Company shares issued to former Light AI shareholders shall be subject to escrow conditions as required by applicable securities laws, including CBOE Canada, and voluntary escrow conditions set out in the business combination agreement.

Upon closing of the transaction and in accordance with the Business Combination Agreement: (i) each of the directors and officers of the company will resign, and the board will be reconstituted to consist of four nominees of Light AI and one nominee of the company; and (ii) Peter Whitehead, chief executive officer of Light AI, will be appointed as chief executive officer of the Company.

The transaction will constitute a fundamental change as such term is defined in the policies of the CSE, and completion thereof will be subject to a number of conditions customary for a transaction of this nature, including, but not limited to, the receipt of required regulatory and corporate approvals, approval of the amalgamation by the shareholders of Light AI and the Company, the board reconstitution, the completion of the concurrent financing, the delisting of the common shares on the Canadian Securities Exchange, and the listing of the common shares on CBOE Canada by way of a direct listing.

Trading in the Company shares has been halted, and will remain halted, pending review and approval of the transaction by the applicable stock exchange. For further information with respect to the transaction, please refer to the business combination agreement, which is available on the Company's profile at SEDAR+.

Concurrent Financings

In connection with the amalgamation, the Company will complete a non-brokered private placement for gross proceeds of at least $7,500,000. The terms of the concurrent financing will be determined in the context of the market. Finders' fees may be paid in connection with the concurrent financing within the maximum amounts permitted by the policies of the CBOE Canada.

In addition, LAI SPV will complete a non-brokered private placement of convertible debentures for gross proceeds of at least $2,500,000 and a maximum of $5,000,000 (the "LAI SPV Concurrent Financing"). The LAI SPV convertible debentures will convert automatically into common shares of LAI SPV upon completion of the Transaction.

Loan

In connection with the LOI, Mojave advanced a loan of $250,000 to LAI (the "Loan"), which is evidenced by a promissory note. The Loan is non-interest bearing (except as described below) and is payable upon demand. In the event the LOI is terminated, the Loan will become due and payable, bear interest at a rate of 24% per annum from the date of issuance, and LAI will issue Mojave 277,778 common share purchase warrants of LAI (the "LAI Warrants"). The LAI Warrants will be exercisable for LAI Shares at $0.90 per LAI Share for a period of 48 months from the date of issuance. In addition, Mojave has the right to convert the Loan into LAI Shares at $0.90 per LAI Share.

About Light AI Inc.

Light AI is a private British Columbia health care company focused on developing artificial intelligence health diagnostic applications. Light AI is developing a technology platform which represents the next-generation diagnostics: It applies AI algorithms to smart phone images, starting with images of strep A to identify disease in seconds. Its patented, app-based solution requires no swabs, lab tests or proprietary hardware of any kind. Its hardware platform is the 4.5 billion smart phones that exist in the world today.

In pre-Food and Drug Administration validation studies, Light AI's algorithm has attained accuracy of almost 97 percent in identifying strep A, a disease which infects over 600 million per year globally and kills as many children per year as malaria. Notably, 97 percent accuracy is on par with the gold standard swab culture that is currently used for the diagnosis of strep A, and in the same validation studies, Light AI's artificial intelligence has also achieved a negative predictive value of 100 percent, meaning it can specify with high degree of certainty that someone does not have strep A.

Light AI's approach to applying AI to smart phone images can be expanded to other throat conditions, as well as other areas of analysis, such as the human eye and skin. Light AI's vision is to combine the smart phone with AI in the cloud to create a digital clinical lab that provides quick and accessible diagnosis for countless conditions that today require expensive and time-consuming imaging or lab processes.

Light AI's founding chief executive officer, Peter Whitehead, is a data scientist and entrepreneur, who has founded, built and sold a medical imaging company. He has been developing AI algorithms for processing medical images since the 1990s, and has been awarded image analytic patents over a career spanning three decades. In Light AI, he has surrounded himself with globally recognized leaders, including: (1) the former chief information officer of Johnson & Johnson research and development as Light AI's chief operating officer; (2) an FDA lead, who spent 16 years in regulatory affairs at Medtronic, including as director, regulatory affairs; (3) a former senior adviser to the Gates Foundation and co-ordinator of malaria diagnostics at the World Health Organization; and (4) the Centers for Disease Control and Prevention's principal investigator for the CDC's national sentinel network, which is a network of emergency departments co-ordinating disease surveillance to identify emerging pathogens and pandemics.

Light AI's interactive process of AI algorithm development began in 2016. Light AI has built a library of approximately 280,000 images of the back of the throat, which may be the largest database of pharyngitis images in the world today, to achieve its NPV of 100 per cent and accuracy of almost 97 percent. Building this library and the accompanying AI algorithms took seven years, the collaboration of more than 14 partners (including the American Heart Association, UCLA Health Network, LabCorp and Cincinnati Children's Hospital), funded with $9.3 million (U.S.) in dilutive capital and approximately $10 million (U.S.) in non-dilutive capital.

DISCUSSION OF OPERATIONS

Three month period ended May 31, 2024

During the three months ended May 31, 2024, the Company reported a net loss of $215,926, compared to a net loss of $60,948 for the three months ended May 31, 2023. The net loss for the 2024 quarter primarily resulted from general operating expenses of $215,932, compared to $66,773 in the 2023 quarter. The significant increase in general operating expenses was mainly due to increased marketing activities. The main contributing factor was the consulting fees of $145,238 associated with the consulting agreement with Commodity Partners Inc. for capital market advisory services. Commodity Partners Inc. became a significant shareholder of the Company through the non-brokered private placement completed in December 2023.

Nine month period ended May 31, 2024

During the nine months ended May 31, 2024, the Company reported a net loss of $776,281, compared to a net loss of $106,381 for the nine months ended May 31, 2023. The net loss for the 2024 period primarily resulted from general operating expenses of $771,722 (2023 - $148,972). The significant increase in general operating expenses was mainly due to the escalation of capital raising and marketing activities. Specifically, the variance in 2024 from 2023 was mainly attributable to:

- Accounting and audit amounted to $43,613 (2023 - $8,656). The increase is due to additional work related to the proposed transaction.
- Consulting fees of $451,589 (2023 - $27,000), $435,714 of which pertains to the consulting agreement with Commodity Partners Inc. for capital market advisory services. Commodity Partners Inc. became a significant shareholder of the Company through the non-brokered private placement completed in December 2023.

- Marketing and promotion expenses totaled $51,077 (2023 - $nil). In December 2023, the Company engaged a marketing firm at a monthly fee of $5,000 to provide capital raising, presentation pitch, and social media promotion services.
- Travel expenses amounted to $115,961 (2023 - $nil), incurred for promotional trips by Light AI marketers.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited financial information for the Company's eight most recent quarters ending with the last quarter for the three months ended May 31, 2024.

	For the Three Months Ended							
	Fiscal 2024			Fiscal 2023				Fiscal 2022
	May 31, 2024 ($)	Feb. 29, 2024 ($)	Nov. 30, 2023 ($)	Aug. 31, 2023 ($)	May 31, 2023 ($)	Feb. 28, 2023 ($)	Nov. 30, 2022 ($)	Aug. 31, 2022 ($)
Total revenues	-	-	-	-	-	-	-	-
Net income (loss) from continuing operations	(215,926)	(346,299)	(214,056)	37,523	(60,948)	(29,427)	(16,006)	(44,442)
Net income (loss)	(215,926)	(346,299)	(214,056)	37,523	(60,948)	(29,427)	(16,006)	(44,442)
Net income (loss) from continuing operations per share - basic and diluted	(0.02)	(0.04)	(0.08)	0.01	(0.01)	(0.01)	(0.01)	(0.02)
Net income (loss) per share - basic and diluted	(0.02)	(0.04)	(0.08)	0.01	(0.01)	(0.01)	(0.01)	(0.02)

Factors That Affect the Comparability of the Quarterly Financial Data Disclosed Above

The net loss for the quarters was primarily attributed to general operating expenses, which remained relatively consistent for quarters in fiscal years 2022 and 2023. The net income for the fourth quarter of fiscal 2023 primarily resulted from a gain on extinguishment of accounts payable of $103,869. The significant loss incurred in the 2024 quarters stems primarily from consulting fees paid to Commodity Partners Inc. and increased marketing activities in first nine months of fiscal 2024.

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2024, the Company held a cash balance of $7,200, a decrease of $682,978 from the cash balance of $690,178 as at August 31, 2023. The Company expended $915,130 in operating activities and advanced a loan of $250,000 to Light AI pursuant to the LOI. The Company financing activities included $456,073 of net proceeds raised from a private placement financing and $25,000 of loan proceeds received from LAI.

The Company had working capital of $315,070 as at May 31, 2024 compared to working capital of $635,278 as at August 31, 2023.

Going Concern

As at the date of this MD&A, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business objectives. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from

normal business operations when they come due and to attain future profitable operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. Further, if an equity offering is used to raise required additional capital, it may result in dilution to existing shareholders based on the size of such an offering. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company intends to complete a financing for gross proceeds of at least $7,500,000 concurrent with the proposed Transaction.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

RELATED PARTY TRANSACTIONS AND BALANCES

Amounts due to related parties of $nil (August 31, 2023 - $31,913) are related to advances made by Peeyush Varshney and amounts payable to his father and a company controlled by his mother and are unsecured, non-interest bearing, and have no specific terms of repayment. During the nine months ended May 31, 2024, the Company repaid the amounts due to Peeyush Varshney and the amounts payable to his father and a company controlled by his mother of $31,913.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel and entities over which they have control or significant influence during the nine month periods ended May 31 is as follows:

	2024	2023
Management fees	$ 43,500	$ 67,500
Consulting fees	290,476	-
	$ 333,976	$ 67,500

The Company entered into the following transactions with related parties during the nine months ended May 31, 2024:

a) Incurred management fees of $20,000 (2023 - $nil) the Chief Executive Officer ("CEO") of the Company.

b) Incurred management fees of $16,000 (2023 - $nil) to a company controlled by the Chief Financial Officer ("CFO") of the Company.

c) Incurred management fees of $7,500 (2023 - $67,500) to Varshney Capital Corp. a company partially controlled by Peeyush Varshney, a former director of the Company.

d) Incurred consulting fees of $290,476 (2023 - $ nil) to Commodity Partners Inc., a significant shareholder of the Company, for capital market advisory services.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. 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 those estimates and judgments. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Areas requiring a significant degree of estimation and judgment by the Company's management relate to but are not limited to:

- the fair value measurements for financial instruments;
- the recoverability and measurement of deferred tax assets and liabilities; and
- whether the Company has sufficient financing to operate as a going concern.

Actual results may differ from those estimates and judgments.

FINANCIAL INSTRUMENTS

As of May 31, 2024, the carrying amounts of loan receivable and accounts payables carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and loan receivable. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. The loan receivable was a loan to LAI. The Company does not anticipate any default on the loan receivable.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have enough liquidity to meet liabilities when due. as they fall due. As at May 31, 2024, the Company has a cash balance of $7,200 and current liabilities of $100,234. Liquidity risk is assessed as high. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

The Company is exposed to interest rate risk arising from cash held in Canadian financial institutions. The interest rate risk on cash is not considered significant due to its short-term nature and maturity. The exposure to interest rates for the Company is considered minimal.

OUTSTANDING SHARE DATA

The Company had the following common shares, stock options and warrants outstanding as at the date of this report:

Issued and Outstanding Common shares	9,360,414
Stock options	-

Warrants	4,837,400
	14,197,814

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New accounting standards

There were no new or amended IFRS pronouncements effective September 1, 2023 that are expected to impact the Company's consolidated financial statements.

RISK AND UNCERTAINTIES

The Company's business is subject to risks inherent in a high growth, heavily regulated enterprise, and the Company has identified certain risks pertinent to its business that may materially and adversely affect our business, products, financial condition and operating results. There are many factors that affect our business and our results of operations, some of which are beyond our control. The following is a description of important factors that may cause our actual results of operations in future periods to differ materially from those currently expected or discussed in the forward-looking statements set forth in this report relating to our financial results, operations and business prospects. Except as required by law, we undertake no obligation to update any such forward-looking statements to reflect events or circumstances after the date of this MD&A. These risks include, but are not limited to the following:

Additional funding requirements

The Company has not generated positive cash flows from operating activities. As a result of the Company's negative cash flow from operating activities, the Company continues to rely on the issuance of securities or other sources of financing to generate the funds required to fund its business. The Company may continue to have negative operating cash flow for the foreseeable future. The Company expects to continue to increase operating expenses as it implements initiatives to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

Business acquisition risk

A number of risks associated with business acquisition include: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets. The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our results of operations, business prospects and financial condition. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our existing operations.

DISCLOSURE CONTROLS

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

APPROVAL

The Board of Directors of Mojave brands Inc. has approved the contents of this management discussion and analysis on July 29, 2024.

SCHEDULE C

LIGHT AI INC. - FINANCIAL STATEMENTS

[See Attached]

LIGHT AI INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2023 AND 2022

SHIM

SHIM & Associates LLP
Chartered Professional Accountants
Suite 900 – 777 Hornby Street
Vancouver, B.C. V6Z 1S4
T: 604 559 3511 **| F:** 604 559 3501

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Light AI Inc.

Opinion
We have audited the financial statements of Light AI Inc. (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 of the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter
The financial statements of the Company as at 31 December 2022, and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on September 22, 2023.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern section*, we have determined that there are no key audit matters to communicate in our auditors' report.

Other Information
Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We are not aware of any other information at this time.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dong H. Shim.

"SHIM & Associates LLP"

Chartered Professional Accountants
Vancouver, Canada
April 29, 2024

LIGHT AI INC.
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023 AND 2022
(Expressed in Canadian dollars)

	Note	2023	2022
		$	$
ASSETS			
CURRENT			
Cash and cash equivalents		326,342	192,279
Accounts receivable		20,701	-
Tax credits receivable	3	321,751	427,275
Goods and services tax recoverable		9,140	5,544
Prepaid and deposits		59,489	-
Due from shareholder	4	-	51,353
		737,423	676,451
EQUIPMENT	5	3,039	6,070
TOTAL ASSETS		740,462	682,521
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		901,471	539,809
Short-term debts	6	494,248	300,000
Convertible debentures	7	511,285	-
		1,907,004	839,809
SHARES CLASSIFIED AS LIABILITIES	8	-	1,675,000
TOTAL LIABILITIES		1,907,004	2,514,809
SHAREHOLDERS' DEFICIENCY			
SHARE CAPITAL	8	10,264,578	9,778,397
CONTRIBUTED SURPLUS	9	2,918,939	1,855,070
DEFICIT		(14,350,059)	(13,465,755)
TOTAL SHAREHOLDERS' DEFICIENCY		(1,166,542)	(1,832,288)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		740,462	682,521

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 13)

Approved and authorized for issue on behalf of the Board on April 29, 2024.

/s/ "Peter Whitehead" Director *</s/ "Steve Semmelmayer"* Director

The accompanying notes are an integral part of these financial statements

LIGHT AI INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Canadian dollars)

	Note	2023	2022
		$	$
RESEARCH AND DEVELOPMENT EXPENSES			
Research and prototype development		661,001	769,047
Clinical trials		583	1,521
Product development		221,743	15,659
		(883,327)	(786,227)
GENERAL AND ADMINISTRATIVE EXPENSES			
Accounting and administrative		75,626	32,001
Accretion and interest	7	11,285	-
Depreciation		3,031	5,998
Interest on short-term debts and bank charges	6	30,369	14,114
Investor relations services		317,835	13,086
Legal fees		33,221	80,783
Marketing		2,500	1,583
Office		36,741	52,775
Share-based payments	9	1,063,869	323,321
Travel		8,636	1,861
		(1,583,113)	(525,522)
LOSS BEFORE OTHER ITEMS		(2,466,440)	(1,311,749)
Foreign exchange losses		(29,365)	(2,277)
Investment tax credits recovered	3	321,751	427,665
		292,386	425,388
NET LOSS AND COMPREHENSIVE LOSS		(2,174,054)	(886,361)
LOSS PER SHARE – BASIC AND DILUTED		($0.28)	($0.12)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		7,881,031	7,577,151

The accompanying notes are an integral part of these financial statements

LIGHT AI INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Canadian dollars)

	Common Shares				
	Number of Shares	**Amount**	**Contributed Surplus**	**Deficit**	**Total**
	#	$	$	$	$
Balance, December 31, 2021	7,577,151	9,778,397	1,531,749	(12,579,394)	(1,269,248)
Share-based payments	-	-	323,321	-	323,321
Net loss for the year	-	-	-	(886,361)	(886,361)
Balance, December 31, 2022	7,577,151	9,778,397	1,855,070	(13,465,755)	(1,832,288)
Shares issued for cash	47,250	100,931	-	-	100,931
Share repurchase agreements expiration	335,000	385,250	-	1,289,750	1,675,000
Share-based payments	-	-	1,063,869	-	1,063,869
Net loss for the year	-	-	-	(2,174,054)	(2,174,054)
Balance, December 31, 2023	7,959,401	10,264,578	2,918,939	(14,350,059)	(1,166,542)

The accompanying notes are an integral part of these financial statements

LIGHT AI INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Canadian dollars)

	2023	2022
	$	$
OPERATING ACTIVITIES		
Net loss and comprehensive loss	(2,174,054)	(886,361)
Adjustments for non-cash items		
Depreciation	3,031	5,998
Accretion and interest	11,285	-
Interest on short-term debts	4,248	-
Share-based payments	1,063,869	323,321
Changes in non-cash working capital balances:		
Accounts receivable	(20,701)	-
Tax credits recovered	105,524	31,995
Goods and services tax recoverable	(3,596)	28,397
Prepaid and deposits	(59,489)	-
Accounts payable and accrued liabilities	361,662	61,324
Cash used in operating activities	(708,221)	(435,326)
INVESTING ACTIVITIES		
Purchase of equipment	-	(3,320)
Cash used in investing activities	-	(3,320)
FINANCING ACTIVITIES		
Shares issued for cash	100,931	-
Net proceeds from short-term debts	190,000	300,000
Proceeds from convertible debentures	500,000	-
Repayment of (loan to) shareholder	51,353	(51,353)
Cash provided by financing activities	842,284	248,647
CHANGE IN CASH	134,063	(189,999)
CASH, BEGINNING	192,279	382,278
CASH, END	326,342	192,279

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Light AI Inc. (the “Company”) was incorporated on December 2, 2015 under the laws of the province of British Columbia, Canada. The Company's principal business activity is the development of healthcare solutions to combat disease and reduce the use and misuse of antibiotics.

The registered and records office of the Company is 2500 - 700 West Georgia Street, Vancouver, BC, V7Y 1B3.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company’s ability to continue as a going concern is dependent upon its ability to attain profitable operations and obtain additional capital, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the Company were unable to continue its operations.

The Company is currently pre-revenue and therefore it’s ability to continue as a going concern is dependent upon its ability to continue to obtain borrowings from third parties or raise capital, sufficient to meet current and future obligations and to complete development of its product. There can be no assurance that the Company will receive sufficient additional financing to complete the product, or that the product will be commercially successful. The Company has an accumulated deficit of $14,350,059 (2022 - $13,465,755). These conditions may cast significant doubt upon the Company’s ability to continue as a going concern.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were authorized for issue on April 29, 2024 by the directors of the Company.

a. Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

b. Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s 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 for prospectively in the period in which the estimates are revised.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, expected life, volatility and forfeiture rates for share-based payments and provisions for commitments and contingent liabilities.

Useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utilization of the assets.

Deferred tax assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent probable that there will be taxable income available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based on estimates of future taxable income.

Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk free interest rate, volatility and forfeiture rates and making assumptions about them.

Contingent liabilities

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the year in which the change in probability occurs.

c. Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applied in preparing the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification of financial instruments.

Determination of functional currency

The Company determines its functional currency as the Canadian dollar based on the primary economic environment in which it operates. IAS 21 The Effects of Changes in Foreign Exchange Rates outlines a number of factors to apply in determining the functional currency, which is subject to significant judgment by management. Management uses a number of factors to determine the primary economic environment in which the Company operates; it is normally the one in which it primarily generates and expends cash.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Classification of shares

The Company applied judgment to determine if certain shares were debt or equity instruments based upon the ability to receive dividends and the redemption feature. Based on these criteria, the Company determined that 335,000 common shares were debt instruments. In March 2023, upon expiration of put and call agreements, 335,000 common shares were reclassified to equity at a fair value of $385,250.

d. Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. In the years presented, the Company does not have any financial assets categorized as FVTPL or FVTOCI. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL. In the years presented, the Company does not have any financial liabilities classified as FVTPL or FVTOCI.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. The Company's financial assets measured at amortized cost are cash, accounts receivable, and due from shareholder. The Company's financial liabilities measured at amortized cost are accounts payable and accrued liabilities, short-term debts, convertible debentures, and shared classified as liabilities.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iii) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit or loss.

e. Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year-end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

f. Equipment

Equipment is stated at cost or deemed cost less accumulated amortization. Equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	55%	declining balance method

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

g. Share-based payments

The Company has an equity-settled share-based stock option plan. The Company grants options to buy common shares of the Company to directors and consultants (See Note 9).

The fair value of the stock options awarded is measured at grant date, using the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, based on historic market price volatility, and an expected life of the options. The fair value of the options is recognized as an expense, with a corresponding increase in equity, over the year that the option.

h. Impairment of assets

The carrying amount of the Company's non-financial assets, which include equipment, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life (which include goodwill) are not subject to amortization and are tested annually for impairment.

i. Research and development

The Company annually incurs costs for activities that relate to research and development of new products. Research and development costs are expensed except in cases where development costs meet certain identifiable criteria for deferral. Deferred development costs are amortized over the life of the commercial production, or in the case of serviceable property, plant and equipment, are included in the appropriate property group and are depreciated over its estimated useful life.

j. Investment tax credits

The Company claims investment tax credits as a result of scientific research and experimental development ("SR&ED") activities. Investment tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

k. Income taxes

Current income tax

Current income tax assets and/or liabilities for the current period are measured at the amount expected to be recovered from or paid to tax authorities based on the taxable income (loss) for the period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Company operates and generates taxable income.

Income tax expense consists of current tax charge and the change in deferred tax assets and liabilities. Current tax and deferred tax are recognized in comprehensive income except to the extent that it relates to a business combination, or to items recognized directly in equity or other comprehensive income.

Deferred income tax

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

l. Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid, with original maturities of less than three months at the date of acquisition. At December 31, 2023, the Company had no cash equivalents.

3. INVESTMENT TAX CREDITS

The Company may make claims under Canada's SR&ED program, which have been reviewed and approved by the Canada Revenue Agency to date. Included in income for the year ended December 31, 2023 are estimated tax incentives of $321,751 (2022 - $427,275) plus interest.

4. DUE FROM SHAREHOLDER

During the year ended December 31, 2023, the Company advanced $Nil (2022 - $51,353) to a shareholder and received $51,353 as repayment from a shareholder. Any shareholder advances are non-interest bearing and have no terms of repayment.

(Expressed in Canadian dollars)

5. EQUIPMENT

COSTS	$
Balance, December 31, 2021	26,181
Additions	3,320
Balance, December 31, 2023 and 2022	29,501
ACUMMULATED DEPRECIATION	
Balance, December 31, 2021	17,433
Additions	5,998
Balance, December 31, 2022	23,431
Additions	3,031
Balance, December 31, 2023	26,462
NET BOOK VALUE	
Balance, December 31, 2022	6,070
Balance, December 31, 2023	3,039

6. SHORT-TERM DEBTS

During the year ended December 31, 2023, the Company received $490,000 in the form of promissory notes (the "Promissory Notes") from third parties. $430,000 of the Promissory Notes earn interest at the fixed rate of interest of nil per annum applicable up to the date demand for payment is made and following demand for payment, interest shall accrue and be payable at a rate of 12% per annum calculated monthly, not in advance. $60,000 of the Promissory Note earns no interest and is payable within 12 months from July 6, 2023. During the year ended December 31, 2023, the company recorded $4,248 (2022 - $Nil) in interest expense related to the Promissory Notes.

	December 31, 2023	**December 31, 2022**
	$	$
Principal	490,000	300,000
Interest	4,248	-
	494,248	300,000

Subsequent to the year ended December 31, 2023, the Company repaid the principal balances of $490,000 plus all accrued interest up to the date of repayment (Note 13).

During the year ended December 31, 2022, the Company received short term financing in the amount of $300,000 from a third party on November 25, 2022, with the principal and a lending fee of $25,000 repayable within ten days after the receipt of the 2022 Scientific Research and Experimental Development Credit. The balance was repaid in full in February 2023.

7. CONVERTIBLE DEBENTURES

On August 16, 2023, the Company issued unsecured convertible debentures (the "Debentures") to third parties for a total of $500,000. The Debentures accrue interest at 6% per annum and compound quarterly. Subsequent to the year ended December 31, 2023, the Debenture terms were amended effective October 13, 2023. The Debentures now mature on the earlier of (i) the date of the closing of the Transaction as defined in Note 13; or (ii) the date of termination of a definitive agreement between the Company and the respective third parties as disclosed in Note 13. Upon the closing of the Transaction, the principal amounts and accrued and unpaid interest shall be automatically converted into common shares of the publicly listed company at a conversion rate of $0.90 per common share. During the year ended December 31, 2023, the Company recorded accretion and interest expense of $11,285 (2022 - $Nil) relating to the Debentures.

8. SHARE CAPITAL

Authorized:

Unlimited Common voting shares, without par value

During the year ended December 31, 2023 the Company realized the following share transactions:

1) Issued 31,250 common shares for gross proceeds of US$50,000; and
2) Issued 16,000 common shares for gross proceeds of US$25,600.

During the year ended December 31, 2022 the Company did not complete any share transactions.

Shares presented as liability

The Company follows the IFRS recommendations for accounting for financial instruments, therefore issued share capital which is redeemable at the request of the shareholder and has the attributes of a financial liability is presented as such. The shareholders have the ability to exercise the repurchase option at any time, following the achievement of certain milestones. At such time, the Company will be required to purchase the shares at a set price. As such, the Company presented the shares as financial liability and accreted at 5.815% per month to bring the carrying value up to its repurchase value over the expected timeline to achieve the required milestones. This accretion was represented as financing costs on shares classified as liability on the statements of loss and comprehensive loss.

As at December 31, 2022, 335,000 common shares with repurchase options were outstanding with a deemed liability of $1,675,000. In March 2023, these repurchase option agreements expired and the deemed liability of $1,675,000 was reduced to $Nil with an offsetting entry to equity. The Company reversed the amount previously recorded which resulted in an increase in share capital of $385,250 and a decrease in deficit of $1,289,750.

(Expressed in Canadian dollars)

9. STOCK OPTIONS AND WARRANTS

The following is a summary of the Company's stock option activity:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2021	**998,000**	**$2.37**
Granted	189,500	$2.54
Outstanding, December 31, 2022	**1,187,500**	**$2.39**
Granted and replaced	1,143,000	$1.40
Expired	(105,000)	($3.00)
Cancelled/Forfeited	(1,082,500)	($2.34)
Outstanding, December 31 2023	**1,143,000**	**$1.40**

As at December 31, 2023, the Company had the following options outstanding and exercisable:

Grant Date	Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Exercisable
01-Jul-23	01-Jul-28	$1.40	4.5	1,143,000	1,093,000

On July 1, 2023, the Company granted 200,000 stock options to consultants of the Company with an exercise price of $1.40 expiring on July 1, 2028. A total of 125,000 stock options vested on the grant date and the remaining 75,000 stock options vest as follows: 1/3 on the grant date, 1/3 one year after the grant date and 1/3 two years after the grant date. During the year ended December 31, 2023, the Company recognized share-based payments of $299,008 related to stock options vested.

On July 1, 2023, the Company granted 943,000 stock options to directors, officers, employees and consultants of the Company with an exercise price of $1.40 expiring on July 1, 2028. The Company identified the new issuance of 943,000 stock options as a replacement for the cancelled options. A total
of 943,000 stock options vested on the grant date. The Company recognized share-based payments of $793,609, including an incremental fair value of $667,243 related to the replacement options.

The Company also reversed $28,748 share-based payments recognized in prior years due to the stock option forfeited.

During the year ended December 31, 2022, the Company granted 189,500 stock options to consultants of the Company at an exercise price of US$2.00 and expire on June 9, 2027. The 189,500 stock options vest 1/3 at the grant date, 1/3 one year after the grant date and 1/3 two years after the grant date and the fair value of the 189,500 stock options was $323,321.

(Expressed in Canadian dollars)

9. STOCK OPTIONS AND WARRANTS (continued)

The weighted average assumptions used in the Black-Scholes option pricing model were as follows:

	2023	2022
Risk free interest rate	3.51%	3.17%
Expected life	5 years	5 years
Expected volatility	100%	100%
Expected dividends	0%	0%

Warrants

On January 25, 2023, the Company amended the expiry date of 235,500 warrants previously issued by the Company on August 3, 2018 to expire on January 25, 2025. All other terms of the warrants remain the same and are exercisable at $1.70. As at December 31, 2023, the Company had the following warrants outstanding:

Original Grant Date	Amended Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Warrants Outstanding	Number of Warrants Exercisable
03-Aug-18	25-Jan-25	$1.70	1.07	235,500	235,500

10. INCOME TAX

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 27% (2022 - 27%) to the income for the year and is reconciled as follows:

	2023 $	2022 $
Net loss	(2,174,054)	(886,361)
Income tax recovery at the combined basic federal and provincial rate	(586,994)	(239,317)
Increase (decrease) resulting from:		
Non-deductible expenses and others	287,582	86,627
Research and development expenses	238,498	201,809
Investment tax credits received	(86,873)	(110,684)
Unrecognized deferred tax benefit	142,877	61,565
Effective tax expense	-	-

(Expressed in Canadian dollars)

10. INCOME TAX (continued)

The significant components of the Company's deferred income tax assets are as follows:

	2023 $	2022 $
Deferred income tax assets:		
Non-capital loss carryforwards	1,878,678	1,730,030
Share issue costs	2,958	4,638
Property, plant and equipment	7,145	6,326
	1,888,781	1,740,994
Deferred tax assets not recognized	(1,888,781)	(1,740,994)
Net deferred tax assets	-	-

The Company has incurred losses of $6,958,067 for tax purposes which are available to reduce future taxable income. Such benefits will be recorded as an adjustment to the tax provision in the year realized. The losses will expire as follows:

Date of Loss	Date Loss Expires	Amount of Loss $
December 31, 2023	December 31, 2043	550,549
December 31, 2022	December 31, 2042	228,019
December 31, 2021	December 31, 2041	1,432,056
December 31, 2020	December 31, 2040	1,797,606
December 31, 2019	December 31, 2039	1,757,335
December 31, 2018	December 31, 2038	434,738
December 31, 2017	December 31, 2037	168,730
December 31, 2016	December 31, 2036	583,788
December 31, 2015	December 31, 2035	5,246
		6,958,067

The entire unrecognized deferred tax benefit relates to the incurred losses for tax purposes discussed above.

11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain a strong capital base in order to advance the Company's corporate strategies to create long term value for its stakeholders and to sustain the Company's operations in economic cycles.

The Company defines capital as the aggregate of shareholders' equity, including common shares. The Company manages its capital in order to maintain flexibility and respond to changes in economic and/or marketplace conditions. In order to increase shareholder value, the Company may adjust its capital structure by issuing new shares, purchasing shares for cancellation, raising debt or declaring and paying dividends.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The following provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – quoted prices in active markets for identical investments

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the investments that are not based on observable market data

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, amounts due from shareholder, accounts payable, short-term debt and convertible debentures. In management's opinion, the Company's carrying values of cash and cash equivalents, accounts receivable, amounts due from shareholder, accounts payable, short-term debt and convertible debentures approximate their fair values due to the immediate or short-term maturity of these instruments.

Risk Management

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Company does not believe there has been any significant changes in risk from the prior period. The following analysis provides information about the Company's risk exposure and concentration as of December 31, 2023 and 2022.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Company mitigates this risk by continuously monitoring cash flows and discussing potential financing options to continue the inflow of cash as needed.

All contractual financial liabilities are due within one year after the date of these financial statements.

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: currency rate risk, interest rate risk and other price risk. The Company is mainly exposed to currency risk.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash, and accounts payable and accrued liabilities held in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The following balances represent the U.S. dollar cash and accounts payable and accrued liabilities held by the Company, denominated in Canadian dollars.

	2023	2022
	$	$
Cash	4,030	1,923
Accounts payable and accrued liabilities	660,516	360,725

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant other price risks arising from these financial instruments.

13. SUBSEQUENT EVENTS

1. On January 31, 2024, LAI SPV Corp. ("LAI SPV"), Mojave Brands Inc. ("Mojave") and the Company entered into a binding letter of intent (the "LOI") to negotiate, in good faith, toward execution and delivery of a definitive share exchange, merger, amalgamation, plan of arrangement or such other similar form of transaction (the "Transaction") which contemplates a public listing through a reverse takeover. Pursuant to the LOI, on February 2, 2024, Mojave advanced $250,000 to the Company through a promissory note dated February 2, 2024. The promissory note is payable on demand and is non-interest bearing until such time as the LOI or a definitive agreement, or such similar agreement pursuant to the LOI is terminated, and upon such event will then earn 24% per annum from date of advance until paid. In the event the LOI or a definitive agreement, or such similar agreement pursuant to the LOI is terminated, the Company will issue to Mojave 277,778 warrants of the Company, with each warrant entitling Mojave to acquire one common share of the Company at a price of $0.90 per share for a period of 48 months from date of issuance. Additionally, Mojave has the right to convert the principal amount of $250,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of the Company at $0.90 per share;

2. On February 29, 2024, the Company executed a loan agreement with LAI SPV whereby LAI SPV loaned the Company $1,400,000. On March 19, 2024 the Company executed another loan agreement with LAI SPV whereby LAI SPV loaned the Company an additional $1,300,000. Both the February 29, 2024 and March 19, 2024 loan agreements are due on demand and are non-interest bearing, until such time as the LOI or a definitive agreement, or such similar agreement pursuant to the LOI is terminated, and upon such event will then earn 24% per annum from their respective effective dates of February 29, 2024 and March 19, 2024 until paid. In the event the LOI or a definitive agreement, or such similar agreement pursuant to the LOI is terminated, the Company will issue a total of 3,000,000 warrants of the Company to LAI SPV, with each warrant entitling LAI SPV to acquire one common share of the Company at a price of $0.90 per share for a period of 48 months from date of issuance. Additionally, LAI SPV has the right to convert the principal amounts of $2,700,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of the Company at $0.90 per share;

13. SUBSEQUENT EVENTS (continued)

3. On January 1, 2024, the Company granted 630,000 stock options to an employee of the Company at an exercise price of $1.40 and expire on January 1, 2029. The 630,000 stock options vest 25% on date of grant, 25% one year from date of grant, 25% two years from date of grant and 25% three years from date of grant;

4. On January 15, 2024, the Company received $200,131 in the form of additional promissory notes. On March 5, 2024, the Company repaid a total of $647,657 for all promissory notes having a principal balance of $630,131 and accrued interest of $17,526; and

5. On April 1, 2024, the Company amended the terms of $500,000 in principal amounts of the Debentures (Note 7). The amendments included a reference to the Transaction and parties disclosed in the LOI dated January 31, 2024 and the Debentures now mature on the earlier of (i) the date of the closing of the Transaction; or (ii) the date of termination of a definitive agreement between the Company and the respective third parties disclosed in the LOI. Upon the closing of the Transaction, the principal amounts and accrued and unpaid interest shall be automatically converted into common shares of the publicly listed company at a conversion rate of $0.90 per common share.

LIGHT AI INC.

Financial Statements

For the years ended December 31, 2022 and 2021

Expressed in Canadian Dollars

Independent Auditor's Report

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To the Directors of Light AI Inc.

Opinion

We have audited the financial statements of Light AI Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and December 31, 2021 and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Light AI Inc. as at December 31, 2022 and December 31, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements which indicates that the Company has not yet achieved profitable operations and has accumulated deficit of $13,465,755 as at December 31, 2022. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is unmodified in this respect.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Vancouver, Canada
September 22, 2023

Chartered Professional Accountants

Light AI Inc.

Statements of Financial Position

(Expressed in Canadian Dollars)

As at December 31

	Note	2022	2021
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 192,279	$ 382,278
Tax credits receivable	3	427,275	459,270
Goods and services tax recoverable		5,544	33,941
Due from shareholder	4	51,353	-
		676,451	875,489
Equipment	5	6,070	8,748
TOTAL ASSETS		$ 682,521	$ 884,237
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ 539,809	$ 478,485
Short term debt	6	300,000	-
		839,809	478,485
Shares classified as liabilities	7	1,675,000	1,675,000
TOTAL LIABILITIES		2,514,809	2,153,485
SHAREHOLDERS' EQUITY			
Share capital	7	9,778,397	9,778,397
Contributed surplus		1,855,070	1,531,749
Deficit		(13,465,755)	(12,579,394)
TOTAL SHAREHOLDERS' EQUITY		(1,832,288)	(1,269,248)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 682,521	$ 884,237

Subsequent events (Note 13)

Approved on Behalf of the Board:

/s/ "Peter Whitehead" Peter Whitehead

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

Light AI Inc.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the years ended December 31, 2022 and December 31, 2021

	Note	2022	2021
RESEARCH AND DEVELOPMENT EXPENSES			
Research and prototype development		$ 769,047	$ 993,920
Clinical trials		1,521	965,452
Product development		15,659	111,694
		786,227	2,071,066
GENERAL AND ADMINISTRATIVE EXPENSES			
Accounting, administrative and tax services		32,001	59,012
Depreciation		5,998	8,276
Interest and bank charges		14,114	1,345
Investor relations services		13,086	18,000
Legal fees		80,783	34,126
Marketing		1,583	3,845
Office		52,775	90,506
Stock based compensation	8	323,321	656,469
Travel		1,861	2,891
		525,522	874,470
LOSS BEFORE OTHER ITEMS		(1,311,749)	(2,945,536)
Foreign exchange losses		(2,277)	(39,063)
Investment tax credits recovered	3	427,665	468,734
		425,388	429,671
NET LOSS AND COMPREHENSIVE LOSS		$ (886,361)	$ (2,515,865)

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

Light AI Inc.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

		Share capital						
		Preferred		Common				
	Note	#	$	#	$	Contributed surplus	Deficit	Total
Balance, December 31, 2020		2,409,636	$ 4,904,883	5,017,515	$ 4,821,277	$ 897,517	$ (10,063,529)	$ 560,148
Shares issued for cash	7			150,000	52,237	(22,237)	-	30,000
Shares converted	7	(2,409,636)	(4,904,883)	2,409,636	4,904,883	-	-	-
Stock based compensation	8	-	-	-	-	656,469	-	656,469
Net loss and comprehensive loss		-	-	-	-	-	(2,515,865)	(2,515,865)
Balance, December 31, 2021		-	$ -	7,577,151	$ 9,778,397	$ 1,531,749	$ (12,579,394)	$ (1,269,248)
Stock based compensation	8	-	-	-	-	323,321	-	323,321
Net loss and comprehensive loss		-	-	-	-	-	(886,361)	(886,361)
Balance, December 31, 2022		-	$ -	7,577,151	$ 9,778,397	$ 1,855,070	$ (13,465,755)	$ (1,832,288)

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

Light AI Inc.

Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended December 31, 2022 and December 31, 2021

		2022		2020
OPERATING ACTIVITIES:				
Net loss and comprehensive loss	$	(886,361)	$	(2,515,865)
Adjustments for:				
Depreciation		5,998		8,276
Stock based compensation		323,321		656,469
		(557,042)		(1,851,120)
Net changes in non-cash working capital items:				
Accounts payable and accrued liabilities		61,324		(135,837)
Prepaid expenses		-		4,000
Tax credits recovered		31,995		99,730
Goods and services tax receivable		28,397		17,309
NET CASH USED IN OPERATING ACTIVITIES		(435,326)		(1,865,918)
FINANCING ACTIVITIES:				
Proceeds on issuance of common shares		-		30,000
Proceeds from short-term borrowings		300,000		-
Loan to shareholder		(51,353)		-
NET CASH PROVIDED BY FINANCING ACTIVITIES		248,647		30,000
INVESTING ACTIVITIES:				
Purchase of equipment		(3,320)		(4,401)
NET CASH USED IN INVESTING ACTIVITIES		(3,320)		(4,401)
Increase (decrease) in cash		(189,999)		(1,840,319)
Cash, beginning of the year		382,278		2,222,597
Cash, end of the year	$	192,279	$	382,278

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Light AI Inc. (the "Company") was incorporated on December 2, 2015 under the laws of the province of British Columbia, Canada. The Company's principal business activity is the development of healthcare solutions to combat disease and reduce the use and misuse of antibiotics.

The registered and records office of the Company is 2500 - 700 West Georgia Street, Vancouver, BC, V7Y 1B3.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and obtain additional capital, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the Company were unable to continue its operations.

The Company is currently pre-revenue and therefore it's ability to continue as a going concern is dependent upon its ability to continue to obtain borrowings from third parties or raise capital, sufficient to meet current and future obligations and to complete development of its product. There can be no assurance that the Company will receive sufficient additional financing to complete the product, or that the product will be commercially successful. The Company has an accumulated deficit of $13,465,755 (2021 - $12,579,394). These conditions may cast significant doubt upon the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were authorized for issue on September 22, 2023 by the directors of the Company.

a. Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

b. Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's 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 for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, expected life, and

volatility and forfeiture rates for share-based payments and provisions for commitments and contingent liabilities.

Useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utilization of the assets.

Deferred tax assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent probable that there will be taxable income available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based on estimates of future taxable income.

Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk free interest rate, volatility and forfeiture rates and making assumptions about them.

Contingent liabilities

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the year in which the change in probability occurs.

c. Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applied in preparing the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification of financial instruments.

Determination of functional currency

The Company determines its functional currency as the Canadian dollar based on the primary economic environment in which it operates. IAS 21 The Effects of Changes in Foreign Exchange Rates outlines a number of factors to apply in determining the functional currency, which is subject to significant judgment by management. Management uses a number of factors to determine the primary economic environment in which the Company operates; it is normally the one in which it primarily generates and expends cash.

Classification of shares

The Company applied judgment to determine if certain shares were debt or equity instruments based upon the ability to receive dividends and the redemption feature. Based on these criteria, the Company determined that 335,000 Common shares were debt instruments.

d. Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. In the years presented, the Company does not have any financial assets categorized as FVTPL or FVTOCI.

The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL. In the years presented, the Company does not have any financial liabilities classified as FVTPL or FVTOCI.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

The Company's financial assets measured at amortized cost are cash and due from shareholder.

The Company's financial liabilities measured at amortized cost are accounts payable and accrued liabilities, short term debt and shared classified as liabilities.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly

since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iii) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

e. Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

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f. Equipment

Equipment is stated at cost or deemed cost less accumulated amortization. Equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	55%	declining balance method

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

g. Share-based payments

The Company has an equity-settled share-based stock option plan. The Company grants options to buy common shares of the Company to directors and consultants (See Note 8).

The fair value of the stock options awarded is measured at grant date, using the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, based on historic market price volatility, and an expected life of the options. The fair value of the options is recognized as an expense, with a corresponding increase in equity, over the year that the option.

h. Impairment of assets

The carrying amount of the Company's non-financial assets, which include equipment, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life (which include goodwill) are not subject to amortization and are tested annually for impairment.

i. Research and development

The Company annually incurs costs for activities that relate to research and development of new products. Research and development costs are expensed except in cases where development costs meet certain identifiable criteria for deferral. Deferred development costs are amortized over the life of the commercial production, or in the case of serviceable property, plant and equipment, are included in the appropriate property group and are depreciated over its estimated useful life.

j. Investment tax credits

The Company claims investment tax credits as a result of scientific research and experimental development ("SR&ED") activities. Investment tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization.

k. Income taxes

Current income tax

Current income tax assets and/or liabilities for the current period are measured at the amount expected to be recovered from or paid to tax authorities based on the taxable income (loss) for the period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Company operates and generates taxable income.

Income tax expense consists of current tax charge and the change in deferred tax assets and liabilities. Current tax and deferred tax are recognized in comprehensive income except to the extent that it relates to a business combination, or to items recognized directly in equity or other comprehensive income.

Deferred income tax

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

l. Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid, with original maturities of less than three months at the date of acquisition.

3. INVESTMENT TAX CREDITS

The Company made claims under Canada's SR&ED program, which have been reviewed and approved by the Canada Revenue Agency. Included in income for the year ended December 31, 2022 are tax incentives of $427,275 (2021 - $459,270) plus interest.

4. DUE FROM SHAREHOLDER

During the year ended December 31, 2022, the Company advanced $51,353 to a shareholder. This advance is non-interest bearing and has no terms of repayment. The advance was repaid in full on February 23, 2023.

(Expressed in Canadian Dollars)

5. EQUIPMENT

	Computer Equipment
COST	
At December 31, 2020	$ 21,780
Additions	4,401
At December 31, 2021	26,181
Additions	3,320
At December 31, 2022	$ 29,501
ACCUMULATED AMORTIZATION	
At December 31, 2020	$ 9,157
Additions	8,276
At December 31, 2021	17,433
Additions	5,998
At December 31, 2022	23,431
NET BOOK VALUE	
At December 31, 2021	$ 8,748
At December 31, 2022	$ 6,070

6. SHORT TERM DEBT

The Company received short term financing in the amount of $300,000 from a third party on November 25, 2022, with the principal and a lending fee of $25,000 repayable within ten days after the receipt of the 2022 Scientific Research and Experimental Development Credit. The balance was repaid in full in February 2023 (Note 12).

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized:

Unlimited	Common voting shares, without par value
Unlimited	Class A Preferred voting, convertible shares

		2022		2021
Issued:				
7,912,151 Common shares	$	10,163,647	$	10,163,647
Shares presented as liability:				
335,000 Common shares		(385,250)		(385,250)
Value of shares presented as equity	$	9,778,397	$	9,778,397

During the year ended December 31, 2021 the Company realized the following share transactions:

- The Company issued 150,000 Common shares for CAD$0.20 per share for cash proceeds of $30,000 on exercise of 150,000 stock options. The value of the stock options of $22,237 was recognized and included in share capital, and deducted from contributed surplus.

- On September 25, 2021, the Company issued 2,409,636 Common shares at a value of $4,904,883 on conversion of 2,409,636 Class A Preferred shares.

Shares presented as liability

The Company follows the IFRS recommendations for accounting for financial instruments, therefore issued share capital which is redeemable at the request of the shareholder and has the attributes of a financial liability is presented as such. The shareholders have the ability to exercise the repurchase option at any time, following the achievement of certain milestones. At such time, the Company will be required to purchase the shares at a set price. As such, the Company has presented the shares as financial liability and will accrete at 5.815% per month to bring the carrying value up to its repurchase value over the expected timeline to achieve the required milestones. This accretion is represented as financing costs on shares classified as liability on the statements of loss and comprehensive loss.

As at December 31, 2022, 335,000 (2021: 335,000) shares with repurchase options were outstanding with a deemed liability of $1,675,000 (2021: $1,675,000). Subsequent to year end, these options expired on March 31, 2023.

(Expressed in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS

Stock Options

As at December 31, 2022, the Company had the following options outstanding and exercisable:

Grant Date	Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Exercisable
23-May-18	23-May-23	$3.00	0.39	75,000	75,000
1-Aug-18	1-Aug-23	$3.00	0.58	5,000	5,000
3-Aug-18	3-Aug-23	$1.70	0.59	35,000	35,000
1-Sep-18	1-Sep-23	$3.00	0.67	5,000	5,000
11-Oct-18	11-Oct-23	$3.00	0.78	80,000	80,000
10-May-19	10-May-24	$3.00	1.36	15,000	15,000
9-Jun-19	9-Jun-24	$3.00	1.44	15,000	15,000
20-Dec-19	20-Dec-24	US $1.66	1.97	80,000	80,000
20-Oct-20	13-Oct-25	US $2.00	2.79	15,000	15,000
20-Dec-20	20-Dec-25	US $1.66	2.97	500,000	250,000
14-Jan-21	14-Jan-26	US $2.00	3.04	15,000	10,000
1-Dec-21	1-Dec-26	US $2.00	3.92	158,000	158,000
9-Jun-22	9-Jun-27	US $2.00	4.44	189,500	63,167
				1,187,500	**806,167**

The weighted average remaining life (in years) of the outstanding options at December 31, 2022 are as follows:

Weighted average exercise price	Number of Options	Vested	Weighted average remaining life (years)
$1.70	35,000	35,000	0.59
$3.00	195,000	195,000	0.72
$1.66 USD	580,000	330,000	2.83
$2.00 USD	377,500	246,167	4.10
	1,187,500	**806,167**	**2.82**

The weighted average remaining life (in years) of the outstanding options at December 31, 2021 are as follows:

Weighted average exercise price	Number of Options	Vested	Weighted average remaining life (years)
$1.70	35,000	35,000	1.59
$3.00	195,000	195,000	1.72
$1.66 USD	580,000	205,000	3.83
$2.00 USD	188,000	173,000	4.76
	998,000	**608,000**	**3.52**

(Expressed in Canadian Dollars)

The following is a summary of the Company's stock option activity:

	Number of options	Weighted average exercise price
Outstanding, January 1, 2021	1,035,000	$1.90
Granted	173,000	$2.56
Exercised	(150,000)	$0.20
Forfeited	(60,000)	$0.20
Outstanding, December 31, 2021	**998,000**	**$2.37**
Granted	189,500	$2.54
Outstanding, December 31, 2022	**1,187,500**	**$2.39**

During the year ended December 31, 2022

- The Company granted 189,500 options to contractors. Each option is exercisable at US$2.00 per share for a period of five years from the grant date and vest 1/3 at the grant date, 1/3 one year after the grant date and 1/3 two years after the grant date.

During the year ended December 31, 2021

- The Company granted 15,000 options to a contractor. Each option is exercisable at US$2.00 per share for a period of five years from the grant date and vest 1/3 at the grant date, 1/3 one year after the grant date and 1/3 two years after the grant date.

- The Company granted 158,000 options to a contractor. Each option is exercisable at US$2.00 per share for a period of five years from the grant date. There were no vesting conditions.

- 150,000 options were exercised at an exercise price of $0.20 into common shares at a 1:1 ratio. The total fair value of the common shares at this date was $52,237 and has been recognized in equity.

- 60,000 share options expired without exercise during the period.

During the year ended December 31, 2022, the Company recorded $323,321 (2021 – $656,469) in stock-based compensation for stock options, based on the fair values of stock options granted which were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2022	2021
Volatility	100%	100%
Risk-free interest rate	3.17%	1.22%
Expected life (years)	5 years	5 years
Dividend yield	Nil	Nil
Forfeiture rate	-	-
Share price	$2.54	$2.56

Warrants

On August 3, 2021, the Company's 235,500 outstanding warrants expired.

(Expressed in Canadian Dollars)

9. INCOME TAX

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 27% (2021 - 27%) to the income for the year and is reconciled as follows:

		2022		2021
Net loss	$	(886,361)	$	(2,515,865)
Income tax recovery at the combined basic federal and provincial rate	$	(239,317)	$	(679,284)
Increase (decrease) resulting from:				
Capital cost allowance claimed in excess of depreciation		(874)		(561)
Non-deductible expenses		87,501		183,857
Research and development expenses		201,809		231,112
Investment tax credits received		(110,684)		(121,779)
Unrecognized deferred tax benefit		61,565		386,655
Effective tax expense	$	-	$	-

The Company has incurred losses of $6,407,518 for tax purposes which are available to reduce future taxable income. Such benefits will be recorded as an adjustment to the tax provision in the year realized. The losses will expire as follows:

Date of Loss	Date Loss Expires		Amount of Loss
December 31, 2022	December 31, 2042	$	228,019
December 31, 2021	December 31, 2041		1,432,056
December 31, 2020	December 31, 2040		1,797,606
December 31, 2019	December 31, 2039		1,757,335
December 31, 2018	December 31, 2038		434,738
December 31, 2017	December 31, 2037		168,730
December 31, 2016	December 31, 2036		583,788
December 31, 2015	December 31, 2035		5,246
		$	6,407,518

The entire unrecognized deferred tax benefit relates to the incurred losses for tax purposes discussed above.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain a strong capital base in order to advance the Company's corporate strategies to create long term value for its stakeholders and to sustain the Company's operations in economic cycles.

The Company defines capital as the aggregate of shareholders' equity, including common shares. The Company manages its capital in order to maintain flexibility and respond to changes in economic and/or marketplace conditions. In order to increase shareholder value, the Company may adjust its capital structure by issuing new shares, purchasing shares for cancellation, raising debt or declaring and paying dividends.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The following provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – quoted prices in active markets for identical investments

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the investments that are not based on observable market data

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of three levels.

As at December 31, 2022 and 2021 there are no financial instruments carried at fair value and consequently, no financial instruments categorized into Levels 1, 2 or 3 or transfers between Level 1 and 2 for the year then ended.

Risk Management

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Company does not believe there has been any significant changes in risk from the prior period. The following analysis provides information about the Company's risk exposure and concentration as of December 31, 2022 and 2021.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Company mitigates this risk by continuously monitoring cash flows and discussing potential financing options to continue the inflow of cash as needed.

All contractual financial liabilities are due within one year after the date of these financial statements.

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: currency rate risk, interest rate risk and other price risk. The Company is mainly exposed to currency risk.

Currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash, and accounts payable and accrued liabilities held in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The following balances represent the U.S. dollar cash and accounts payable and accrued liabilities held by the Company, denominated in Canadian dollars.

		2022		2011
Cash	$	1,923	$	82,159
Accounts payable and accrued liabilities	$	360,725	$	340,447

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant other price risks arising from these financial instruments.

12. SUBSEQUENT EVENTS

On January 25, 2023 the Company issued 235,500 warrants allowing the holder to purchase 235,500 Common shares at a price of CAD$1.70 per share at any time up to the expiry date of January 25, 2025

In February 2023, the Company received the SR&ED investment tax credit claim for 2022 in the amount of $427,275, and subsequently repaid the short term debt of $300,000 plus lending fee of $25,000.

In June 2023, the Company issued 47,250 Common shares at USD $1.60 per share for total cash proceeds of USD $75,600.

On July 31, 2023, upon execution of a letter of intent ("LOI"), the Company issued unsecured convertible debentures in the principal amount of $500,000, bearing interest at 6% per annum. The debentures including accrued interest will be automatically converted into common shares at closing of the transaction agreed to in the LOI ("the Transaction") at a conversion price equal to $0.90 per share. If a definitive agreement for the Transaction has not been entered into by October 30, 2023, the Company shall repay $250,000 of the debenture plus interest and the remaining balance shall convert into common shares at a conversion price of $2.14 per share.

LIGHT AI INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2024 AND 2023

(UNAUDITED)

(EXPRESSED IN CANADIAN DOLLARS)

LIGHT AI INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
(Unaudited)

	Note	As at September 30, 2024 (Unaudited)	As at December 31, 2023 (Audited)
		$	$
ASSETS			
CURRENT			
Cash and cash equivalents		632,844	326,342
Accounts receivable		701	20,701
Tax credits receivable	4	-	321,751
Goods and services tax recoverable		37,827	9,140
Prepaid and deposits		99,817	59,489
		771,189	737,423
EQUIPMENT	5	1,786	3,039
TOTAL ASSETS		772,975	740,462
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		530,644	901,471
Short-term debts	6	-	494,248
Loans	7	4,765,000	-
Convertible debentures	8	534,873	511,285
TOTAL LIABILITIES		5,830,517	1,907,004
SHAREHOLDERS' DEFICIENCY			
SHARE CAPITAL	10	10,264,578	10,264,578
CONTRIBUTED SURPLUS	11	3,235,787	2,918,939
DEFICIT		(18,557,907)	(14,350,059)
TOTAL SHAREHOLDERS' DEFICIENCY		(5,057,542)	(1,166,542)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		772,975	740,462

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 14)

Approved and authorized for issue on behalf of the Board on November 25, 2024.

Signed by: Peter Whitehead A0CAEA312186416... Director

DocuSigned by: SS EEDB66AB921C41B... Director

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

LIGHT AI INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in Canadian dollars)
(Unaudited)

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2024 $	2023 $	2024 $	2023 $
RESEARCH AND DEVELOPMENT EXPENSE					
Research and prototype development		585,983	189,299	1,605,367	436,275
Clinical trials		-	-	-	583
Product development		128,380	7,198	1,092,180	14,029
		(714,363)	(196,497)	(2,697,547)	(450,887)
GENERAL AND ADMINISTRATIVE EXPENSES					
Accounting and administrative		99,330	19,021	222,330	33,251
Accretion and interest	8	9,056	3,705	23,588	3,705
Depreciation	5	417	835	1,253	2,504
Interest on short-term debt and bank charges	6	497	(8,574)	6,048	16,992
Investor relations services		-	8,885	-	16,302
Legal fees		107,611	10,000	238,964	19,843
Marketing		1,586	2,793	2,987	3,078
Salaried and office administration		106,548	8,461	466,098	26,525
Share-based payments	11	2,497	987,690	316,848	1,033,290
Travel		53,662	41	193,301	4,457
		(381,204)	(1,032,857)	(1,471,417)	(1,159,947)
LOSS BEFORE OTHER ITEMS		(1,095,567)	(1,229,354)	(4,168,964)	(1,610,834)
Interest income	4	4,934	-	4,934	-
Foreign exchange gains (losses)		23,779	(7,986)	(43,818)	(36,367)
NET LOSS AND COMPREHENSIVE LOSS		(1,066,854)	(1,237,340)	(4,207,848)	(1,647,201)
LOSS PER SHARE – BASIC AND DILUTED		(0.13)	(0.16)	(0.53)	(0.21)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		7,959,401	7,959,401	7,959,401	7,854,621

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

LIGHT AI INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in Canadian dollars)
(Unaudited)

Nine Months Ended September 30, 2023

	Common Shares				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
	#	$	$	$	$
Balance, December 31, 2022	7,577,151	9,778,397	1,855,070	(13,465,755)	(1,832,288)
Shares issued for cash	47,250	100,931	-	-	100,931
Share repurchase agreements expiration (Note 10)	335,000	385,250	-	1,289,750	1,675,000
Share-based payments	-	-	1,033,290	-	1,033,290
Net loss	-	-	-	(1,647,201)	(1,647,201)
Balance, September 30, 2023	7,959,401	10,264,578	2,888,360	(13,823,206)	(670,268)

Nine Months Ended September 30, 2024

	Common Shares				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
	#	$	$	$	$
Balance, December 31, 2023	7,959,401	10,264,578	2,918,939	(14,350,059)	(1,166,542)
Share-based payments	-	-	316,848	-	316,848
Net loss	-	-	-	(4,207,848)	(4,207,848)
Balance, September 30, 2024	7,959,401	10,264,578	3,235,787	(18,557,907)	(5,057,542)

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

LIGHT AI INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in Canadian dollars)
(Unaudited)

	Nine months ended September 30,	
	2024	**2023**
	$	$
OPERATING ACTIVITIES		
Net loss and comprehensive loss	(4,207,848)	(1,647,201)
Adjustments for non-cash items		
Depreciation	1,253	2,504
Accretion and interest	23,588	3,705
Accrued interest on short term debt	4,397	-
Share-based payments	316,848	1,033,290
Changes in non-cash working capital balances:		
Accounts receivable	20,000	(12,704)
Tax credits recovered	321,751	427,275
Goods and services tax recoverable	(28,687)	(596)
Prepaid and deposits	(40,328)	(6,768)
Accounts payable and accrued liabilities	(370,827)	(23,691)
Cash used in operating activities	(3,959,853)	(224,186)
FINANCING ACTIVITIES		
Shares issued for cash	-	100,931
Proceeds from loans	4,765,000	-
Proceeds from short-term debts	200,131	60,000
Proceeds from convertible debentures	-	500,000
Repayment from shareholder	-	51,353
Repayment of short-term debts	(698,776)	(300,000)
Cash provided by financing activities	4,266,355	412,284
CHANGE IN CASH	306,502	188,098
CASH, BEGINNING	326,342	192,279
CASH, END	632,844	380,377
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	8,645	-
Income taxes paid	-	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Light AI Inc. (the "Company" or "Light AI") was incorporated on December 2, 2015 under the laws of the province of British Columbia, Canada. The Company's principal business activity is the development of healthcare solutions to combat disease and reduce the use and misuse of antibiotics. The registered and records office of the Company is 2500 - 700 West Georgia Street, Vancouver, BC, V7Y 1B3.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and obtain additional capital, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the Company were unable to continue its operations.

The Company is currently pre-revenue and therefore it's ability to continue as a going concern is dependent upon its ability to continue to obtain borrowings from third parties or raise capital, sufficient to meet current and future obligations and to complete development of its product. There can be no assurance that the Company will receive sufficient additional financing to complete the product, or that the product will be commercially successful. As at September 30, 2024, the Company has an accumulated deficit of $18,557,907 (December 31, 2023 - $14,350,059). These conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Letter of Intent and Definitive Agreement

On January 31, 2024, the Company entered into a binding letter of intent ("LOI") with Mojave Brands Inc. ("Mojave") and LAI SPV Corp. ("LAI SPV") under which the Company, Mojave and LAI SPV will combine their respective businesses by way of a share exchange, merger, amalgamation, plan of arrangement or such other similar form of transaction. The form of transaction shall result in a reverse takeover ("RTO") of Mojave by the Company. Upon completion, the resulting entity (the "Resulting Issuer") will continue to carry on the business of the Company.

Pursuant to the LOI, on June 19, 2024, as amended on September 9, 2024 and October 24, 2024, the Company, LAI SPV and Mojave executed a business combination agreement (the "Definitive Agreement") whereby Mojave will acquire all of the issued and outstanding shares of the Company and LAI SPV (the "Transaction"). In accordance with the terms and conditions of the Definitive Agreement, the Transaction will have a completion date of December 31, 2024, or such other mutually agreed to date, and will be completed by way of a three-cornered amalgamation, whereby, among other things:

(i) 1479875 B.C. Ltd. ("Subco"), a wholly-owned subsidiary of Mojave incorporated for the purpose of effecting the Transaction, will amalgamate (the "Amalgamation") with the Company and LAI SPV to form an amalgamated company ("Amalco");
(ii) Holders of common shares in the capital of the Company (each, a "Light AI Share") will receive 3.89 common shares in the capital of Mojave (each, a "Mojave Share") for each Light AI Share held (the "Light AI Exchange Ratio") and the Light AI Shares will be cancelled;
(iii) Holders of common shares in the capital of the LAI SPV (each, a "LAI SPV Share") will receive one common share in the capital of Mojave (each, a "Mojave Share") for each LAI SPV Share held (the "LAI SPV Exchange Ratio") and the LAI SPV Shares will be cancelled;

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

(iv) Mojave share purchase warrants (each, a "Mojave Warrant") will be issued to the holders of Light AI share purchase warrants (each, a "Light AI Warrant") and the LAI SPV share purchase warrants (each, a "LAI SPV Warrant") in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratios, such Light AI Warrants and LAI SPV Warrants will be cancelled;

(v) Mojave options (each, a "Mojave Option") will be issued to holders of Light AI options (each, a "Light AI Option") and LAI SPV options (each, a "LAI SPV Option") in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Light AI Options and LAI SPV Options will be cancelled;

(vi) Amalco will become a wholly-owned subsidiary of Mojave;

(vii) Mojave will change its name to "Light AI Inc.", or such other similar name as may be accepted by the relevant regulatory authorities. Mojave Shares issued to former Light AI shareholders shall be subject to escrow conditions as required by applicable securities laws, including CBOE Canada and voluntary escrow conditions set out in the Definitive Agreement;

(viii) In connection with the Amalgamation, Mojave will complete a private placement for gross proceeds of at least $7,500,000 (the "Mojave Concurrent Financing"). The terms of the Mojave Concurrent Financing will be determined in the context of the market. Finder's fees may be paid in connection with the Concurrent Financing within the maximum amounts permitted by the policies of the CBOE Canada;

(ix) In connection with the Transaction, Mojave advanced a loan of $250,000 to the Company and LAI SPV has advanced loans in the aggregate amount of $5,315,000 to the Company (collectively, the "Loans") (Notes 7 and 14). The Loans are non-interest bearing (except as described below) and are payable upon demand. In the event the Definitive Agreement is terminated, the Loans will become due and payable and shall bear interest at 24% per year from the date of advance, and the Company will issue 277,778 common share purchase warrants (the "Mojave Warrants") and 5,905,557 common share purchase warrants (the "LAI SPV Warrants") to Mojave and LAI SPV, respectively. The Mojave Warrants and the LAI SPV Warrants will be exercisable for the Company's common shares at $0.90 per Light AI Share for a period of 48 months from the date of issuance. In addition, Mojave and LAI SPV have the right to convert the Loans into the Company's common shares at $0.90 per Light AI Share; and

(x) Trading in Mojave Shares has been halted, and will remain halted, pending review and approval of the Transaction by the applicable stock exchange.

2. BASIS OF PRESENTATION

These unaudited condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements and notes for the years ended December 31, 2023 and 2022, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these unaudited condensed interim financial statements are consistent with those applied in the Company's audited financial statements for the years ended December 31, 2023 and 2022. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses.

2. BASIS OF PRESENTATION (continued)

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

These unaudited condensed interim financial statements have been prepared on a historical cost basis, have been prepared using the accrual basis of accounting except for cash flow information, and are presented in Canadian dollars, unless specifically indicated otherwise, which is the Company's functional currency.

3. ADOPTION OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

4. INVESTMENT TAX CREDITS

The Company may make claims under Canada Scientific Research and Experimental Development program ("SR&ED"), which have been reviewed and approved by the Canada Revenue Agency to date. Included in income for the year ended December 31, 2023 are estimated tax incentives of $321,751 plus interest. During the nine months ended September 30, 2024, the Company received its 2023 SR&ED tax credit refund for a total amount of $326,685. Of this amount, $4,934 was for accrued interest. As at September 30, 2024, $Nil (December 31, 2023 - $321,751) remained as a tax credit receivable from the Canada Revenue Agency.

5. EQUIPMENT

COSTS	$
Balance, December 31, 2022	29,501
Additions	-
Balance, December 31, 2023 and September 30, 2024	29,501
ACUMMULATED DEPRECIATION	
Balance, December 31, 2022	23,431
Depreciation	3,031
Balance, December 31, 2023	26,462
Depreciation	1,253
Balance, September 30, 2024	27,715
NET BOOK VALUE	
Balance, December 31, 2023	3,039
Balance, September 30, 2024	1,786

(Expressed in Canadian dollars)

6. SHORT-TERM DEBTS

During the nine months ended September 30, 2024, the Company received $200,131 in the form of promissory notes from third parties and during the year ended December 31, 2023, the Company received $490,000 in the form of promissory notes from third parties (together, the "Promissory Notes"). $630,131 of the Promissory Notes earn interest at the fixed rate of interest of nil per annum applicable up to the date demand for payment is made and following demand for payment, interest shall accrue and be payable at a rate of 12% per annum calculated monthly, not in advance. $60,000 of the Promissory Note earns no interest and is payable within 12 months from July 6, 2023. During the nine months ended September 30, 2024, the Company recorded $4,397 (2023 - $Nil) in interest expense related to the Promissory Notes.

During the nine months ended September 30, 2024, the Company repaid a total of $698,776 for all promissory notes having a principal balance of $690,131 and accrued interest of $8,645.

	As at September 30, 2024	As at December 31, 2023
	$	$
Principal	490,000	490,000
Proceeds	200,131	-
Interest	8,645	4,248
Repayment	(698,776)	-
	-	494,248

During the year ended December 31, 2022, the Company received short term financing in the amount of $300,000 from a third party on November 25, 2022, with the principal and a lending fee of $25,000 repayable within ten days after the receipt of the 2022 Scientific Research and Experimental Development Credit. The balance was repaid in full in February 2023.

7. LOANS

Mojave Brands Inc.

On February 2, 2024, pursuant to the LOI, Mojave advanced $250,000 to the Company through a promissory note dated February 2, 2024. The promissory note is payable on demand and is non-interest bearing until such time as the Definitive Agreement is terminated, and upon such event will then earn 24% per annum from date of advance until paid.

In the event the Definitive Agreement is terminated, the Company will issue to Mojave 277,778 warrants of the Company, with each warrant entitling Mojave to acquire one common share of the Company at a price of $0.90 per share for a period of 48 months from date of issuance.

Additionally, Mojave has the right to convert the principal amount of $250,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of the Company at $0.90 per share.

7. LOANS (continued)

LAI SPV Corp.

During the nine months ended September 30, 2024, the LAI SPV advanced funds totaling $4,515,000 to the Company pursuant to the following loan agreements (see Note 14):

1) $1,400,000 pursuant to a loan agreement dated February 29, 2024;
2) $1,300,000 pursuant to a loan agreement dated March 19, 2024;
3) $300,000 pursuant to a loan agreement dated June 21, 2024;
4) $285,000 pursuant to a loan agreement dated June 28, 2024;
5) $410,000 pursuant to a loan agreement dated July 21, 2024;
6) $410,000 pursuant to a loan agreement dated August 29, 2024;and
7) $410,000 pursuant to a loan agreement dated September 23, 2024.

Collectively (the Loans")

The Loans are due on demand and are non-interest bearing, until such time as the Definitive Agreement is terminated. Upon such event, the Loans will commence accruing interest at 24% per annum, compounded annually, from their respective effective dates of February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024, August 29, 2024 and September 23, 2024 until such time as the Loans are paid in full.

In the event the Definitive Agreement is terminated, or the Transaction, is not completed, the Company will issue a total of 5,016,668 warrants of the Company to LAI SPV, with each warrant entitling LAI SPV to acquire one common share of the Company at a price of $0.90 per share for a period of 48 months from the date of issuance. Additionally, LAI SPV will have the right to convert the principal amounts of $4,515,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of Light AI at $0.90 per share.

8. CONVERTIBLE DEBENTURES

On August 16, 2023, the Company issued unsecured convertible debentures (the "Debentures") to third parties for a total of $500,000. The Debentures accrue interest at 6% per annum and compound quarterly. On April 1, 2024, the Debenture terms were amended and were effective October 13, 2023. The Debentures now mature on the earlier of (i) the date of the closing of the Transaction or (ii) the date of termination of the Definitive Agreement. Upon the closing of the Transaction, the principal amounts and accrued and unpaid interest shall be automatically converted into common shares of the publicly listed company at a conversion rate of $0.90 per common share. During the nine months ended September 30, 2024, the Company recorded accretion and interest expense of $23,588 (2023 - $3,705) relating to the Debentures.

9. RELATED PARTY TRANSACTION

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 a related party transaction when there is a transfer of resources or obligations between related parties. The Company has identified its directors and chief executive officer as related parties.

During the nine months ended September 30, 2024, the Company paid or accrued $356,873 (2023 - $291,311) in salaries to the chief executive officer of the Company. As at September 30, 2024, there were no amounts owing to any related party.

(Expressed in Canadian dollars)

10. SHARE CAPITAL

Authorized:

Unlimited common voting shares, without par value.

1) During the nine months ended September 30, 2024, the Company did not complete any share transactions.

2) During the nine months ended September 30, 2023 the Company realized the following share transactions:

   i. Issued 31,250 common shares for gross proceeds of US$50,000; and
   ii. Issued 16,000 common shares for gross proceeds of US$25,600.

As at December 31, 2022, 335,000 common shares with repurchase options were outstanding with a deemed liability of $1,675,000. In March 2023, these repurchase option agreements expired and the deemed liability of $1,675,000 was reduced to $Nil with an offsetting entry to equity. The Company reversed the amount previously recorded which resulted in an increase in share capital of $385,250 and a decrease in deficit of $1,289,750.

11. STOCK OPTIONS AND WARRANTS

The following is a summary of the Company's stock option activity:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2022	**1,187,500**	**$2.39**
Granted and replaced	1,143,000	$1.40
Expired	(105,000)	($3.00)
Cancelled/Forfeited	(1,082,500)	($2.34)
Outstanding, December 31, 2023	**1,143,000**	**$1.40**
Granted	630,000	$1.40
Cancelled	(472,500)	($1.40)
Outstanding, September 30, 2024	**1,300,500**	**$1.40**

As at September 30, 2024, the Company had the following options outstanding and exercisable:

Grant Date	Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Exercisable
01-Jul-23	01-Jul-28	$1.40	3.75	1,143,000	1,118,000
01-Jan-24	01-Jan-29	$1.40	4.25	157,500	157,500
				1,300,500	1,275,500

During the nine months ended September 30, 2024, the Company granted 630,000 stock options to an employee of the Company with an exercise price of $1.40 expiring on January 1, 2029.

(Expressed in Canadian dollars)

11. STOCK OPTIONS AND WARRANTS (continued)

A total of 157,500 stock options vested on the grant date and the remaining 472,500 stock options vest as follows: 157,500 stock options vest one year after the grant date, 157,500 stock options vest two years after the grant date and 157,500 stock options vest three years after the grant date. On May 27, 2024, the Company and the employee agreed to cancel 472,500 of the 630,000 stock options.

On July 1, 2023, the Company granted 200,000 stock options to consultants of the Company with an exercise price of $1.40 expiring on July 1, 2028. A total of 125,000 stock options vested on the grant date and the remaining 75,000 stock options vest as follows: 1/3 on the grant date, 1/3 one year after the grant date and 1/3 two years after the grant date.

On July 1, 2023, the Company granted 943,000 stock options to directors, officers, employees and consultants of the Company with an exercise price of $1.40 expiring on July 1, 2028. The Company identified the new issuance of 943,000 stock options as a replacement for the cancelled options. A total of 943,000 stock options vested on the grant date.

The Company also reversed $28,748 share-based payments recognized in prior years due to stock options forfeited.

During the nine months ended September 30, 2024, the Company recognized share-based payments of $316,848 (2023 - $1,033,290) for stock options vested and replaced during the respective periods. The weighted average assumptions used in the Black-Scholes option pricing model were as follows:

	2024	2023
Risk free interest rate	3.09%	3.51%
Expected life	5 years	5 years
Expected volatility	111%	100%
Expected dividends	0%	0%

Warrants

On January 25, 2023, the Company amended the expiry date of 235,500 warrants previously issued by the Company on August 3, 2018 to expire on January 25, 2025. All other terms of the warrants remain the same and are exercisable at $1.70. As at September 30, 2024, the Company had the following warrants outstanding:

Original Grant Date	Amended Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Warrants Outstanding
03-Aug-18	25-Jan-25	$1.70	0.32	235,500

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain a strong capital base in order to advance the Company's corporate strategies to create long term value for its stakeholders and to sustain the Company's operations in economic cycles. The Company defines capital as the aggregate of shareholders' equity, including common shares. The Company manages its capital in order to maintain flexibility and respond to changes in economic and/or marketplace conditions. In order to increase shareholder value, the Company may adjust its capital structure by issuing new shares, purchasing shares for cancellation, raising debt or declaring and paying dividends.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The following provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – quoted prices in active markets for identical investments

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the investments that are not based on observable market data

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, short-term debt, loans and convertible debentures. In management's opinion, the Company's carrying values of cash and cash equivalents, accounts receivable, accounts payable, short-term debt, loans and convertible debentures approximate their fair values due to the immediate or short-term maturity of these instruments.

Risk Management

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Company does not believe there has been any significant changes in risk from the prior period.

The following analysis provides information about the Company's risk exposure and concentration as of September 30, 2024 and December 31, 2023.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Company mitigates this risk by continuously monitoring cash flows and discussing potential financing options to continue the inflow of cash as needed. All contractual financial liabilities are due within one year after the date of these financial statements.

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: currency rate risk, interest rate risk and other price risk. The Company is mainly exposed to currency risk.

Currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash, and accounts payable and accrued liabilities held in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The following balances represent the U.S. dollar cash and accounts payable and accrued liabilities held by the Company, denominated in Canadian dollars.

	September 30, 2024	December 31, 2023
	$	$
Cash	3,764	4,030
Accounts payable and accrued liabilities	316,908	660,516

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant other price risks arising from these financial instruments.

14. SUBSEQUENT EVENTS

1) On October 29, 2024, Mojave filed its preliminary long form prospectus with CBOE Canada Inc. and applicable securities commissions relating to the Transaction.

2) On November 3, 2024, the Company executed a loan agreement with LAI SPV whereby LAI SPV advanced an additional loan of $800,000 to the Company (Note 7). The February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024, August 29, 2024, September 23, 2024 and November 3, 2024 loan agreements are all due on demand and non-interest bearing, until such time as the Definitive Agreement, is terminated. Upon such event, the loans will commence accruing interest at 24% per annum, compounded annually, from their respective dates of February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024, August 29, 2024, September 23, 2024 and November 3, 2024 until such time as the loans are paid in full.

   In the event the Definitive Agreement is terminated, or the Transaction is not completed, pursuant to the loans the Company will issue a total of 5,905,557 warrants of the Company to LAI SPV, with each warrant entitling LAI SPV to acquire one common share of the Company at a price of $0.90 per share for a period of 48 months from the date of issuance. Additionally, LAI SPV will have the right to convert the principal amounts of $5,315,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of the Company at $0.90 per share.

SCHEDULE D

LIGHT AI INC. - MD&A

LIGHT AI INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian dollars unless otherwise stated)

Introduction

The following management discussion and analysis ("MD&A") for Light AI Inc. (the "Company", "Light AI"), prepared as at September 16, 2024 should be read in conjunction with the Company's audited financial statements and accompanying notes for the years ended December 31, 2023 and 2022 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars.

Company Overview

Light AI was incorporated on December 2, 2015 under the laws of the province of British Columbia, Canada. The registered and records office of the Company is 2500 - 700 West Georgia Street, Vancouver, BC, V7Y 1B3. The Company is focused on developing artificial intelligence ("**AI**") health diagnostic applications utilizing data sets and the substantial worldwide smartphone footprint to empower individuals and healthcare professionals to differentiate between bacterial and viral infections at point-of-care and in real-time. The Company operates principally in Canada and the United States. The Company is seeking to capitalize on trends in the healthcare industry which is shifting from a volume to value-based care. The Company expects that payors and providers in the health care industry will increasingly seek to utilize data for their competitive advantage to succeed in a newly evolving health care environment.

Currently, the Company is developing a technology platform representing next generation diagnostics by applying AI algorithms to smartphone images to identify infectious diseases in the throat and mouth. The patented, application-based solution requires no swabs, lab tests or proprietary hardware. Additionally, the Company's approach to applying AI to smartphone images can be expanded to other throat conditions, as well as other areas of analysis, such as the human eye and skin. The Company's goal is to create a digital clinical lab that provides quick and accessible diagnosis using AI. The Company commenced developing its AI algorithm applications in 2016 and included the collaboration of more than 14 partners, including the American Heart Association, UCLA Health Network, LabCorp and Cincinnati Children's Hospital.

The Company uses throat imaging coupled with AI to distinguish between viral and bacterial infections. Live images from patients are screened, on-demand through a smartphone, while data is segmented into objects for evaluation, including the tongue, uvula and tonsils. Through AI, the Company is able to scan for key diagnostic indicators and identify the presence of an infection. Additionally, the Company uses advanced algorithms which identify key patterns in patient images to produce a probability score for disease markers and provide instant feedback. The Company anticipates developing technologies to diagnose Group A Streptococcus, Nonspecific Viral Pharyngitis, Influenza, Respiratory Syncytial Virus, Mononucleosis and Streptococcal Pneumonia.

The Company is initially focussing its technology to diagnose Group A Streptococcus ("GAS").

Tech Care For All ("TC4A")

The Company has partnered with Tech Care For All ("**TC4A**") to roll out the Company's platform to the lower middle income countries market, initially focusing on Africa. This strategy will allow the LAI platform to be introduced as a screening tool in markets that do not require Food and Drug Administration approval, enabling The Company to seek a path to near-term revenue.

Company Overview (cont'd)

Tech Care For All ("TC4A") (cont'd)

The first phase of the project involves conducting a pilot go-to-market study to assess the clinical efficacy, clinical pathways, use cases, economics, reimbursement and subscription models and cloud infrastructure needs and deployment strategies in two initial countries – Kenya and Uganda, with a plan to subsequently roll out the technology in such countries.

Assuming the successful conclusion of the first phase market study, the Company's intention is to use the results of the pilot study to design go-to market strategies and roll out the technology in additional African countries. Assuming the successful conclusion of the second phase roll out, the Company's intention would be to launch a diagnostic offering based on the technology in these countries following receipt of required regulatory approvals. The Company anticipates that smartphones will be supplied to practitioners by TC4A agents on behalf of the Company. Initially, iPhones will be supplied for the first six (6) months of distribution as the platform currently runs on iOS. The Android app is expected to be completed by early 2025 and is currently under development by the Company.

Following the completion of the market landscape analysis in Africa, the Company and TC4A will conduct a similar analysis for the Indian market, with the potential for TC4A to manage licencing and regulations on a country-by-country basis.

Food and Drug Administration ("FDA")

The Company has partnered with HCA and Elevance Health's contract research organization (Carelon Health) to conduct Food and Drug Administration ("FDA") trials in the United States. The clinical trials are expected to begin in April 2025, and the study will begin as GAS becomes more common from late fall to early spring. The trial is anticipated to be carried out at 20 sites with a historical average GAS case load of 500/month each. The data collection period is expected to take approximately 1-2 months, followed by data analysis and submission preparation that is expected to take approximately 3 months. After the data is collected and analyzed, the FDA must submit a reply to the submission within 130 days.

Intellectual Property

As a health care technology company, the Company's intellectual property and proprietary information is a fundamental element of its success. The Company protects its proprietary rights through a combination of copyright, trade-mark and trade secret laws as well as contractual provisions. The source code for its software is generally protected under Canadian and United States copyright laws. The Company has been issued the following patents:

Image Processing of Streptococcal infection in Pharyngitis subjects

United States

Patent number: US11369318B2
Patent number: US11602312B2

European Union

Patent Number: EU19871128.5

Australia

Patent number: 2019357949

Subsequent Events

Letter of Intent and Definitive Agreement (Amended)

On January 31, 2024, the Company entered into a binding letter of intent ("LOI") with Mojave Brands Inc. ("Mojave") and LAI SPV Corp. ("LAI SPV") under which the Company, Mojave and LAI SPV will combine their respective businesses by way of a share exchange, merger, amalgamation, plan of arrangement or such other similar form of transaction. The transaction shall result in a reverse takeover ("RTO") of Mojave by the Company. Upon completion of the transaction, the resulting entity (the "Resulting Issuer") will continue to carry on the business of the Company.

Subsequent Events (cont'd)

Letter of Intent and Definitive Agreement (Amended) (cont'd)

Pursuant to the LOI, on June 19, 2024 the Company, LAI SPV and Mojave executed a business combination agreement, which was subsequently amended on September 9, 2024 (the "Definitive Agreement"). Mojave will acquire all of the issued and outstanding shares of the Company and LAI SPV (the "Transaction"). In accordance with the terms and conditions of the Definitive Agreement, the Transaction will be completed by way of a three-cornered amalgamation, whereby, among other things:

(i) 1479875 B.C. Ltd. ("Subco"), a wholly-owned subsidiary of Mojave incorporated for the purpose of effecting the Transaction, will amalgamate (the "Amalgamation") with the Company and Light AI to form an amalgamated company ("Amalco");
(ii) Holders of common shares in the capital of the Company (each, a "Light AI Share") will receive 3.89 common shares in the capital of Mojave (each, a "Mojave Share") for each Light AI Share held (the "Light AI Exchange Ratio") and the Light AI Shares will be cancelled;
(iii) Holders of common shares in the capital of LAI SPV (each, a "LAI SPV Share") will receive one common share in the capital of Mojave (each, a "Mojave Share") for each LAI SPV Share held (the "LAI SPV Exchange Ratio") and the LAI SPV Shares will be cancelled;
(iv) Mojave share purchase warrants (each, a "Mojave Warrant") will be issued to the holders of Light AI share purchase warrants (each, a "Light AI Warrant") and the LAI SPV share purchase warrants (each, a "LAI SPV Warrant") in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratios, such Light AI Warrants and LAI SPV Warrants will be cancelled;
(v) Mojave options (each, a "Mojave Option") will be issued to holders of Light AI options (each, a "Light AI Option") and LAI SPV options (each, a "LAI SPV Option") in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Light AI Options and LAI SPV Options will be cancelled;
(vi) Amalco will become a wholly-owned subsidiary of Mojave;
(vii) Mojave will change its name to "Light AI Inc.", or such other similar name as may be accepted by the relevant regulatory authorities. Mojave Shares issued to former Light AI Inc. shareholders shall be subject to escrow conditions as required by applicable securities laws, including CBOE Canada and voluntary escrow conditions set out in the Definitive Agreement;
(viii) In connection with the Amalgamation, Mojave will complete a private placement for gross proceeds of at least $7,500,000 (the "Mojave Concurrent Financing"). The terms of the Mojave Concurrent Financing will be determined in the context of the market. Finder's fees may be paid in connection with the Concurrent Financing within the maximum amounts permitted by the policies of the CBOE Canada;
(ix) In connection with the Transaction, Mojave advanced a loan of $250,000 to the Company and LAI SPV has advanced loans in the aggregate amount of $4,105,000 to the Company (collectively, the "Loans"). The Loans are non-interest bearing (except as described below) and are payable upon demand. In the event the Definitive Agreement is terminated, the Loans will become due and payable and shall bear interest at 24% per year from the date of advance, and the Company will issue 277,778 common share purchase warrants (the "Mojave Warrants") and 4,561,112 common share purchase warrants (the "LAI SPV Warrants") to Mojave and LAI SPV, respectively. The Mojave Warrants and the LAI SPV Warrants will be exercisable for Light AI Shares at $0.90 per Light AI Share for a period of 48 months from the date of issuance. In addition, Mojave and LAI SPV have the right to convert the Loans into Light AI Shares at $0.90 per Light AI Share; and
(x) Trading in Mojave Shares has been halted, and will remain halted, pending review and approval of the Transaction by the applicable stock exchange.

Business Objectives and Milestones

1) *Development of Mobile Application Technology for iOS and Android*

Within 12 months of closing the Transaction, the Company anticipates completing the development of its mobile application technology for both iOS and Android phones.

Subsequent Events (cont'd)

Business Objectives and Milestones (cont'd)

1) *Development of Mobile Application Technology for iOS and Android (cont'd)*

The objective is to demonstrate functionality for its intended TC4A pilot programs and FDA clinical trials.

The costs for completing the development of its mobile application technology for both iOS and Android phones is estimated to be approximately $1,671,300 and the timeframe for completion is estimated to be three to four months.

2) *Joint venture with TC4A to support launch of mobile application technology for lower middle income countries*

The Company has executed a term sheet with TC4A outlining a proposed joint venture ("JV") to launch its mobile application technology in lower middle income countries ("LMIC"), and more specifically with Kenya, East Africa as its initial protocol four country pilot study. The term sheet is expected to be finalized in a definitive agreement in the near-term. The JV is anticipated to have a total cost of $3,375,000 and is to be implemented over phases with the following business objectives and milestones:

A. Design and implementation of the Company's technology infrastructure for deployment of a prototype. This design and implementation will include billing, hosting and customer support, amongst other technology functions and is estimated to cost approximately $270,000. The Design and implementation has an expected timeframe to complete of approximately three months;
B. Conduct feasibility pilot study in Kenya, East Africa as part of a protocol 4 country (Kenya, Uganda, Nigeria and South Africa) pilot study. The feasibility pilot study in Kenya, East Africa is estimated to cost approximately $270,000 and the timeframe to complete the study is approximately three to four months;
C. Expansion and completion of clinical studies across 4 countries (Kenya, Uganda, Nigeria and South Africa). This phase is estimated to cost approximately $607,500 and has a timeframe for completion of approximately four to six months;
D. Registration, implementation and commercialization of the Technology in 4 countries (Kenya, Uganda, Nigeria and South Africa). This phase is estimated to cost approximately $472,500 and has a timeframe for completion of approximately three months; and
E. Registration, implementation and commercialization of the technology in 16 additional countries (Ghana, Rwanda, Senegal, Tanzania, Democratic Republic of the Congo, Zambia, Botswana, Mali, Namibia, Central African Republic, Sudan, Chad, Niger, Somalia, South Sudan and Zimbabwe). This phase is estimated to cost approximately $1,755,000 and has a timeframe for completion of approximately fifteen months.

3) *Finalize commercial wellness mobile application and set up North American pilot study*

A. The Company anticipates completing a wellness market research program, which includes human factors and device qualification testing, for the purposes of setting the stage for pivotal registration trials. The timeframe for completing the wellness research program is estimated to cost approximately $682,500 and the timeframe to complete is estimated to be approximately six months; and
B. US Food and Drug Administration ("FDA") regulatory submission preparation. This process is expected to be completed over twelve months and is estimated to cost approximately $172,100.

General and administrative expenses for the 12 months following closing of the Transaction are estimated to be approximately $4,223,000. Listing costs are anticipated to be approximately $450,000 and marketing expenses are estimated to be approximately 15% of funds raised concurrently with closing the Transaction.

Promissory Notes

On January 15, 2024, the Company received $200,131 in the form of additional promissory notes. On March 5, 2024, the Company repaid a total of $698,776 for all promissory notes having a principal balance of $690,131 and accrued interest of $8,645.

Subsequent Events (cont'd)

Loans

Mojave Brands Inc.

On February 2, 2024, pursuant to the LOI, Mojave advanced $250,000 to the Company through a promissory note dated February 2, 2024. The promissory note is payable on demand and is non-interest bearing until such time as the Definitive Agreement is terminated, and upon such event will then earn 24% per annum from date of advance until paid. In the event the Definitive Agreement is terminated, the Company will issue to Mojave 277,778 warrants of the Company, with each warrant entitling Mojave to acquire one common share of the Company at a price of $0.90 per share for a period of 48 months from date of issuance. Additionally, Mojave has the right to convert the principal amount of $250,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of the Company at $0.90 per share.

LAI SPV Corp.

Subsequent to December 31, 2023, LAI SPV advanced funds totaling $4,105,000 to the Company pursuant to the following loan agreements:

1) $1,400,000 pursuant to a loan agreement dated February 29, 2024;
2) $1,300,000 pursuant to a loan agreement dated March 19, 2024;
3) $300,000 pursuant to a loan agreement dated June 21, 2024;
4) $285,000 pursuant to a loan agreement dated June 28, 2024;
5) $410,000 pursuant to a loan agreement dated July 21, 2024; and
6) $410,000 pursuant to a loan agreement dated August 29, 2024.

Collectively (the Loans")

The February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024 and August 29, 2024 loan agreements are all due on demand and non-interest bearing, until such time as the Definitive Agreement, is terminated. Upon such event, the loans will commence accruing interest at 24% per annum, compounded annually, from their respective dates of February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024 and August 29, 2024 until such time as the loans are paid in full. In the event the Definitive Agreement is terminated, or the Transaction is not completed, pursuant to the loans the Company will issue a total of 4,561,112 warrants of the Company to LAI SPV, with each warrant entitling LAI SPV to acquire one common share of the Company at a price of $0.90 per share for a period of 48 months from the date of issuance. Additionally, LAI SPV will have the right to convert the principal amounts of $4,105,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of the Company at $0.90 per share.

Stock Options

Subsequent to December 31, 2023, the Company granted 630,000 stock options to an employee of the Company with an exercise price of $1.40 expiring on January 1, 2029. A total of 157,500 stock options vested on the grant date and the remaining 472,500 stock options vest as follows: 157,500 stock options vest one year after the grant date, 157,500 stock options vest two years after the grant date and 157,500 stock options vest three years after the grant date. On May 27, 2024, the Company and the employee agreed to cancel 472,500 of the 630,000 stock options.

Competition

The current gold standard for diagnosing GAS involves a throat culture. Throat cultures typically take 24 to 36 hours to be processed by a medical lab and are not as suitable for rapid testing. Rapid antigen detection tests are also available to diagnose GAS. The sensitivity of these rapid tests range from approximately 55% to 90% and the specificity of these tests range from 90% to 100%. Rapid tests must be physically purchased or delivered, which adds to the complexity of patient care and leaves the tests vulnerable to supply chain disruption. Due to the low sensitivity of the rapid tests, symptomatic cases that test negative are usually followed by a throat culture, which adds additional costs and time to patient management.

Competition (cont'd)

There are other potential competitors to the Company that offer similar technology as follows:

i. eMed - offers a strep throat telehealth kit that includes a clinical thermometer and telehealth care. The Company understands that this kit involves a medical professional using image capture of the tonsils to diagnose and wire prescriptions for same-day pickup. Diagnosis would require a telehealth visit, limiting the use of the technology; and
ii. Predictmedix is developing a safe entry screening station for the detection of infectious diseases by using predictive artificial intelligence imagery and temperature readings. The Company understands this involves cameras capturing images of the throat and eye to detect diseases. These screening stations are large, stationary and relatively expensive, and may not be accurate enough to be used in a healthcare setting.

Investment Tax Credits Receivable

The Company may make claims under Canada Scientific Research and Experimental Development program, which have been reviewed and approved by the Canada Revenue Agency to date. Included in income for the year ended December 31, 2023 are estimated tax incentives of $321,751 (2022 - $427,665). As at December 31, 2023, the Company had $321,751 (2022 - $427,275) in tax credits receivable.

Equipment - Computers

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized to write off the cost of the equipment less their residual values over their useful lives using the declining balance method at a rate of 55% per year. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the equipment.

Costs	$
Balance, December 31, 2021	26,181
Additions	3,320
Balance, December 31, 2023 and 2022	29,501

Accumulated Depreciation	$
Balance, December 31, 2021	17,433
Depreciation	5,998
Balance, December 31, 2022	23,431
Depreciation	3,031
Balance, December 31, 2023	26,462

Net Book Value	$
Balance, December 31, 2022	6,070
Balance, December 31, 2023	3,039

Short-term Debts

During the year ended December 31, 2023, the Company received $490,000 in the form of promissory notes (the "Promissory Notes") from third parties.

Short-term Debts (cont'd)

$430,000 of the Promissory Notes earn interest at the fixed rate of interest of nil per annum applicable up to the date demand for payment is made and following demand for payment, interest shall accrue and be payable at a rate of 12% per annum calculated monthly, not in advance. $60,000 of the Promissory Note earns no interest and is payable within 12 months from July 6, 2023. During the year ended December 31, 2023, the company recorded $4,248 (2022 - $Nil) in interest expense related to the Promissory Notes.

	December 31, 2023	December 31, 2022
	$	$
Principal	490,000	300,000
Interest	4,248	-
	494,248	300,000

Subsequent to the year ended December 31, 2023, the Company repaid the principal balances of $490,000 plus all accrued interest up to the date of repayment (see heading 'Subsequent Events'). During the year ended December 31, 2022, the Company received short term financing in the amount of $300,000 from a third party on November 25, 2022, with the principal and a lending fee of $25,000 repayable within ten days after the receipt of the 2022 Scientific Research and Experimental Development Credit. The balance was repaid in full in February 2023.

Convertible Debentures

On August 16, 2023, the Company issued unsecured convertible debentures (the "Debentures") to third parties for a total of $500,000. The Debentures accrue interest at 6% per annum and compound quarterly. Subsequent to the year ended December 31, 2023, the Debenture terms were amended effective October 13, 2023. The Debentures now mature on the earlier of (i) the date of the closing of the Transaction; or (ii) the date of termination of a definitive agreement between the Company and the respective third parties. Upon the closing of the Transaction, the principal amounts and accrued and unpaid interest shall be automatically converted into common shares of the publicly listed company at a conversion rate of $0.90 per common share. During the year ended December 31, 2023, the Company recorded accretion and interest expense of $11,285 (2022 - $Nil) relating to the Debentures.

Operations

The Company's audited financial statements and accompanying notes for the years ended December 31, 2023 and 2022 have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and obtain additional capital, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the Company were unable to continue its operations.

The Company is currently pre-revenue and therefore its ability to continue as a going concern is dependent upon its ability to continue to obtain borrowings from third parties or raise capital, sufficient to meet current and future obligations and to complete development of its product. There can be no assurance that the Company will receive sufficient additional financing to complete the product, or that the product will be commercially successful. As at December 31, 2023, the Company has an accumulated deficit of $14,350,059 (2022 - $13,465,755). These conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Selected Financial Data - Summary of Annual Results

The following selected financial information is derived from the audited financial statements of the Company prepared in accordance with IFRS for the years ended December 31:

	2023 $	2022 $	2021 $
Revenues	-	-	-
Research and development expenses	883,327	786,227	2,071,066
General and administrative expenses	1,583,113	525,522	874,470
Net and comprehensive loss	2,174,054	886,361	2,515,865
Basic and diluted loss per share	0.28	0.12	0.44
Working capital (deficiency)	(1,169,581)	(163,358)	397,004
Total assets	740,462	682,521	884,237
Non-current liabilities	-	1,675,000	1,675,000

Year Ended December 31, 2023 compared to Year Ended December 31, 2022

During the year ended December 31, 2023 ("Fiscal 2023"), the Company incurred a net and comprehensive loss of $2,174,054 compared to a net and comprehensive loss of $886,361 for the year ended December 31, 2022 ("Fiscal 2022"). During Fiscal 2023, the Company recorded $883,327 (Fiscal 2022 - $786,227) in total research and development expenses. Of the total amount of research and development expenses incurred during Fiscal 2023, $661,001 (Fiscal 2022 - $769,047) was for research and prototype development expenses, $221,743 (Fiscal 2022 - $15,659) was for product development and $583 (Fiscal 2022 - $1,521) related to clinical trials expense.

During Fiscal 2023, the Company incurred a total of $1,583,113 (Fiscal 2022 - $525,522) in general and administrative expenses. Of the $1,583,113 (Fiscal 2022 - $525,522) incurred for general and administrative expenses, $75,626 (Fiscal 2022 - $32,001) was for accounting and administrative expenses, $11,285 (Fiscal 2022 - $Nil) was for accretion and interest on convertible debentures, $3,031 (Fiscal 2022 - $5,998) was for depreciation on equipment, $30,369 (Fiscal 2022 - $14,114) was for interest on short-term debt and bank charges, $317,835 (Fiscal 2022 - $13,086) was for investor relations services, $33,221 (Fiscal 2022 - $80,783) was for professional fees, $2,500 (Fiscal 2022 - $1,583) was for marketing expenses, $36,741 (Fiscal 2022 - $52,775) was for office expenses, $1,063,869 (Fiscal 2022 - $323,321) was for share-based payments and $8,636 (Fiscal 2022 - $1,861) was for travel expenses. During Fiscal 2023, other items included $29,365 (Fiscal 2022 - $2,277) in foreign exchange losses and $321,751 (Fiscal 2022 - $427,665) for investment tax credits recovered.

During Fiscal 2023, the Company incurred $661,001 (Fiscal 2022 - $769,047) for research and prototype development expenses as follows: $25,875 (Fiscal 2022 - $82,908) for patent related costs, $608,427 (Fiscal 2022 - $653,282) for research department staff and $26,699 (Fiscal 2022 - $32,857) for research consulting expenses. All patent fees relate to legal fees for the preparation and submission of the Company's patents. Research department staff levels remained relatively consist between fiscal years.

During Fiscal 2023, product development expenses of $221,743 (Fiscal 2022 - $15,659) included engaging the services of Orthogonal for product development management expenses of $204,714 (Fiscal 2022 - $Nil) and $17,029 (Fiscal 2022 - $15,659) in other related consulting.

During Fiscal 2023, the Company incurred fees of $292,952 for a key advisor to the Company relating to raising capital for the Company. This primarily attributes for the significant difference in investor relations expenses between the Fiscal 2023 and 2022.

During Fiscal 2023, the Company issued convertible debentures in the principal amount of $500,000. The Company recorded $11,285 (Fiscal 2022 - $Nil) for accretion and interest related to the convertible debentures during Fiscal 2023 and $Nil for Fiscal 2022 as the Company did not issue any convertible debentures in Fiscal 2022.

Selected Financial Data - Summary of Annual Results (cont'd)

Year Ended December 31, 2023 compared to Year Ended December 31, 2022 (cont'd)

During Fiscal 2023, the Company recorded $1,063,869 (Fiscal 2022 - $323,321) in share-based payments expense. In July 2023, the Company replaced and granted 943,000 stock options which fully-vested on the July 2023 grant date. The Company recorded a fair value share-based payments expense of $793,609 for the 943,000 replacement stock options. On the same day in July 2023, the Company granted 200,000 stock options to consultants of the Company that vest over time. The Company recorded a fair value share-based payments expense of $299,008 for the vesting of these options during Fiscal 2023. Additionally, the Company reversed $28,748 in share-based payments expense for stock options that were forfeited during Fiscal 2023. The $323,321 recorded as share-based payments in Fiscal 2022 related to 998,000 historical stock options and 189,500 stock options granted in Fiscal 2022 that vested during the year.

In Fiscal 2023, the Company incurred $33,221 (Fiscal 2022 - $80,783) for professional fees. A significant difference in professional fees between fiscal years can be primarily attributed to the Company recording $45,000 for audit related fees relating to several years of audits during Fiscal 2022.

Year Ended December 31, 2022 compared to Year Ended December 31, 2021

During Fiscal 2022, the Company incurred a net and comprehensive loss of $886,361 compared to a net and comprehensive loss of $2,515,865 for the year ended December 31, 2021 ("Fiscal 2021"). During Fiscal 2022, the Company recorded $786,227 (Fiscal 2021 - $2,071,066) in total research and development expenses. Of the total amount of research and development expenses incurred during Fiscal 2022, $769,047 (Fiscal 2021 - $993,920) was for research and prototype development expenses, $15,659 (Fiscal 2021 - $111,694) was for product development and $1,521 (Fiscal 2021 - $965,452) related to clinical trials expense. During Fiscal 2022, the Company incurred a total of $525,522 (Fiscal 2021 - $874,470) in general and administrative expenses. Of the $525,522 (Fiscal 2021 - $874,470) incurred for general and administrative expenses, $32,001 (Fiscal 2021 - $59,012) was for accounting and administrative expenses, $5,998 (Fiscal 2021 - $8,276) was for depreciation on equipment, $14,114 (Fiscal 2021 - $1,345) was for interest on short-term debt and bank charges, $13,086 (Fiscal 2021 - $18,000) was for investor relations services, $80,783 (Fiscal 2021 - $34,126) was for professional fees, $1,583 (Fiscal 2021 - $3,845) was for marketing expenses, $52,775 (Fiscal 2021 - $90,506) was for office expenses, $323,321 (Fiscal 2021 - $656,469) was for share-based payments and $1,861 (Fiscal 2021 - $2,891) was for travel expenses. During Fiscal 2022, other items included $2,277 (Fiscal 2021 - $39,063) in foreign exchange losses and $427,665 (Fiscal 2021 - $468,734) for investment tax credits recovered.

During Fiscal 2022, the Company incurred $769,047 (Fiscal 2021 - $993,920) for research and prototype development expenses as follows: $82,908 (Fiscal 2021 - $86,006) for patent related costs, $653,282 (Fiscal 2021 - $733,364) for research department staff and $32,857 (Fiscal 2021 - $174,550) for research consulting expenses. All patent fees relate to legal fees for the preparation and submission of the Company's patents. Research department staff levels remained relatively consist between fiscal years. During Fiscal 2021, the Company engaged additional contractors regarding COVID research support. During Fiscal 2022, product development expenses of $15,659 (Fiscal 2021 - $111,694) related to other consulting, whereas in Fiscal 2021, the Company engaged additional software developers for development of their application software. In Fiscal 2021, the Company also engaged a consultant providing FDA regulatory guidance.

During Fiscal 2022, the Company incurred $1,521 (Fiscal 2021 - $965,452) for clinical trials expense, and more specifically, expenses relating to clinical data collection for the training and validation studies of the convolutional neural network ("CNN"). In Fiscal 2021, the Company incurred clinical research expenses as follows: $336,958 for a pilot study of Strepic® device for the diagnosis of COVID including subject surveys and $63,700 for a COVID longitudinal study in partnership with the Western Hockey League. The Company also engaged Labcorp (formerly Covance Inc.) for COVID data collection expense of $297,158 and engaged National Hauora Coalition Limited for a clinical study in schools in New Zealand for a cost of $61,685. The remainder of $205,951 incurred for clinical trials expenses included consultants engaged to support the various clinical trials and smaller studies/pilot programs during this period of time.

The $323,321 recorded as share-based payments in Fiscal 2022 related to 998,000 historical stock options and 189,500 stock options granted in Fiscal 2022 that vested during the year.

Selected Financial Data - Summary of Annual Results (cont'd)

Year Ended December 31, 2022 compared to Year Ended December 31, 2021 (cont'd)

In Fiscal 2021, the Company recorded $656,469 in share-based payments expenses related to the 1,035,000 historical stock options and 173,000 stock options granted in Fiscal 2021 that vested during the year.

In Fiscal 2022, the Company incurred $80,783 (Fiscal 2021 - $34,126) for professional fees. A significant difference in professional fees between fiscal years can be primarily attributed to the Company recording $45,000 for audit related fees relating to several years of audits during Fiscal 2022.

Selected Financial Data - Summary of Quarterly Results

The following selected financial information is derived from the unaudited condensed interim financial statements prepared in accordance with IFRS.

	Dec 31, 2023 $	Sep 30, 2023 $	Jun 30, 2023 $	Mar 31, 2023 $
Revenues	-	-	-	-
Research and development expenses	480,001	148,936	89,519	164,871
General and administrative expenses	346,861	1,109,162	41,598	85,492
Net and comprehensive loss	531,911	1,232,283	125,378	284,483
Basic and diluted loss per share	0.07	0.15	0.02	0.04
Working capital (deficiency)	(1,169,581)	(638,427)	(425,018)	(422,477)
Total assets	740,462	411,899	131,713	144,546
Non-current liabilities	-	-	-	-

	Dec 31, 2022 $	Sep 30, 2022 $	Jun 30, 2022 $	Mar 31, 2022 $
Revenues	-	-	-	-
Research and development expenses	130,892	227,475	205,705	222,155
General and administrative expenses	415,581	19,058	39,987	50,896
Net and comprehensive loss	119,826	247,873	245,493	273,169
Basic and diluted loss per share	0.02	0.03	0.03	0.04
Working capital (deficiency)	(163,358)	(369,528)	(121,656)	(123,836)
Total assets	682,521	191,959	447,194	664,360
Non-current liabilities	1,675,000	1,675,000	1,675,000	1,675,000

Three Months Ended December 31, 2023 compared to Three Months Ended December 31, 2022

During the three months ended December 31, 2023 (the "2023 Quarter"), the Company incurred a net and comprehensive loss of $531,911 compared to a net and comprehensive loss of $119,826 for the three months ended December 31, 2022 (the "2022 Quarter"). During the 2023 Quarter, the Company recorded $480,001 (2022 Quarter - $130,892) in total research and development expenses. Of the total amount of research and development expenses incurred during the 2023 Quarter, $272,287 (2022 Quarter - $127,892) was for research and prototype development expenses and $207,714 (2022 Quarter - $3,000) was for product development. During the 2023 and 2022 Quarters, the Company did not incur any clinical trial expenses. Research and development salaries and contractors accounted for the majority of the total research and development expenses for the 2023 and 2022 Quarters.

During the 2023 Quarter, the Company incurred a total of $346,861 (2022 Quarter - $415,581) in general and administrative expenses.

Selected Financial Data - Summary of Quarterly Results (cont'd)

Three Months Ended December 31, 2023 compared to Three Months Ended December 31, 2022 (cont'd)

Of the $346,861 (2022 Quarter - $415,581) incurred for general and administrative expenses, $43,796 (2022 Quarter - $6,470) was for accounting and administrative expenses, $11,285 (2022 Quarter - $Nil) was for accretion and interest on convertible debentures, $758 (2022 Quarter - $5,998) was for depreciation on equipment, $4,496 (2022 Quarter - $13,710) was for interest on short-term debt and bank charges, $301,532 (2022 Quarter - $5,713) was for investor relations services, $28,822 (2022 Quarter - $45,000 professional fees) was for an adjustment relating to professional fees, $1,155 (2022 Quarter - $986 marketing expenses) was for an adjustment relating to marketing fees, $10,791 (2022 Quarter - $13,590) was for salaries and office expenses, $Nil (2022 Quarter - $323,321) was for share-based payments relating to vested stock options and $4,180 (2022 Quarter - $793) was for travel expenses. During the 2023 Quarter, other items included $26,800 (2022 Quarter - $628) in foreign exchange losses and $321,751 (2022 Quarter - $427,275) for investment tax credits recovered.

During the 2023 Quarter, the Company incurred $272,287 (2022 Quarter - $127,892) for research and prototype development expenses as follows: $105 (2022 Quarter - $18,362) for patent related costs, $261,756 (2022 Quarter - $97,138) for research department staff and $10,426 (2022 Quarter - $12,392) for research consulting expenses. During the 2023 Quarter, product development expenses of $207,714 (2022 Quarter - $3,000) included engaging the services of Orthogonal for product development management expenses of $204,714 (2022 Quarter - $Nil) and $3,000 (2022 Quarter - $3,000) in other related consulting.

During the 2023 Quarter, the Company incurred fees of $225,356 for a key advisor to the Company relating to raising capital for the Company. This primarily attributes for the significant difference in investor relations expenses between the 2023 Quarter and the 2022 Quarter.

During the year ended December 31, 2023, the Company issued convertible debentures in the principal amount of $500,000. The Company recorded $11,285 (2022 - $Nil) in accretion and interest on the convertible debentures during the 2023 Quarter and $Nil for the comparable 2022 Quarter as the Company did not issue convertible debentures in fiscal 2022.

During the 2023 Quarter, the Company recorded $Nil (2022 Quarter - $323,321) in share-based payments. In July 2023, the Company replaced and granted outstanding stock options which fully-vested on grant date, which is why there was no recording of share-based payments for vesting stock options in the 2023 Quarter. The $323,321 recorded as share-based payments in the 2022 Quarter related to 998,000 historical stock options and 189,500 stock options granted in Fiscal 2022 that vested during the 2022 Quarter.

Share Capital

Authorized:

Unlimited Common voting shares, without par value

Share Issuances

During the year ended December 31, 2023 the Company realized the following share transactions:

1) Issued 31,250 common shares for gross proceeds of US$50,000; and
2) Issued 16,000 common shares for gross proceeds of US$25,600.

During the year ended December 31, 2022 the Company did not complete any share transactions.

Shares presented as liability

The Company follows the IFRS recommendations for accounting for financial instruments, therefore issued share capital which is redeemable at the request of the shareholder and has the attributes of a financial liability is presented as such.

Share Capital (cont'd)

Shares presented as liability (cont'd)

The shareholders have the ability to exercise the repurchase option at any time, following the achievement of certain milestones. At such time, the Company will be required to purchase the shares at a set price. As such, the Company presented the shares as financial liability and accreted at 5.815% per month to bring the carrying value up to its repurchase value over the expected timeline to achieve the required milestones. This accretion was represented as financing costs on shares classified as liability on the statements of loss and comprehensive loss.

As at December 31, 2022, 335,000 common shares with repurchase options were outstanding with a deemed liability of $1,675,000. In March 2023, these repurchase option agreements expired and the deemed liability of $1,675,000 was reduced to $Nil with an offsetting entry to equity. The Company reversed the amount previously recorded which resulted in an increase in share capital of $385,250 and a decrease in deficit of $1,289,750.

Warrants

On January 25, 2023, the Company amended the expiry date of 235,500 warrants previously issued by the Company on August 3, 2018 to expire on January 25, 2025. All other terms of the warrants remain the same and are exercisable at $1.70.

As at December 31, 2023, the Company had the following warrants outstanding:

Original Grant Date	Amended Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Warrants Outstanding
03-Aug-18	25-Jan-25	$1.70	1.07	235,500

Stock Options

On July 1, 2023, the Company granted 200,000 stock options to consultants of the Company with an exercise price of $1.40 expiring on July 1, 2028. A total of 125,000 stock options vested on the grant date and the remaining 75,000 stock options vest as follows: 1/3 on the grant date, 1/3 one year after the grant date and 1/3 two years after the grant date. During the year ended December 31, 2023, the Company recognized share-based payments of $299,008 related to stock options vested.

On July 1, 2023, the Company granted 943,000 stock options to directors, officers, employees and consultants of the Company with an exercise price of $1.40 expiring on July 1, 2028. The Company identified the new issuance of 943,000 stock options as a replacement for the cancelled options. A total of 943,000 stock options vested on the grant date. The Company recognized share-based payments of $793,609, including an incremental fair value of $667,243 related to the replacement options.

The Company also reversed $28,748 share-based payments recognized in prior years due to the stock option forfeited.

During the year ended December 31, 2022, the Company granted 189,500 stock options to consultants of the Company at an exercise price of US$2.00 and expire on June 9, 2027. The 189,500 stock options vest 1/3 at the grant date, 1/3 one year after the grant date and 1/3 two years after the grant date and the fair value of the 189,500 stock options was $323,321.

The weighted average assumptions used in the Black-Scholes option pricing model were as follows:

	2023	2022
Risk free interest rate	3.51%	3.17%
Expected life	5 years	5 years
Expected volatility	100%	100%
Expected dividends	0%	0%

Share Capital (cont'd)

Stock Options (cont'd)

The following is a summary of the Company's stock option activity:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2021	**998,000**	**$2.37**
Granted	189,500	$2.54
Outstanding, December 31, 2022	**1,187,500**	**$2.39**
Granted and replaced	1,143,000	$1.40
Expired	(105,000)	($3.00)
Cancelled/Forfeited	(1,082,500)	($2.34)
Outstanding, December 31, 2023	**1,143,000**	**$1.40**

As at December 31, 2023, the Company had the following options outstanding and exercisable:

Grant Date	Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Exercisable
01-Jul-23	01-Jul-28	$1.40	4.5	1,143,000	1,093,000

Liquidity and Capital Resources

The Company's historical source of funding has included short-term debt, loans and issuances of debt and equity.

At December 31, 2023, the Company had a net working capital deficiency of $1,169,581 (2022 - $163,358), cash of $326,342 (2022 - $192,279), current liabilities of $1,907,004 (2022 - $839,809) and had a deficit of $14,350,059 (2022 - $13,465,755). The Company expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

Cash Flows

Net cash outflows in operating activities during the year ended December 31, 2023 was $708,221 (2022 - $435,326). The cash used in operating activities during the year ended December 31, 2023 consisted primarily of net operating losses of $2,174,054 (2022 – $886,361) and changes in working capital balances.

There were no cash inflows or outflows for investing activities during the year ended December 31, 2023. During the year ended December 31, 2022, the Company purchased equipment in the amount of $3,320.

Net cash inflows from financing activities during the year ended December 31, 2023 included proceeds from short-term debts of $190,000 (2022 - $300,000), proceeds/(repayment) of shareholder loan of $51,353 (2022 – ($51,353), $500,000 (2022 - $Nil) in proceeds from convertible debentures and $100,931 (2022 - $Nil) for issuance of common shares.

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.

Related Party Transactions (cont'd)

A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties. The Company has identified its directors and chief executive officer as related parties. During the the year ended December 31, 2023, the Company paid $336,738 in salary and accrued additional salary expense of $73,272 pursuant to an amended employment agreement (2022 - $325,000) to the chief executive officer of the Company. As at December 31, 2023, there was $73,272 owing to the chief executive officer of the Company.

Escrowed Shares

As at December 31, 2023 and the date of this report, there were Nil common shares held in escrow.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Adoption of New Accounting Standards, Interpretations and Amendments

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

Financial Instruments

Fair Values

The following provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – quoted prices in active markets for identical investments

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the investments that are not based on observable market data

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, short-term debt and convertible debentures. In management's opinion, the Company's carrying values of cash and cash equivalents, accounts receivable, accounts payable, short-term debt and convertible debentures approximate their fair values due to the immediate or short-term maturity of these instruments.

Risk Management

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Company does not believe there has been any significant changes in risk from the prior period. The following analysis provides information about the Company's risk exposure and concentration as of December 31, 2023 and 2022.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Company mitigates this risk by continuously monitoring cash flows and discussing potential financing options to continue the inflow of cash as needed. All contractual financial liabilities are due within one year after the date of these financial statements.

Risk Management (cont'd)

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: currency rate risk, interest rate risk and other price risk. The Company is mainly exposed to currency risk.

Currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash, and accounts payable and accrued liabilities held in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The following balances represent the U.S. dollar cash and accounts payable and accrued liabilities held by the Company, denominated in Canadian dollars.

	2023	2022
	$	$
Cash	4,030	1,923
Accounts payable and accrued liabilities	660,516	360,725

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant other price risks arising from these financial instruments.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements.

Significant estimates made by management include the following:

Recognition and Valuation of Deferred Tax Assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities of the particular legal entity in which the deferred tax assets have been recognized.

Going Concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless Management either intends to liquidate the entity or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

Investor Relations Activities

During the year ended December 31, 2023, the Company incurred investor relations expenses of $317,385 (2022 - $13,086), of which $292,952 related to a key advisor to the Company for services and purposes of raising capital for the Company.

Outstanding Share Data

As at December 31, 2023, there were:

1) 7,959,401 common shares issued and outstanding;
2) 1,143,000 stock options outstanding at an exercise price of $1.40 and expire on July 1, 2028; and
3) 235,500 warrants outstanding at an exercise price of $1.70 and expire on January 25, 2025.

As at the date of this report there were:

1) 7,959,401 common shares issued and outstanding;
2) 1,143,000 stock options outstanding at an exercise price of $1.40 and expire on July 1, 2028;
3) 157,500 stock options outstanding at an exercise price of $1.40 and expire on January 1, 2029; and
4) 235,500 warrants outstanding at an exercise price of $1.70 and expire on January 25, 2025.

Corporate Governance

The Company is private and the current board of directors is comprised of two directors, one of which is an executive officer of the Company. Mr. Peter Whitehead, Chief Executive Officer, is not considered independent due to his position as an officer and promoter of the Company.

Directors:

Peter Whitehead (*Chief Executive Officer*)
Steve Semmelmayer

Risk Factors

An investment in the Company or the Resulting Issuer, involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Company and the Resulting Issuer, respectively. The risks, uncertainties and other factors, many of which are beyond the control of the Company and the Resulting Issuer, that could influence actual results include, but are not limited to:

Ability to Complete the Transaction

Completion of the Transaction is subject to conditions precedent, certain of which are beyond the Mojave, LAI SPV or the Company's control. There can be no certainty, nor any assurance, that all conditions precedent to the Transaction will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived. If certain approvals and consents are not received, or if certain conditions are not satisfied, the Transaction may proceed nonetheless, or may be delayed or amended, including possibly delaying the completion of the Transaction in order to allow sufficient time to complete or satisfy such matters. Furthermore, the Definitive Agreement may be terminated in certain circumstances, impacting the ability to complete the Transaction.

Limited Operating History

The Company has a limited history of operations and is considered a start-up company. As such, the Resulting Issuer is subject to many risks common to such enterprises, including under-capitalization, cash shortages, larger and well-capitalized competitors, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of the Resulting Issuer's success must be considered in light of its early stage of operations. Investment in the Resulting Issuer carries a high degree of risk and should be considered as a speculative investment. The Resulting Issuer is a clinical stage medical device company with a limited operating history, specializing in software as a medical device. The Company was founded in 2015.

As a result of its limited operating history, its ability to forecast future results of operations is limited and subject to a number of uncertainties, including inability to plan for future growth. The Company has encountered, and the Resulting Issuer, will encounter risks and uncertainties frequently experienced by growing companies in life sciences industries, such as risks and uncertainties related to:

- FDA and CE regulatory approval:
- market acceptance of its platform and products;
- reliability and scalability of its platform and products;
- success of its artificial intelligence initiative;
- results of clinical research programs;
- obtaining reimbursement authorization from government and other healthcare payors;
- adding channel partners and customers and entering new vertical markets;
- the successful expansion of its business beyond automatic diagnosis of GAS;
- competition from incumbents and other disruptive technologies;
- its ability to control costs, particularly product development, manufacturing and sales and marketing expenses; and
- general economic and political conditions.

If the Resulting Issuer does not address these risks successfully, its business, results of operations, cash flows, financial condition and financing plans may be adversely affected.

Future Financings

The Resulting Issuer will be dependent upon the ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms to the Resulting Issuer, if at all. If additional financing is raised by the issuance of Resulting Issuer Shares from treasury, control of the Resulting Issuer may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Resulting Issuer may not be able to further business activities, take advantage of other opportunities, or otherwise remain in business. Events in the equity market may impact the Resulting Issuer's ability to raise additional capital in the future.

The Resulting Issuer may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the issuance of common shares.

The Resulting Issuer's actual financial position and results of operations may differ materially from the expectations of the Resulting Issuer's management.

The Resulting Issuer's actual financial position and results of operations may differ materially from management's expectations. Given the Company's early stage, the Resulting Issuer's net income and cash flow may differ materially from the projected revenue, net income and cash flow. The process for estimating the Resulting Issuer's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Resulting Issuer's financial condition or results of operations.

Management's experience in managing a publicly-traded company

Management has operated the business of the Company as a privately owned company. The individuals comprised of the Resulting Issuer's senior management team have limited experience in managing a publicly traded entity. The Resulting Issuer will be required to develop control systems and procedures required to operate as a public company, and these systems and procedures could place a significant strain on the Resulting Issuer's management systems, infrastructure and other resources. The Resulting Issuer can provide no assurances that management's past experience will be sufficient to enable the Company to successfully operate as a public company.

Risk Factors (cont'd)

Although the Resulting Issuer has established an experienced management team and Board and engaged a number of professional service providers to assist the Resulting Issuer with complying with its continuous disclosure, filing, and other requirements applicable to public entities, if management of the Resulting Issuer is unable to satisfactorily manage the Resulting Issuer as a public entity and ensure that it remains in compliance with all continuous disclosure and other requirements applicable to public entities, there could occur a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

The Company has a history of losses and the Resulting Issuer will continue to incur significant expenses and may be unable to generate revenues

The Company recorded net losses and comprehensive losses of $2.1 million and $0.9 million for the fiscal years ended December 31, 2023 and December 31, 2022, respectively. As of December 31, 2023, the Company had an accumulated deficit of approximately $14.4 million. The Company has not received 510(k) approval from the FDA for any of its products and none of its products have been approved for commercial sale by any regulatory authority. The Company has not generated any revenue from product sales to date nor does it have any firm orders from customers. The Resulting Issuer will continue to incur significant research and development and other expenses related to ongoing operations, which expenses are expected to continue even after products are available for commercial sales.

The Resulting Issuer may be unable to generate revenues or establish a subscription-based revenue model

The Resulting Issuer's business plan assumes that it will successfully receive orders and generate revenues. In order for the Resulting Issuer to generate substantial revenues and establish its products, it must achieve the milestones under its business plan and secure orders from potential customers. The Company is currently in the early stages of developing its business, and the Resulting Issuer may not be able to succeed with respect to these efforts. Many factors may adversely affect the Resulting Issuer's ability to establish a viable and profitable business, including, but not limited to:

- Failure to articulate the perceived benefits of the Company's artificial intelligence solution, or failure to persuade reimbursement authorities or customers that such benefits justify the additional cost over incumbent or other solutions or technologies;
- Failure to develop and offer solutions that satisfy customers' needs;
- Introduction of competitive offerings by other companies, including many that are larger, better financed and more well-known than the Resulting Issuer;
- Inability to fulfill existing agreements or enter into satisfactory agreements relating to the integration of its platform with products of other companies to pursue particular vertical markets, or the failure of such relationships to achieve their anticipated benefits;
- Failure to provide adequate channel partners and customer support;
- Long sales cycles for customers in the healthcare markets; and
- Failure to generate broad customer acceptance of or interest in its artificial intelligence solutions.

If the Resulting Issuer fails to generate revenues and develop a successful business, its business, results of operations and financial condition will suffer, and you may lose all or part of your investment in the Resulting Issuer.

The report of the Company's independent auditor on its 2023 and 2022 audited consolidated financial statements contains an explanatory paragraph regarding its ability to continue as a going concern

The Company is currently pre-revenue and therefore its ability to continue as a going concern is dependent upon its ability to continue to obtain borrowings from third parties or raise capital, sufficient to meet current and future obligations and to complete development of its product. There can be no assurance that the Resulting Issuer will receive sufficient additional financing to complete the product, or that the produce will be commercial successful. The Company's auditor included an explanatory paragraph on its report on the audited consolidated financial statements for 2023 and 2023 noting that these conditions may cast significant doubt upon the Company's ability to continue as a going concern. Substantial doubt about the Resulting Issuer's ability to continue as a going concern may materially and adversely affect the price per share of the Resulting Issuer shares and make it more difficult for the Resulting Issuer to obtain financing. If the Resulting Issuer is unable to obtain sufficient capital, its business, financial condition, and results of operations will be materially and adversely affected, and it will need to obtain alternative financing or significantly modify its operational plans to continue as a going concern.

Further, given the Resulting Issuer's planned expenditures for the next several years, its auditors are likely to conclude, in connection with the preparation of its financial statements for 2024 or any subsequent period that there continues to be substantial doubt regarding the Resulting Issuer's ability to continue as a going concern. The Company has prepared and the Resulting Issuer intends to prepare its financial statements on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. The Company's financial statements do not and the Resulting Issuer does not plan to include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might be necessary should the Resulting Issuer be unable to continue in existence.

The Resulting Issuer expects to require additional capital to support its business, and this capital might not be available on acceptable terms, if at all

The Resulting Issuer intends to continue to make investments to support its business and will likely require additional funds. In particular, the Resulting Issuer expects to seek additional funds to develop new products and cover the cost of the clinical trials in respect of those products, enhance its platform and expand its operations, including its sales and marketing organizations. Accordingly, the Resulting Issuer expects to engage in equity and/or debt financings to secure additional funds. If the Resulting Issuer raises additional funds through future issuances of equity or convertible debt securities, you could suffer significant dilution, and any new equity securities the Resulting Issuer issues could have rights, preferences and privileges superior to those of holders of the Resulting Issuer Shares. Any debt financing that the Resulting Issuer may secure in the future could involve debt service obligations and restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for it to obtain additional capital and to pursue business opportunities, and it may be obligated to issue equity securities to the providers of that financing. The Resulting Issuer may not be able to obtain additional financing on terms favorable to it, if at all. If the Resulting Issuer is unable to obtain adequate financing or financing on terms satisfactory to it when required, the Resulting Issuer's ability to continue to support its business growth, scale its infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and its business, results of operations and financial condition may be significantly adversely affected.

The Resulting Issuer may never achieve profitability

Because of the numerous risks and uncertainties associated with disruptive artificial intelligence technology, the Resulting Issuer is unable to accurately predict the timing or amount of future revenue or expenses or when, or if, it will be able to achieve profitability. The Company has financed its operations primarily through convertible loans and the issuance and sale of equity. The size of the Resulting Issuer's future net losses will depend, in part, on the rate of growth or contraction of its expenses and the level and rate of growth, if any, of its revenues. The Resulting Issuer expects to continue to expend substantial financial and other resources on, among other things:

- investments to expand and enhance its platform and technology infrastructure, make improvements to the scalability, availability and security of its platform, and develop new products;
- acquiring additional data are used as training data for its platform and enriching that data through a verification process;
- sales and marketing, including expanding its indirect sales organization and marketing programs, and expanding our programs directed at increasing its brand awareness among current and new customers;
- planning and conducting clinical trials to obtain regulatory and reimbursement approval for the commercialization of its products;
- expansion of the Resulting Issuer's operations and infrastructure, both domestically and internationally; and
- general administration, including legal, accounting and other public company expenses.

If the Resulting Issuer is unable to successfully commercialize its products or if revenue from any products that receive marketing approval is insufficient, the Resulting Issuer will not achieve profitability. Furthermore, even if the Resulting Issuer successfully commercializes its products, its planned investments may not result in increased revenue or growth of its business. The Resulting Issuer may not be able to generate net revenues sufficient to offset its expected cost increases and planned investments in its business and platform. As a result, the Resulting Issuer may incur significant losses for the foreseeable future, and may not be able to achieve and sustain profitability.

If the Resulting Issuer fails to achieve and sustain profitability, then it may not be able to achieve its business plan, fund its business or continue as a going concern.

The Resulting Issuer will depend on its senior management team and other key employees, and the loss of one or more key employees could adversely affect its business

The Resulting Issuer's success depends largely upon the continued services of its executive officers and directors. The Resulting Issuer will rely on its leadership team and other mission-critical individuals in the areas of research and development, technology development and support, marketing, sales, services and general and administrative functions. From time to time, there may be changes in the Resulting Issuer's management team resulting from the hiring or departure of executives or other key employees, which could disrupt its business. The Resulting Issuer's senior management and key employees are generally employed under employment agreements that are terminable by the employee at any time for any reason or no reason. The loss of one or more of the Resulting Issuer's executive officers or key employees, could have a material adverse effect on its business. Also, the Resulting Issuer may not have any key person life insurance policies on officers and directors.

The Resulting Issuer's ability to attract, train and retain qualified employees is crucial to its results of operations and any future growth

To execute the Resulting Issuer's growth plan, it must attract and retain highly qualified personnel. Competition for these individuals is intense, especially for scientists and engineers with high levels of experience, senior sales executives and professional services personnel with appropriate financial reporting experience. The Resulting Issuer expects to experience difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which the Resulting Issuer competes for experienced personnel have greater resources than it has. If the Resulting Issuer hires employees from competitors or other companies, their former employers may attempt to assert that these employees have breached their legal obligations or that the Resulting Issuer has induced such breaches, resulting in a diversion of time and resources. If the Resulting Issuer fails to attract new personnel or fails to retain and motivate its current personnel, its business and future growth prospects could be adversely affected.

The Resulting Issuer's quarterly results may fluctuate significantly and period-to-period comparisons of its results may not be meaningful

The Resulting Issuer's quarterly results, including the levels of future revenue, if any, its operating expenses and other costs, and its operating margins, may fluctuate significantly in the future, and period-to period comparisons of its results may not be meaningful. This may be especially true to the extent that the Resulting Issuer does not successfully establish a backlog of orders for its systems. Accordingly, the results of any one period should not be relied upon as an indication of the Resulting Issuer's future performance. In addition, the Resulting Issuer's quarterly results may not fully reflect the underlying performance of its business. Factors that may cause fluctuations in the Resulting Issuer's quarterly results include, but are not limited to:

- the timing of regulatory approvals for its products;
- its ability to successfully establish its business model;
- its ability to attract and retain its channel partners, customers and to expand its business;
- enacted or pending legislation and reimbursement rates effecting the healthcare industry;
- results of its clinical research efforts and positions of key opinion leaders;
- changes in its pricing policies or those of its competitors;
- the impact of the relatively long sales cycle that is typical of customers in the Resulting Issuer's industry, which are large hospitals and healthcare delivery organizations;
- the timing of the Resulting Issuer's recognition of revenue and the mix of revenues during the period;
- the amount and timing of operating expenses and other costs related to the maintenance and expansion of its business, infrastructure and operations;
- the amount and timing of operating expenses and other costs related to the development or acquisition of businesses, services, technologies or intellectual property rights;
- the timing and impact of security breaches, service outages or other performance problems with its technology infrastructure and software solutions;
- the timing and costs associated with legal or regulatory actions;

- changes in the competitive dynamics of its industry, including consolidation among competitors, channel partners or customers;
- loss of executive officers or other key employees;
- industry conditions and trends that are specific to the vertical markets in which the Resulting Issuer intends to sell its solutions;
- disruptions of or interference with its channel partners' services; and
- general economic and market conditions.

Fluctuations in quarterly results may negatively impact the value of the Resulting Issuer shares, regardless of whether they impact or reflect the overall performance of its business.

Currency exchange rate fluctuations affect the Resulting Issuer's results of operations, as reported in its financial statements

Some of the Resulting Issuer's future revenues will be transacted in foreign currencies, such as U.S. dollars. However, substantially all of the research and development expenses of the Resulting Issuer's Canadian operations, as well as a portion of the cost of revenues, selling and marketing, and general and administrative expenses of its Canadian operations, are (or will be, as appropriate) incurred in Canadian dollars. As a result, the Resulting Issuer will be exposed to exchange rate risks that may adversely affect its financial results. If the Canadian dollar appreciates against the U.S. dollar or if the value of the Canadian dollar declines against the U.S. dollar or other foreign currencies at a time when the rate of inflation in the cost of Canadian goods and services exceeds the rate of decline in the relative value of the Canadian dollar, then the U.S. dollar or other foreign currency costs of the Resulting Issuer's operations in Canada would increase and its results of operations would be adversely affected. The Resulting Issuer's Canadian operations also could be adversely affected if it is unable to effectively hedge against currency fluctuations in the future. The Resulting Issuer cannot predict any future trends in the rate of inflation in Canada or the rate of devaluation (if any) of the Canadian dollar against the U.S. dollar or other foreign currencies.

From time to time the Resulting Issuer may engage in currency hedging activities. Those measures, however, may not adequately protect it from material adverse effects due to the impact of inflation in Canada or from fluctuations in the relative values of the U.S. dollar and the Canadian dollar, and may result in a financial loss.

The Resulting Issuer may pursue the acquisition of other companies, businesses or technologies, which could be expensive, divert its management's attention and/or fail to achieve the expected benefits

As part of the Resulting Issuer's growth strategy, it may acquire businesses, services, technologies or intellectual property rights that it believes could complement, expand or enhance the features and functionality of its platform and its technical capabilities, broaden its service offerings or offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause the Resulting Issuer to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not such acquisitions are consummated.

Acquisitions also could result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect the Resulting Issuer's operating results and financial condition. In addition, the Resulting Issuer may experience difficulties in integrating the acquired personnel, operations and/or technologies successfully or effectively managing the combined business following the acquisition. The Resulting Issuer also may not achieve the anticipated benefits from the acquired business and may incur unanticipated costs and liabilities in connection with any such acquisitions. If any of these results occurs, the Resulting Issuer's business and financial results could be adversely affected.

Risks Related to the Resulting Issuer's Business and Industry

Artificial intelligence and machine learning is a relatively new and unproven technology, and it may decline or experience limited growth, which would adversely affect its ability to fully realize the potential of its platform. Evaluating the size and scope of the market is subject to a number of risks and uncertainties. Future success will depend in large part on the growth of this market. The utilization of artificial intelligence and machine learning for diagnostic and decision-making support is new, and physicians may not recognize the need for, or benefits of, the Resulting Issuer's platform.

This may prompt them to reject or cease use of its platform or decide to adopt alternative products and services to satisfy their requirements. Even if this market does grow, the Resulting Issuer's ability to expand its business and extend its market position depends upon a number of factors, including the cost, performance and perceived value of its platform and the applications the Resulting Issuer develops for it. The perceived value of the Resulting Issuer's platform and the applications it develops for it may be a function of estimated cost savings by healthcare providers using the Company's platform, which may be difficult to accurately predict. Physicians may resist change from the current standard of practice.

The Resulting Issuer's market opportunity and cost saving estimates are subject to significant uncertainty and are based on assumptions and estimates, including internal analysis and industry experience

Assessing the market for the Resulting Issuer's solutions in each of the vertical markets it is planning to compete in is particularly difficult due to a number of factors, including limited available information and rapid evolution of the market. The market for The Company's platform and the applications the Resulting Issuer develops for it may fail to grow significantly or be unable to meet the level of growth the Resulting Issuer expects. As a result of these and other factors, the Resulting Issuer may experience lower than expected demand for its products and services due to lack of reimbursement authority, channel partner, hospital and/or physician acceptance, technological challenges, competing products and services, decreases in spending by current and prospective customers, weakening economic conditions and other causes. If the Resulting Issuer's market does not experience significant growth, or if demand for its platform does not increase in line with its projections, then the Resulting Issuer's business, results of operations and financial condition will be adversely affected.

The Resulting Issuer anticipates generating a portion of its revenue from channel partners and to the extent no such revenue materializes, its business, results of operations and financial results will be materially harmed

The Company currently expects to depend on future revenues generated through a limited number of channel partners and a direct sales force. The Company does not currently have distribution contracts with any channel partners or any sales representatives deployed. If these partners are not satisfied with The Company's products, they may not promote the the Company's platform. Further, if these partners do not dedicate sufficient time to the commercialization of the Resulting Issuer's products or otherwise fail to comply with their obligations under the Resulting Issuer's agreements with them, then this may have an adverse effect on the Resulting Issuer's business and prospects.

These partners will not be obligated to deal with the Resulting Issuer exclusively and therefore may sell competing products or solutions. As a result, these partners may give higher priority to products or services of the Resulting Issuer's competitors, thereby reducing their efforts in commercialization of the Resulting Issuer's products. Channel partner agreements may be terminated under specified circumstances.

The termination of any such agreement or the failure of one of such partners to extend its relationship with the Resulting Issuer after the term of an agreement with it expires, could harm the Resulting Issuer's brand and reputation. A significant decline in any future revenue stream from channel partners would have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

If the Resulting Issuer is not able to develop a strong brand for its platform and increase market awareness of the Resulting Issuer and its platform, then the Resulting Issuer's business, results of operations and financial condition may be adversely affected

The success of the Company's platform will depend in part on the Resulting Issuer's ability to develop a strong brand identity for itself as a company and its products, and to increase the market awareness of its platform and the platform's capabilities. The successful promotion of the Resulting Issuer's brand will depend largely on its marketing efforts and its ability to ensure that its technology provides the expected benefits to its customers. It is important for the Resulting Issuer to be perceived as leaders in the GAS diagnostic market. The Resulting Issuer's brand promotion and thought leadership activities may not be successful or produce increased revenue. In addition, independent industry analysts may provide reviews of the Resulting Issuer's platform and of competing products and services, which may significantly influence the perception of the Resulting Issuer's platform in the marketplace. If these reviews are negative or not as positive as reviews of competitors' products and services, then the Resulting Issuer's brand may be harmed. The promotion of the Resulting Issuer's brand also requires substantial expenditures, and the Resulting Issuer anticipates that these expenditures will increase as its industry becomes more competitive and as it seeks to expand into new markets.

These higher expenditures may not result in any increased revenue or in revenue that is sufficient to offset the higher expense levels. If the Resulting Issuer does not successfully maintain and enhance its brand, then its business may not grow, the Resulting Issuer may see its pricing power reduced relative to competitors and may lose customers, all of which would adversely affect the Resulting Issuer's business, results of operations and financial condition.

Failure to manage growth effectively could increase the Resulting Issuer's expenses, decrease its revenue and prevent the Resulting Issuer from implementing its business strategy

The Resulting Issuer's ability to generate revenues and achieve profitability will require substantial growth in its business, which will put a strain on its management and financial resources.

To manage this and its anticipated future growth effectively, including as the Resulting Issuer expands into new clinical areas and geographic regions, it must maintain and enhance its platform and information technology infrastructure, as well as its financial and accounting systems and controls. The Resulting Issuer also must attract, train and retain a significant number of qualified data scientists, software developers and engineers, technical and management personnel, sales and marketing personnel and customer and channel partner support personnel. Failure to effectively manage growth could lead the Resulting Issuer to over-invest or under-invest in development and operations, result in weaknesses in its platform, systems or controls, give rise to operational mistakes, losses, loss of productivity or business opportunities and result in loss of employees and reduced productivity of remaining employees.

The Resulting Issuer's growth could require significant capital expenditures and might divert financial resources from other projects such as the development of new products and services. If the Resulting Issuer's management is unable to effectively manage its growth, its expenses might increase more than expected, its revenue could decline or grow more slowly than expected, and the Resulting Issuer might be unable to implement its business strategy. The quality of the Resulting Issuer's products and services might suffer, which could negatively affect its reputation and harm its ability to retain and attract channel partners or customers.

If the Resulting Issuer is not able to enhance or introduce new applications for its platform or other new products that achieve market acceptance and keep pace with technological developments, its business, results of operations and financial condition could be harmed.

The Resulting Issuer's ability to attract new channel partners and customers and increase revenue from existing channel partners and customers depends in part on its ability to enhance and improve its applications for its optical tissue imaging platform, increase adoption and usage of the Resulting Issuer's products and introduce new products and features for GAS diagnostics. The success of any enhancements or new products depends on several factors, including timely completion, adequate quality testing, actual performance quality, market-accepted pricing levels, regulatory approvals and overall market acceptance and demand. Enhancements and new products that the Resulting Issuer develops may not be introduced in a timely or cost-effective manner, may contain defects, may have interoperability difficulties, or may not achieve the market acceptance necessary to generate significant revenue. If the Resulting Issuer is unable to successfully enhance existing platform and capabilities to meet evolving customer requirements, increase adoption and usage of its platform, develop new products, or if its efforts to increase the usage of its products are more expensive than expected, then the Resulting Issuer's business, results of operations and financial condition could be harmed.

The security of the Resulting Issuer's platform, networks or computer systems may be breached, which could have an adverse effect on its business and reputation

The Company's platform may be subject to computer malware, viruses and computer hacking, all of which have become more prevalent. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, they may include the theft or destruction of data owned by the Resulting Issuer or its customers, and/or damage to its platform. Any failure to maintain the performance, reliability, security and availability of the Resulting Issuer's products and technical infrastructure to the satisfaction of the Resulting Issuer's customers may harm its reputation and its ability to retain existing customers and attract new users.

Accidental or unauthorized access to or disclosure, loss, destruction or modification of data, through cybersecurity breaches, computer viruses, human error, natural or man-made disasters, or disruption of the Resulting Issuer's services could expose the Resulting Issuer to liability, protracted and costly litigation and damage to the Resulting Issuer's reputation. In connection with the various services the Resulting Issuer anticipates to provide to its clients, the Resulting Issuer collects, stores processes and transmits the sensitive personal and health data of its patients and customers, in some cases through providing services to the Resulting Issuer's clients as well as other end users of health services, including but not limited to names, addresses, identification numbers, medical histories, credit or debit card numbers and expiration dates and/or bank account numbers.

Privacy and data security laws and regulations could require the Resulting Issuer to make changes to its business, impose additional costs and reduce the demand for its artificial intelligence software solutions

The Resulting Issuer's business model contemplates, among other things, that the users of its products will process and transmit patients' medical data.

End users of the Resulting Issuer's products may transmit a significant amount of personal or identifying information through its platform, which may be transmitted inappropriately and therefore be revealed to unauthorized third parties. In addition, the health and research institutions which provide the Resulting Issuer with data for purposes of training its algorithms may inadvertently fail to de-identify data (when regulated) before sending it to the Resulting Issuer which then places on the Resulting Issuer the responsibility of handling that sensitive information in accordance with applicable law. In addition, there may be additional agreements for use of data in connection with the research and development of the Resulting Issuer's products. Privacy and data security have become significant issues in the U.S. and in other jurisdictions where the Resulting Issuer may offer its software solutions. The regulatory framework relating to privacy and data security issues worldwide is evolving rapidly and is likely to remain uncertain for the foreseeable future. Federal, state, local and foreign government bodies and agencies have in the past adopted, or may in the future adopt, laws and regulations regarding the collection, use, processing, storage and disclosure of personal or identifying information obtained from customers and other individuals, and these laws may create varied and potentially conflicting requirements. In addition to government regulation, privacy advocates and industry groups may propose various self-regulatory standards that may legally or contractually apply to the Resulting Issuer's business. Because the interpretation and application of many privacy and data security laws, regulations and applicable industry standards are uncertain, it is possible that these laws, regulations and standards may be interpreted and applied in a manner inconsistent with its existing privacy and data management practices. As the Resulting Issuer expands into new jurisdictions or verticals, it will need to understand and comply with various new requirements applicable in those jurisdictions or verticals.

To the extent applicable to the Resulting Issuer's business or the businesses of its end users, these laws, regulations and industry standards could have negative effects on the Resulting Issuer's business, including by increasing costs and operating expenses, and delaying or impeding deployment of new core functionality and products. Compliance with these laws, regulations and industry standards requires significant management time and attention, and failure to comply could result in negative publicity, subject the Resulting Issuer to fines or penalties or result in demands that it modify or cease existing business practices. In addition, the costs of compliance with, and other burdens imposed by, such laws, regulations and industry standards may adversely affect the Resulting Issuer's end users' ability or desire to collect, use and process personal information using its software solutions, which could reduce overall demand for them. Even the perception of privacy and data security concerns, whether or not valid, may inhibit market acceptance of the Resulting Issuer's software solutions in certain verticals.

Furthermore, privacy and data security concerns may cause end users or their employees and other industry participants to resist providing the personal information necessary to allow effective use of the Resulting Issuer's applications. Any of these outcomes could adversely affect the Resulting Issuer's business and operating results.

Furthermore, the Resulting Issuer's business requires continued access to non-public third-party medical imaging and related electronic medical record data that are used as training data for its platform. If end-users refuse or limit the Resulting Issuer's access to relevant information on grounds of privacy it will inhibit the Resulting Issuer's ability to continue to improve its platform and thereby could adversely affect its business, operating results and competitiveness. If regulated data is used or disclosed inappropriately, the Resulting Issuer has an obligation to notify regulators and/or impacted individuals and may incur breach notification related costs.

Risk Factors (cont'd)

Risks Related to Intellectual Property

If the Resulting Issuer is unable to protect its intellectual property rights or if its intellectual property rights are inadequate to protect its technology, competitors could develop and commercialize technology similar to the Resulting Issuer's, and the Resulting Issuer's competitive position could be harmed.

The Resulting Issuer will rely on a combination of patent and trademark laws, trade secret protection, confidentiality agreements and other contractual arrangements with its employees, channel partners and others to maintain its competitive position. In particular, the Resulting Issuer's success depends, in part, on its ability to maintain patent protection for its products, technologies and inventions, maintain the confidentiality of its trade secrets and know-how, operate without infringing upon the proprietary rights of others and prevent others from infringing upon its proprietary rights. Despite the Resulting Issuer's efforts to protect its proprietary rights, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose its technologies, inventions, processes or improvements. Moreover, other parties may independently develop similar or competing technology, methods, know-how or design around any patents that may be issued to or held by the Resulting Issuer. Unauthorized parties may also attempt to copy or reverse engineer proprietary aspects of the Resulting Issuer's products.

There is no assurance that the Resulting Issuer's patents or other intellectual property rights will not be challenged, invalidated or circumvented, or will otherwise provide meaningful protection. If the Resulting Issuer's patents and other intellectual property do not adequately protect its technology, competitors may be able to offer products similar to the Resulting Issuer's. Competitors may also be able to develop similar technology independently or design around any patents granted to the Resulting Issuer, and it may not be able to detect the unauthorized use of its proprietary technology or take appropriate steps to prevent such use. Any such activities by competitors that circumvent the Resulting Issuer's intellectual property protection could subvert its competitive advantage and have an adverse effect on its results of operations.

Furthermore, filing, prosecuting, maintaining and defending patents on the Resulting Issuer's solutions in all countries throughout the world would be prohibitively expensive, and its intellectual property rights in some countries outside the U.S. are less extensive than those in the U.S. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the U.S. Also, it may not be possible to effectively enforce intellectual property rights in some foreign countries at all or to the same extent as in the U.S. and other countries. Consequently, the Resulting Issuer may be unable to prevent third parties from using its inventions in all countries, or from selling or importing products made using its inventions in the jurisdictions in which it does not have (or is unable to effectively enforce) patent protection.

Competitors may use the Resulting Issuer's technologies in jurisdictions where it has not obtained patent protection to develop, market or otherwise commercialize their own products, and the Resulting Issuer may be unable to prevent those competitors from importing those infringing products into territories where the Resulting Issuer has patent protection but enforcement is not as strong as in the U.S.

The Resulting Issuer may be sued by third parties for alleged infringement of their proprietary rights, which could adversely affect the Resulting Issuer's business, results of operations and financial condition.

There is often litigation between competing companies relying on their respective technologies based on allegations of infringement or other violations of intellectual property rights. The Resulting Issuer's future success depends, in part, on not infringing the intellectual property rights of others. The Resulting Issuer may receive claims from third parties, including its competitors, alleging that its platform and its underlying technology infringe or violate such third party's intellectual property rights, and the Resulting Issuer may be found to be infringing upon such rights.

The Resulting Issuer may be unaware of the intellectual property rights of others that may cover some or all of its technology. Any such claims or litigation could cause the Resulting Issuer to incur significant expenses and, if successfully asserted against the Resulting Issuer, could require that the Resulting Issuer pay substantial damages or ongoing royalty payments, prevent the Resulting Issuer from offering some portion of its platform, or require that it comply with other unfavorable terms. The Resulting Issuer may also be obligated to indemnify its customers or channel partners in connection with any such litigation and to obtain licenses or modify its platform, which could further exhaust its resources.

Patent infringement, trademark infringement, trade secret misappropriation and other intellectual property claims and proceedings brought against the Resulting Issuer, whether successful or not, could harm its brand, business, results of operations and financial condition. Litigation is inherently expensive and uncertain, and any judgment or injunctive relief entered against the Resulting Issuer or any adverse settlement could negatively affect its business, results of operations and financial condition. In addition, litigation can involve significant management time and attention and be expensive, regardless of the outcome. During the course of litigation, there may be announcements of the results of hearings and motions and other interim developments related to the litigation. If customers regard these announcements as negative, demand for the Resulting Issuer's products may decline.

The Resulting Issuer may become involved in lawsuits to protect or enforce its patents which could be expensive, time consuming and unsuccessful

If the Resulting Issuer attempts enforcement of its patents or other intellectual property rights, it may be subject or party to claims, negotiations or complex, protracted litigation. These claims and any resulting lawsuits, if resolved adversely to the Resulting Issuer, could subject it to significant liability for damages, impose temporary or permanent injunctions against the Resulting Issuer's solutions or business operations, or invalidate or render unenforceable its intellectual property. In addition, because patent applications can take many years until the patents issue, there may be applications now pending of which the Resulting Issuer is unaware, which may later result in issued patents that its solutions may infringe. If any of the Resulting Issuer's solutions infringe a valid and enforceable patent, or if it wishes to avoid potential intellectual property litigation on its alleged infringement, the Resulting Issuer could be prevented from selling its solutions unless it can obtain a license, which may be unavailable.

Alternatively, the Resulting Issuer could be forced to pay substantial royalties or redesign its solutions to avoid infringement. Additionally, the Resulting Issuer may face liability to channel partners or other third parties for indemnification or other remedies if they are sued for infringement in connection with their use of the Resulting Issuer solutions.

Intellectual property disputes and litigation, regardless of merit, can be costly and disruptive to the Resulting Issuer's business operations by diverting attention and energies of management and key technical personnel, and by increasing its costs of doing business. Such litigation, regardless of its success, could seriously harm the Resulting Issuer's reputation with channel partners, business partners and patients and in the industry at large. Some competitors may be able to sustain the costs of complex patent or intellectual property litigation more effectively than the Resulting Issuer can because they have substantially greater resources. Any of the foregoing could adversely affect the Resulting Issuer's operating results.

The Resulting Issuer may be subject to claims asserting that its employees, consultants, independent contractors and advisors have wrongfully used or disclosed confidential information and/or alleged trade secrets of their current or former employers or claims asserting ownership of what the Resulting Issuer regards as its own intellectual property.

Many of the Resulting Issuer's employees, consultants, independent contractors and advisors were previously employed at other companies, including potential competitors. The Resulting Issuer could in the future be subject to claims that these employees and others, or the Resulting Issuer, has inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If the Resulting Issuer fails in defending against such claims, a court could order it to pay substantial damages and prohibit it from using technologies or features that are essential to its solutions, if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. An inability to incorporate technologies or features that are important or essential to the Resulting Issuer's solutions would have a material adverse effect on its business, and may prevent it from distributing its solutions. In addition, the Resulting Issuer may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper or prevent the Resulting Issuer's ability to commercialize certain potential solutions, which could severely harm its business. Even if the Resulting Issuer is successful in defending against these claims, such litigation could result in substantial costs and be a distraction to management. Incurring such costs could have a material adverse effect on the Resulting Issuer's financial condition, results of operations and cash flows.

Risks Related to Regulatory Matters

The Resulting Issuer will be subject to costly and complex laws and governmental regulations and any adverse regulatory action may materially adversely affect its financial condition and business operations.

Risk Factors (cont'd)

The Resulting Issuer operates in a complex regulatory and legal environment and are subject to a wide variety of laws and regulations in the jurisdictions in which the Resulting Issuer operates. Some of the provincial and federal laws and regulations in Canada and other jurisdictions in which the Resulting Issuer operates that affect or may affect it include: those relating to provision of healthcare, consumer products, product liability and consumer protection; those relating to negligence; those relating to the manner in which the Resulting Issuer advertises, markets and sells products and services; labour and employment laws, including wage and hour laws; tax laws or interpretations thereof; data protection and privacy laws and regulations. Continuing to achieve and sustain compliance with these laws may prove costly. The laws and regulations specifically applicable to the Resulting Issuer may also change on the basis of a change in the nature of the Resulting Issuer's products or services, or a change in the jurisdictions in which those products or services are being offered, including, but not limited to, as a result of acquisitions. There can be no guarantee that the Resulting Issuer will have sufficient resources to comply with new laws, regulations or government action, or to successfully compete in the context of a shifting regulatory environment. Moreover, these laws and regulations may change, sometimes significantly, as a result of political, economic and social events.

The Resulting Issuer's products, including software solutions that contain algorithms or artificial intelligence, will be subject to regulation by numerous government agencies, including the FDA and comparable agencies outside the U.S. To varying degrees, each of these agencies requires the Resulting Issuer to comply with laws and regulations governing the development, testing, manufacturing, labeling, marketing, and distribution of its products. The U.S. Congress recently passed the Cures Act, which amended certain provisions of the FDA Act, related to medical devices and software. The Cures Act amended the definition of "medical device" to exclude several types of software and digital health solutions from the FDA's medical device requirements and to ease the path to market for novel devices and products.

The FDA has interpreted this law to exclude from regulation certain CDS tools that are intended to aid in diagnosis, treatment or health management. However, the FDA intends to regulate other categories of clinical decision support ("**CDS**"), software, algorithms and artificial intelligence tools depending on the functions and intended use of those products. Recent changes to FDA regulations and advances in artificial intelligence have also generated compliance uncertainty across a variety of industry and settings, including about which legal and regulatory frameworks should apply to current and future iterations. However, the FDA currently regulates CDS and software-based devices and tools that analyze medical and diagnostic images for patient treatment or diagnosis. Further, the FDA regulates Picture Archiving and Communications Systems ("**PACS**"), or those devices that "provide one or more capabilities relating to the acceptance, transfer, display, storage, and digital processing of medical images" and whose software components may "provide functions for performing operations related to image manipulation, enhancement, compression or quantification" under 21 C.F.R. § 892.2050(a). PACS must obtain a 510(k) before commercialization in the U.S. The FDA is concerned with the accuracy of alterations, modifications, measurements, or analysis to or of images that could affect the accuracy of treatment and diagnosis decisions made using such data.

Laws and regulations relating to the healthcare industry and privacy are particularly complex and subject to change which could create significant additional costs related to monitoring and compliance, and could require changes to its operating model which could result in lower revenue. The Resulting Issuer expects the future technology and data-driven revenue streams of the Resulting Issuer will be governed by Canadian federal and provincial laws, as well as applicable foreign laws, covering data privacy and security. Although the Resulting Issuer maintains that its operations are in compliance with existing laws, there can be no assurance that the Resulting Issuer's operations will not be challenged in the future and, if challenged, that they will not be found to violate applicable laws. Any such ruling against the Resulting Issuer could subject it to potential damages, injunctions and/or civil and criminal penalties or require it to restructure the Resulting Issuer's arrangements in a way that would affect the control or quality of the Resulting Issuer's services or change the amounts that the Resulting Issuer receives from its operations, which could have a material adverse effect on the Resulting Issuer's business.

There is no guarantee that the Resulting Issuer will be able to obtain marketing clearance for its medical device products or enhancements or modifications to existing products

The Resulting Issuer may not receive required marketing clearances or approvals on a timely basis, if at all.

The failure to maintain approvals or obtain approval or clearance for new products or functions could have a material adverse effect on the Resulting Issuer's business, results of operations, financial conditions and cash flows.

Even if the Resulting Issuer is able to obtain such approval or clearance, it may:

- take a significant amount of time;
- require the expenditure of substantial resources;
- involve stringent clinical and pre-clinical testing, as well as increased post-market compliance requirements and surveillance;
- involve modifications, repairs, or replacements of the Resulting Issuer's products; and
- result in limitations on the proposed uses and marketing of the Resulting Issuer's products.

Further, if the FDA or other applicable regulatory authorities approve or clear a similar product that competes with the Resulting Issuer's artificial intelligence applications, it could decrease its expected sales. Both before and after a product is commercially released, the Resulting Issuer have ongoing responsibilities under FDA regulations. Many of the Resulting Issuer's planned facilities and procedures and those of its suppliers are also subject to periodic inspections by the FDA to determine compliance with the FDA's requirements, including primarily the quality system regulations and medical device reporting regulations. The results of these inspections can include inspectional observations on FDA's Form-483, warning letters, or other forms of enforcement. Since 2009, the FDA has significantly increased its oversight of companies subject to its regulations, including medical device companies, by hiring new investigators and increasing inspections of manufacturing facilities. If the FDA were to conclude that the Resulting Issuer is not in compliance with applicable laws or regulations, or that any of its medical devices are ineffective or pose an unreasonable health risk, the FDA could prohibit us from marketing such medical devices, detain or seize adulterated or misbranded medical devices, order a recall, repair, replacement, or refund of such devices, refuse to grant pending pre-market approval applications or require certificates of non-U.S. governments for exports, or require the Resulting Issuer to notify health professionals and others that the devices present unreasonable risks of substantial harm to the public health. The FDA may also assess civil or criminal penalties against the Resulting Issuer, its officers or employees and impose operating restrictions on a company-wide basis, or enjoin or restrain certain conduct resulting in violations of applicable law. The FDA may also recommend prosecution to the U.S. Department of Justice.

Any adverse regulatory action, depending on its magnitude, may restrict the Resulting Issuer from effectively marketing and selling its products and limit its ability to obtain future pre-market clearances or approvals, and could result in a substantial modification to its business practices and operations.

The Company is in the early stage of developing its products. FDA clearance may require significant additional discovery efforts, preclinical testing and studies, as well as applicable regulatory guidance for preclinical and clinical studies from the FDA and other regulatory authorities before the Resulting Issuer can seek regulatory clearance and begin commercial sales of any potential products.

The design and execution of clinical trials to support FDA clearance of the Resulting Issuer's products is subject to substantial risk and uncertainty. Clinical development is a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. Clinical failure can occur at any stage of clinical development. The Resulting Issuer relies on third parties to conduct clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, or if they terminate their agreement with the Resulting Issuer, it may not be able to obtain regulatory clearance for or commercialize its products. The regulatory clearance processes of the FDA are lengthy, time consuming and inherently unpredictable, and if the Resulting Issuer is ultimately unable to obtain regulatory clearance for its products, the Resulting Issuer's business will be substantially harmed.

In addition, the marketing license for any product is limited by the FDA to those specific indications and conditions for which clinical safety and efficacy have been demonstrated. The FDA has taken the position that device manufacturers are prohibited from promoting their products other than for the uses and indications set forth in the approved product labeling. The U.S. government has initiated a number of enforcement actions against manufacturers that promote products for "off label" uses, including actions alleging that federal health care program reimbursement of products promoted for "off-label" uses (or services in which such products are utilized) constitute false and fraudulent claims to the government. The failure to comply with "off-label" promotion restrictions can result in significant civil or criminal exposure, administrative obligations and costs, or other potential penalties from, or agreements with, the federal government. Further, clinical practice guidelines and recommendations published by various organizations could have significant influence on the Resulting Issuer's products.

The Resulting Issuer will face extensive FDA and foreign regulatory requirements and may face future regulatory difficulties

The FDA and other regulatory authorities require that the Resulting Issuer's devices be manufactured in compliance with QSR, and similar standards in foreign markets where it intends to sell its products. Any failure by the Resulting Issuer or its third-party manufacturers to comply with QSR or failure to scale up manufacturing processes as needed, including any failure to deliver sufficient quantities of products in a timely manner, could have a material adverse effect on its business, financial condition, operating results and cash flows. In addition, such failure could be the basis for action by the FDA to withdraw clearance for products previously granted to the Resulting Issuer and for other regulatory action. Compliance with quality standards is further complicated by the fact that the FDA's guidance and expectations for software quality systems is evolving. Thus, changes to current product standards, guidance and regulations may impact the timeline and resources required to develop the Resulting Issuer's product.

The Resulting Issuer's industry is experiencing greater scrutiny and regulation by governmental authorities, which may lead to greater regulation in the future

The Resulting Issuer's medical devices and technologies and its business activities are subject to a complex regime of regulations and enforcement environment, including regulations promulgated by the FDA, U.S. Department of Justice, the Office of Inspector General of the Department of Health and Human Services, and numerous other federal, state, and non-U.S. governmental authorities. In addition, certain state governments and the U.S. federal government have enacted legislation aimed at increasing transparency of the Resulting Issuer's interactions with health care providers. As a result, if the Resulting Issuer's devices and solutions (or the procedures in which they are used) are reimbursed by Federal healthcare programs such as Medicare or Medicaid, it will be required by law to disclose payments and other transfers of value to health care providers licensed by certain states and to all U.S. physicians and U.S. teaching hospitals at the federal level. Any failure to comply with these legal and regulatory requirements could impact the Resulting Issuer's business. In addition, the Resulting Issuer will devote substantial additional time and financial resources to further develop and implement policies, systems, and processes to comply with enhanced legal and regulatory requirements, which may also impact its business.

The Resulting Issuer anticipates that governmental authorities will continue to scrutinize its industry closely, and that additional regulation may increase compliance and legal costs, exposure to litigation, and other adverse effects to the Resulting Issuer's operations.

Product liability lawsuits against the Resulting Issuer could result in substantial liabilities and to limit commercialization of its products

Because LAI's initial product family upon approval will be used, and the Resulting Issuer intends to initially focus its future product development efforts, in acute care settings, where real-time decisions are challenging and critical to delivering differentiated care and preventing patients, product malfunctions in this context create heightened risk of product liability lawsuits. A product liability or professional liability claim could result in substantial financial and reputational damages and be costly and time-consuming for us to defend. Although LAI maintains liability insurance, including for errors and omissions, there is no assurance that the Resulting Issuer's insurance would fully protect it from the financial impact of defending against these types of claims or any judgments, fines or settlement costs arising out of any such claims. Any liability claim, including an errors and omissions liability claim, brought against the Resulting Issuer, with or without merit, could increase its insurance rates or prevent it from securing insurance coverage in the future. Additionally, any liability lawsuit could cause injury to the Resulting Issuer's reputation or cause it to suspend sales of its products. The occurrence of any of these events could have an adverse effect on the Resulting Issuer's business, reputation, results of operations and cash flows.

If the Resulting Issuer fails to comply with applicable health information privacy and security laws and other state and federal privacy and security laws, it may be subject to significant liabilities, reputational harm and other negative consequences, including decreasing the willingness of current and potential customers to work with the Resulting Issuer

The Resulting Issuer will be subject to data privacy and security regulation by both the federal government and the states in which it conducts its business.

The Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), established uniform federal standards for "covered entities," which include certain healthcare providers, healthcare clearinghouses, and health plans, governing the conduct of specified electronic healthcare transactions and protecting the security and privacy of PHI.

The HITECH Act makes HIPAA's security standards directly applicable to "business associates," which are independent contractors or agents of covered entities that create, receive, maintain, or transmit PHI in connection with providing a service for or on behalf of a covered entity. The HITECH Act also increased the civil and criminal penalties that may be imposed against covered entities, business associates and certain other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce HIPAA's requirements and seek attorney's fees and costs associated with pursuing federal civil actions. A portion of the data that the Resulting Issuer will obtain and handle for or on behalf of certain of its clients is considered PHI, subject to HIPAA. The Resulting Issuer will also be required to maintain similar business associate agreements with its subcontractors that have access to PHI of its customers in rendering services to LAI or on its behalf. Under HIPAA and the Resulting Issuer's contractual agreements with its HIPAA-covered entity health plan customers, the Resulting Issuer will be considered a "business associate" to those customers, and are required to maintain the privacy and security of PHI in accordance with HIPAA and the terms of the Resulting Issuer's business associate agreements with its clients, including by implementing HIPAA-required administrative, technical and physical safeguards. LAI has incurred, and the Resulting Issuer will continue to incur, significant costs to establish and maintain these safeguards and, if additional safeguards are required to comply with HIPAA regulations or its clients' requirements, the Resulting Issuer's costs could increase further, which would negatively affect its operating results. Furthermore, there is no guarantee that such safeguards have been and will continue to be adequate. If LAI has failed, or the Resulting Issuer fails in the future, to maintain adequate safeguards, or the Resulting Issuer or its agents or subcontractors use or disclose PHI in a manner prohibited or not permitted by HIPAA, the Resulting Issuer's subcontractor business associate agreements, or its business associate agreements, or if the privacy or security of PHI that it obtains and handles is otherwise compromised, the Resulting Issuer could be subject to significant liabilities and consequences, including, without limitation:

- breach of contractual obligations to clients, which may cause clients to terminate their relationship with the Resulting Issuer and may result in potentially significant financial obligations to its clients;
- investigation by the federal and state regulatory authorities empowered to enforce HIPAA and other data privacy and security laws, which include the U.S. Department of Health and Human Services, the U.S. Trade Commission and state attorneys general, and the possible imposition of civil and criminal penalties;
- private litigation by individuals adversely affected by any misuse of their personal health information for which the Resulting Issuer is responsible and/or breach notification related costs; and
- negative publicity, which may decrease the willingness of potential future customers to work with us and negatively affect its sales and operating results.

Further, the Resulting Issuer will publish statements to end users of its services that describe how it handles and protects personal information. If federal or state regulatory authorities or private litigants consider any portion of these statements to be untrue, the Resulting Issuer may be subject to claims of deceptive practices, which could lead to significant liabilities and consequences, including, without limitation, damage to its reputation and costs of responding to investigations, defending against litigation, settling claims and complying with regulatory or court orders. Recent legal developments in Europe have created compliance uncertainty regarding certain transfers of personal data from Europe to the U.S. For example, the General Data Protection Regulation ("**GDPR**"), which came into application in the European Union on 25 May 2018, applies to all of the Resulting Issuer's activities conducted from an establishment in the EU or related to products and services that the Resulting Issuer offers to EU users. The GDPR created a range of new compliance obligations which may cause the Resulting Issuer to change its business practices, and significantly increased financial penalties for noncompliance (including possible fines of up to four percent (4%) of global annual turnover for the preceding financial year or €20 million (whichever is higher) for the most serious infringements).

Federal or state governmental authorities may impose additional data security standards or additional privacy or other restrictions on the collection, use, maintenance, transmission and other disclosures of health information. Legislation has been proposed at various times at both the federal and the state level that would limit, forbid or regulate the use or transmission of medical information outside of the U.S. Such legislation, if adopted, may render the Resulting Issuer's use of off-shore partners for work related to such data impracticable or substantially more expensive.

Alternative processing of such information within the U.S. may involve substantial delay in implementation and increased cost. If the Resulting Issuer fails to comply with federal and state healthcare laws and regulations, including those governing submission of false or fraudulent claims to government healthcare programs and financial relationships among healthcare providers, it may be subject to civil and criminal penalties or loss of eligibility to participate in government healthcare programs.

The Resulting Issuer may be subject to certain federal and state laws and regulations designed to protect patients, governmental healthcare programs, and private health plans from fraudulent and abusive activities. These laws include anti-kickback restrictions and laws prohibiting the submission of false or fraudulent claims. These laws are complex and their application to the Resulting Issuer's specific products, services and relationships may not be clear and may be applied to its business in ways that are not anticipated. Federal and state regulatory and law enforcement authorities have recently increased enforcement activities with respect to Medicare and Medicaid fraud and abuse regulations and other reimbursement laws and rules. From time to time in the future, the Resulting Issuer may receive inquiries or subpoenas to produce documents in connection with such activities. The Resulting Issuer could be required to expend significant time and resources to comply with these requests, and the attention of management could be diverted to these efforts. If the Resulting Issuer is found to be in violation of any federal or state fraud and abuse laws, it could be subject to civil and criminal penalties, and it could be excluded from participating in federal and state healthcare programs such as Medicare and Medicaid. The occurrence of any of these events could significantly harm the Resulting Issuer's business and financial condition.

Provisions in Title XI of the Social Security Act, commonly referred to as the federal Anti-Kickback Statute (the "Anti-Kickback Statute"), prohibit the knowing and willful offer, payment, solicitation or receipt of remuneration, directly or indirectly, in cash or in kind, in return for or to induce either the referral of an individual or arranging for the referral of an individual for items or services for which payment may be made in whole or in part by a federal health care program, or the purchasing, leasing, ordering, or arranging for or recommending the purchasing, leasing, or ordering of items, services, goods, or facilities for which payment may be made, in whole or in part, by a federal healthcare program, including but not limited to Medicare or Medicaid. The definition of "remuneration" has been broadly interpreted to include anything of value such as gifts, discounts, rebates, waiver of payments or providing anything at less than its fair market value. Many states have adopted similar prohibitions against kickbacks and other practices that are intended to induce referrals which are applicable to all patients regardless of whether the patient is covered under a governmental health program or private health plan.

The Resulting Issuer will attempt to scrutinize its business relationships and activities to comply with the federal Anti-Kickback Statute and similar laws and attempt to structure its sales and group purchasing arrangements in a manner that is consistent with the requirements of applicable safe harbors to these laws.

There is no assurance that the Resulting Issuer's arrangements will be protected by such safe harbors or that such increased enforcement activities will not directly or indirectly have an adverse effect on the Resulting Issuer's business, financial condition or results of operations. Any determination by a state or federal agency that any of the Resulting Issuer's activities or those of its vendors or customers violate any of these laws could subject the Resulting Issuer to civil or criminal penalties, monetary fines, disgorgement, individual imprisonment, contractual damages, reputational harm, diminished profits and future earnings and curtailment of its operations, could require the Resulting Issuer to change or terminate some portions of operations or business, could disqualify it from providing services to healthcare providers doing business with government programs and, thus, could have an adverse effect on the Resulting Issuer's business.

The Resulting Issuer's business is also subject to numerous federal and state laws regarding submission of false or fraudulent claims, including, without limitation, the civil False Claims Act, which forbids knowingly presenting or "causing to be presented" false or fraudulent claims for payment to a federal health care program. Analogous laws and regulations of Canada, other countries and state and local government may apply to the Resulting Issuer's arrangements and customers' claims involving healthcare items or services reimbursed by non-governmental third-party payors. HIPAA also imposes criminal and civil liability for, among other things, executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters. These laws and regulations may change rapidly, and it is frequently unclear how they apply to the Resulting Issuer's business. Errors created by the Resulting Issuer's products that relate to entry, formatting, preparation or transmission of claim or cost report information may be determined or alleged to be in violation of these laws and regulations.

Any failure of the Resulting Issuer's products or services to comply with these laws and regulations could result in substantial civil or criminal liability, monetary fines, disgorgement, individual imprisonment, contractual damages, reputational harm, diminished profits and future earnings and curtailment of its operations, could adversely affect demand for the Resulting Issuer's product or service offerings, could invalidate all or portions of some of its customer contracts, could require it to change or terminate some portions of its business, could require it to refund certain amounts collected, could cause it to be disqualified from serving clients doing business with government payors and could have an adverse effect on its business.

The Resulting Issuer's activities will also be subject to state and federal self-referral laws, including the federal Physician Self-referral Law, commonly known as the Stark Law, which prohibits physicians from referring patients to an entity for Medicare-covered "designated health services" if the physician, or a member of the physician's immediate family, has a financial relationship with the entity, unless a statutory or regulatory exception applies. Many states have similar laws that may apply regardless of payor. In addition, the Resulting Issuer's activities may also implicate state laboratory licensure laws, as well as the corporate practice of medicine prohibition in certain states that maintain such laws or regulations. The Resulting Issuer's failure to abide by these state and federal laws could expose the Resulting Issuer to criminal, civil and administrative sanctions, reputational harm, and could harm its results of operations and financial conditions.

The Resulting Issuer's business model depends on commercial third-party payors or government payors, therefore legislative or regulatory reforms may impact the ability of its customer to obtain such reimbursement, and its revenue and prospects for profitability would be harmed

The Resulting Issuer's go-to-market strategy relies upon governmental or third-party payor reimbursement. Healthcare policy and payment reform models and medical cost containment models are being considered and/or adopted in the U.S. and other countries. Legislative and/or administrative reforms to applicable reimbursement systems may significantly reduce reimbursement for the services in which the Resulting Issuer's products are used or result in the denial of coverage for such services outright. As a result, third-party reimbursement adequate to enable the Resulting Issuer to realize an appropriate return on its investment in research and product development may not be available for its products.

If the Resulting Issuer has a material weakness in its internal controls over financial reporting, investors could lose confidence in the reliability of its financial statements, which could result in a decrease in the value of its securities

One or more material weaknesses in the Resulting Issuer's internal controls over financial reporting could occur or be identified in the future. In addition, because of inherent limitations, the Resulting Issuer's internal controls over financial reporting may not prevent or detect misstatements, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the Resulting Issuer's policies or procedures may deteriorate.

If the Resulting Issuer fails to maintain the adequacy of its internal controls, including any failure or difficulty in implementing required new or improved controls, its business and results of operations could be harmed, the Resulting Issuer may not be able to provide reasonable assurance as to its financial results or meet its reporting obligations and there could be a material adverse effect on the price of its securities.

Economic and Political Uncertainty

The volatility of global capital markets, over the past several years, has generally made the raising of capital by equity or debt financing more difficult. Current and future global economic, political and social conditions remain volatile and uncertain. The Resulting Issuer may be dependent upon capital markets to raise additional financing in the future. As such, the Resulting Issuer is subject to liquidity risks in meeting its operating expenditure requirements and future development cost requirements in instances where adequate cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Resulting Issuer and its management. It is difficult to estimate the level of growth or contraction for the global economy as a whole. It is even more difficult to estimate economic growth or contraction in various sectors and regions, including the markets in which the Resulting Issuer will operate.

Because all components of the Resulting Issuer's budgeting and forecasting are dependent upon estimates of growth or contraction in the markets it serves and the demand for its products and services, the prevailing economic uncertainties render estimates of future income and expenditures very difficult to make. Adverse changes may occur as a result of the prevalence of public health crises, wavering consumer confidence, unemployment, declines in stock markets, contraction of credit availability, declines in real estate values, stagnant economic conditions, increasing nationalism and protectionism, trade tensions and tariff uncertainty, political deadlock, social unrest or other factors affecting economic conditions generally. These changes may negatively affect the sales of the Resulting Issuer's products and services.

The Resulting Issuer expects to incur increased costs as a public company for regulatory compliance and operations. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Resulting Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer. The Resulting Issuer's efforts to grow our business may be costlier than it expect, and it may not be able to increase our revenue enough to offset our higher operating expenses. The Resulting Issuer may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Resulting Issuer is unable to achieve and sustain profitability, the market price of its common shares may significantly decrease.

In addition, as the Resulting Issuer's operations expand and reliance on global supply chains increases, the impact of significant geopolitical risk and conflict globally may have a sizeable and unpredictable impact on the Resulting Issuer s business, financial condition and operations. The ongoing Russia-Ukraine and Israel-Hamas conflicts, and the global response to these conflicts as it relates to sanctions, trade embargos and military support has resulted in significant uncertainty as well as economic and supply chain disruptions. The Resulting Issuer could be materially adversely affected if the conflicts expand or continue for an extended period of time, or other geopolitical disputes and conflicts emerge in other regions.

Uncertainty of Revenue Growth

There can be no assurance that the Resulting Issuer can generate substantial revenue growth, or that any revenue growth that is achieved, can be sustained. Revenue growth that the Resulting Issuer may achieve may not be indicative of future operating results.

In addition, the Resulting Issuer may increase further its operating expenses in order to fund higher levels of sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Resulting Issuer's business, operating results and financial condition will be materially adversely affected.

Dilution

In order to finance future operations, the Resulting Issuer may raise funds through the issuance of additional common shares or the issuance of debt instruments or other securities convertible into common shares. The size of future issuances of common shares or the issuance of debt instruments or other securities convertible into common shares or the dilutive effect, if any, that future issuances and sales of the Resulting Issuer's securities will have on the market price of the common shares cannot be predicted.

Interest Rate Risk

The Resulting Issuer may obtain financing in the future by accessing the debt markets. Amounts payable in respect of interest and principal on debt to be incurred by the Resulting Issuer will affect its net cash flow and profitability. Any increase in such payments will result in a corresponding increase in the cash out flow of the Resulting Issuer that must be applied to debt service. In the event of such an increase, there can be no assurance that net cash flow derived from the Resulting Issuer's operations will be sufficient to cover its future financial obligations or that additional funds will otherwise be able to be obtained. If the Resulting Issuer becomes unable to pay its debt service charges or otherwise commits an event of default such as bankruptcy, the lender may foreclose on or sell all or some of the Resulting Issuer's assets, which may have a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition.

Changes in the Market Price of the Common Shares

Factors unrelated to the Resulting Issuer's performance that may have an effect on the price of the Resulting Issuer Shares and may adversely affect an investors' ability to liquidate an investment and consequently an investor's interest in acquiring a significant stake in the Resulting Issuer includes: a reduction in analytical coverage by investment banks with research capabilities; a drop in trading volume and general market interest in the Resulting Issuer's securities; a failure to meet the reporting and other obligations under relevant securities laws or imposed by applicable stock exchanges could result in a delisting of the Resulting Issuer Shares and a substantial decline in the price of the Resulting Issuer Shares that persists for a significant period of time.

As a result of any of these factors, the market price of the Resulting Issuer Shares at any given point in time may not accurately reflect their long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Resulting Issuer may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Research and Development Risks

The Resulting Issuer's growth and long-term success is dependent in part on its ability to successfully develop new and current products and it will likely incur significant research and development expenditures to do so. The Resulting Issuer cannot be certain that any investment in research and development will yield technically feasible or commercially viable products.

Furthermore, its ability to discover and develop products will depend on its ability to retain key scientists as employees or partners, identify high quality therapeutic targets and unmet medical needs, successfully complete laboratory testing and clinical trials on humans, obtain and maintain necessary intellectual property rights to the Resulting Issuer's products, obtain and maintain necessary regulatory approvals for its products. The Resulting Issuer may not be successful in discovering and developing drug and medical device products. Failure to introduce and advance new and current products could materially and adversely affect the Resulting Issuer's operations and financial conditions.

Clinical Research Risks

The Resulting Issuer must demonstrate the safety and efficacy of its products through, among other things, extensive clinical testing. The Resulting Issuer's research and development programs are at an early stage of development. Numerous unforeseen events during, or as a result of, the testing process could delay or prevent commercialization of any products the Resulting Issuer develops. The results of early clinical studies may be inconclusive, may demonstrate potentially unsafe characteristics, or may not be indicative of results that will be obtained in later human clinical trials.

Clinical studies are very expensive, can run into unexpected difficulties and the outcomes are uncertain. Clinical studies of the Resulting Issuer's products may not be completed on schedule or on budget. The Resulting Issuer's failure to complete any of its clinical studies on schedule or on budget, or its failure to adequately demonstrate the safety and efficacy of any of the products it develops, could delay or prevent regulatory approval of such products, which could adversely affect the Resulting Issuer's business, financial condition, and results of operations.

Revenue Derived from Healthcare Services

While the Resulting Issuer intends to broaden the scope of technology enabled products and services it offers, it may not be successful in deriving the revenue from these efforts that it expects. Failure to broaden the scope of technology enabled products and services that are attractive to the Resulting Issuer's existing and potential clients and corporate customers or penetrate additional verticals may inhibit the growth of repeat users and harm the Resulting Issuer's business. The products and services that may be attractive to the Resulting Issuer's existing and potential clients and corporate customers may not always remain that way, and while the Resulting Issuer may research the nature and prospects of such products and services in advance of investing in them, it cannot guarantee that any revenue may be derived from such investments.

Furthermore, the Resulting Issuer may have limited or no experience with new offerings and these offerings may present new and difficult technology, regulatory, operational and other challenges.

If the Resulting Issuer experiences service disruptions, failures or other issues with any such new offerings, the Resulting Issuer's business may be materially and adversely affected. The Resulting Issuer's newer activities may not recoup the Resulting Issuer's investments in a timely manner or at all. If any of this were to occur, it could damage the Resulting Issuer's reputation, limit the Resulting Issuer's growth and materially and adversely affect the Resulting Issuer's business, financial condition and results of operations.

Incorporation of AI May Present Risks

The Resulting Issuer has incorporated, and plans to incorporate in the future, AI, into its products. AI is a new and emerging technology that is in its early stages of commercial use, particularly within the medical device industry. If any of our products that incorporate AI have perceived or actual negative impacts on the clinicians or patients who use them, the Resulting Issuer may experience brand or reputational harm, competitive harm or legal liability. The rapid evolution of AI may also require the application of significant resources to develop, test and maintain our products and services that incorporate AI in order to help ensure that it is implemented in a socially responsible manner, to minimize any real or perceived unintended harmful impacts.

In addition, AI is subject to a complex and evolving regulatory landscape, including data protection, privacy, and potentially other laws and different jurisdictions have taken and may take in the future varying approaches to regulating AI. Compliance with these laws and regulations can be complex, costly and time-consuming, and there is a risk of regulatory enforcement actions or litigation if the Resulting Issuer fails to comply with these requirements. As regulations evolve, the Resulting Issuer may have to alter its business practices or products in order to comply with regulatory requirements.

Conflicts of Interest

Certain directors and officers of the Resulting Issuer may be involved in direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Resulting Issuer. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers may conflict with the interests of the Resulting Issuer. Directors and officers of the Resulting Issuer with conflicts of interest will be subject to and follow procedures set out in applicable corporate and securities legislation, regulation, rules and policies, including, the relevant provisions of the BCBCA.

Tax Issues

Income tax consequences in relation to the Resulting Issuer Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements (collectively, "forward-looking statements") in this MD&A about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements and/or forward-looking statements within the meaning of applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an issuer.

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the completion of the Transaction;
- the intentions, plans and future actions of the Company, LAI SPV, Mojave and the Resulting Issuer;
- the expectations regarding the proceeds raised, expenses and operations of the Company, LAI SPV, Mojave and the Resulting Issuer;

- the business and future activities of the Company, LAI SPV, Mojave and the Resulting Issuer and anticipated developments in the operations of the Company, LAI SPV, Mojave and the Resulting Issuer;
- the competitive position and regulatory environment in which the Company, LAI SPV, Mojave and the Resulting Issuer expects to operate;
- the business objectives and estimated costs for the next twelve (12) months or more of the Company, LAI SPV, Mojave and the Resulting Issuer;
- the anticipated cash and additional financing needs of the Company, LAI SPV, Mojave and the Resulting Issuer;
- the ability of the Company, LAI SPV, Mojave and the Resulting Issuer to obtain necessary funding;
- the performance of the Company, LAI SPV, Mojave and the Resulting Issuer's business and operations as its relates to its investments;
- the future liquidity and financial capacity of the Company, LAI SPV, Mojave and the Resulting Issuer;
- the effect on the Company, LAI SPV, Mojave and the Resulting Issuer of any changes to existing or new legislation, policy or government regulation;
- the length of time required to obtain permits, certifications and approvals;
- the availability of labour and talent;
- estimated budgets of the Company, LAI SPV, Mojave and the Resulting Issuer;
- limitations on insurance coverage of the Company, LAI SPV, Mojave and the Resulting Issuer;
- the timing of and issuance of closing the Transaction in a timely manner, and the receipt of regulatory and other required approvals;
- the use of available funds, as may be proposed by the Company, LAI SPV, Mojave and the Resulting Issuer;
- the Resulting Issuer's expected reliance on key management personnel, advisors and consultants;
- expectations regarding trends in the healthcare industry;
- results and expectation concerning various partnerships, strategic alliances, projects and marketing strategies of the Company, LAI SPV, Mojave and the Resulting Issuer;
- effects of the novel coronavirus ("**COVID-19**") pandemic generally; and
- the economy generally.

Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Forward-looking statements pertaining to the Company's need for and ability to raise capital in the future are based on the projected costs of operating the Company and management's experience with raising funds in current market circumstances. Forward-looking statements regarding treatment by governmental authorities assumes no material change in regulations, policies, or the application of the same by such authorities.

Forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Accordingly, readers should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made.

New factors emerge from time to time, and it is not possible for the Company's management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The Company does not undertake any obligation to update any forward-looking statements to reflect information, events, results, circumstances or otherwise after the date hereof or to reflect the occurrence of unanticipated events, except as required by law including securities laws. Actual results could differ materially from those anticipated in the forward-looking statements as a result of the risk factors set forth above and elsewhere in this MD&A.

LIGHT AI INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(Expressed in Canadian dollars unless otherwise stated)

Introduction

The following management discussion and analysis ("MD&A") for Light AI Inc. (the "Company", "Light AI") prepared as at November 25, 2024 should be read in conjunction with the unaudited condensed interim financial statements and accompanying notes for the three and nine months ended September 30, 2024 and 2023. The Company's unaudited condensed interim financial statements and accompanying notes for the three and nine months ended September 30, 2024 and 2023 have been prepared in accordance with IAS 34 and International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. The Company's website is https://light.ai.

Company Overview

Light AI was incorporated on December 2, 2015 under the laws of the province of British Columbia, Canada. The registered and records office of the Company is 2500 - 700 West Georgia Street, Vancouver, BC, V7Y 1B3. The Company is an emerging healthcare technology company in the development stage of the first version of a commercial software specializing in medical imaging designed to differentiate between bacterial and viral infections at point-of-care ("POC"). The Company's artificial intelligence ("AI") uses advanced algorithms to identify key patterns in patient images to produce an effective probability score. The Company's technology utilizes smartphones with integrated cameras to capture images, which are then analyzed in order to differentiate between viral and bacterial infections using machine learning ("ML") algorithms and a proprietary database of images gathered since 2016. The terms AI and ML are often used interchangeably, but they refer to different concepts. AI is the overarching field focused on creating intelligent systems, while ML is a specific approach within AI that uses data and algorithms to enable machines to learn and make decisions.

The Company is currently completing the development of its technology for the differentiation between viral and bacterial infections in pharyngitis (sore throat). The Company intends to leverage the large world-wide footprint of smartphones to deploy its patented technology in POC facilities and through telemedicine, initially focussing on low middle-income countries ("LMIC").

The Company's initiative is to develop and commercialize its technology to improve healthcare quality and outcomes by providing healthcare professionals with real time results thus reducing or eliminating the cost and delay of currently available diagnostic tests, reducing unnecessary follow-up physician visits and reducing the over-prescription of antibiotics. The Company believes that by leveraging the use of smartphones for image data capture and applying AI to analyze the images data, the Company is developing a diagnostic/screening platform that will be provide rapid and accurate results in a cost-effective and globally scalable manner.

In POC diagnosis of pharyngitis, the main challenge is distinguishing between viral and bacterial infections, such as Group A Streptococcal ("GAS") infections since they often present with overlapping symptoms. Rapid diagnostic tools (like antigen and molecular tests) play a crucial role in determining whether an infection is viral or bacterial, which directly impacts treatment decisions such as the use of antibiotics. The inappropriate use of antibiotics can lead to antimicrobial resistance. By applying AI algorithms to smartphone images to identify infectious diseases in the throat and mouth, the Company is developing a patented, application-based software, non-invasive solution that requires no swabs, lab tests or proprietary hardware. Additionally, the Company's approach to applying AI to smartphone images can be expanded to other throat conditions, as well as other diseases that present in the oropharynx, including allergies, gastroesophageal reflux disease or Epstein Barr Virus. The Company's goal is to create unique digital data signatures that enable quick and accessible diagnosis using AI. The Company's algorithms can either be cloud-based or integrated into imaging devices for POC settings, eliminating the need for internet transmission of images and medical information.

The Company has trained a convolutional neural network ("CNN") using its proprietary oropharynx image database to discriminate between viral and bacterial infection. Live images are captured on-demand using a smartphone, and the data is segmented into distinct objects such as the tongue, uvula, and tonsils for precise evaluation. This segmentation allows the AI system to isolate and analyze specific anatomical features, leading to an accurate ability to differentiate between diseases.

The Company began developing its AI algorithm applications in 2016 and to ensure robust model development, the Company follows recognized machine learning practices, including a training-validation-test split, which divides the dataset into three parts for training, validating and testing the model. The Company's training data was collected at six different facilities across the United States. Those facilities had institutional review board protocols in place that provided for the enrolment of a diverse population, in age, sex and ethnicity, enhancing the model's generalizability and reducing potential biases.

Currently, the Company is focused on developing technology to diagnose a range of conditions, in addition to GAS, including Nonspecific Viral Pharyngitis, Influenza, Respiratory Syncytial Virus, Mononucleosis, and Streptococcal Pneumonia.

The Company is integrating a closed or locked algorithm (rather than open AI) into a commercial smartphone app prototype as described below.

Light.AI (SCAN)

The Company is developing a software as a medical device under the brand name Light.AI (SCAN) to automatically diagnose GAS. Light.AI (SCAN) allows a healthcare provider to take a short video of the throat of an individual, who is suspected of having GAS pharyngitis, using a smart device, and submit it to the cloud for GAS diagnosis.

A cloud-based CNN ML model analyzes the video images and automatically generates a diagnostic output (i.e., GAS-positive or GAS-negative), for the purpose of aiding clinician's treatment decisions. Light.AI (SCAN) is intended to rapidly diagnose GAS pharyngitis. This software as a medical device is intended to be used at POC facilities to aid in making a treatment decision by a healthcare provider for an individual who is suspected of having GAS pharyngitis, based on images of the back of the throat taken using a compatible smart device camera.

Device Components

The Light.AI (SCAN) consists of two software components:

1. Light AI APP

   Currently, the Light AI APP is installed in and run from an iOS smart device with a built-in camera. It performs data collection, video-to-image conversion, image segmentation and good/bad image classification locally, without a need to access the cloud. An Android version of the Light AI APP is targeted to be ready in 2025.

2. Cloud-based LAI Diagnostic CNN Algorithm ("**Diagnostic CNN Algorithm**")

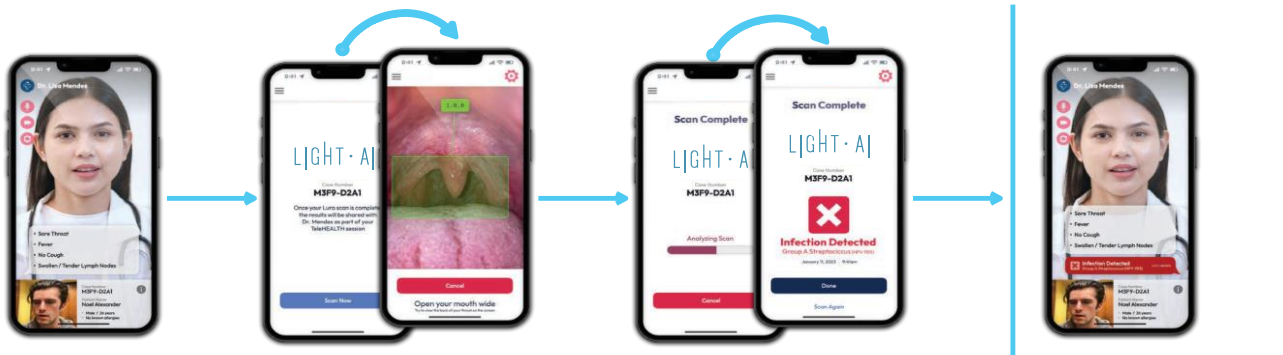
   The Diagnostic CNN Algorithm takes images that the Light AI APP has validated and uploaded, and automatically detects the presence of GAS using a convolutional neural network, a machine learning technology.

Light.AI (SCAN) uses ML models to perform different tasks including object segmentation, good/bad image classifier and diagnostic machine learning. The Object Segmentation algorithm identifies the oropharynx section of the throat in the image which is most relevant for GAS detection. The Good/Bad Image Classifier is a CNN model used to classify an oropharynx image as good or bad image based on image content and quality. A good quality oropharynx image shows all the necessary anatomical objects present in the back of throat, necessary for making further diagnostic decisions. A bad image does not contain all the necessary anatomical objects and/or has poor image quality. The Cloud-based CNN model is trained on good oropharynx images passed on from the Good/Bad Image Classifier. The data used for training the Diagnostic CNN Algorithm was collected from sites in Canada, the United States and Uganda.

The Company is also accumulating images to develop classifiers in order to develop detection models across multiple health indications. The Company is investigating potential partnerships for development datasets specific to other diseases and believes its technology will have application for GAS, cardiovascular, autoimmune disorders and dermatology conditions.

How It Works

(POC in person or Telemedicine Product Concept)



Either the HCP or the patient on a telemedicine consultation opens Light.AI (SCAN) app on a smartphone and follows basic instructions which include accessing the camera. The process takes approximately 30 seconds and approximately 10 seconds to analyze the image.

Commercialization Plans

The Company has partnered with Tech Care For All ("**TC4A**") to roll out the Company's platform to the LMIC market, initially focusing on Africa. TC4A is a social impact company whose goal is to accelerate digital health in Africa and Asia to improve health outcomes in underserved communities. TC4A developed and operates a global medical learning platform targeting healthcare professionals in LMIC markets. This partnership will allow the Company platform to be introduced as a screening tool in markets that do not require the United States Food and Drug Administration ("FDA") approval, enabling the Company to seek a path to near-term revenue. The first phase of the project involves conducting a pilot go-to-market study to assess the clinical efficacy, clinical pathways, use cases, economics, reimbursement and subscription models and cloud infrastructure needs and deployment strategies in four initial countries – Kenya, Uganda, Nigeria and South Africa, with a plan to subsequently roll out the technology in such countries. Assuming the successful conclusion of the first phase market study, the Company's intention is to use the results of the pilot study to design go-to market strategies and roll out the technology in 16 additional African countries. Assuming the successful conclusion of the second phase roll out, the Company's intention would be to launch a diagnostic offering, through global distributions partners, based on the technology in these countries following receipt of required regulatory approvals.

The Company anticipates that smartphones will be supplied to practitioners by TC4A agents on behalf of the Company. Initially, iPhones will be supplied for the first six (6) months of distribution as the platform currently runs on iOS. The Android app is expected to be completed in 2025 and is currently under development by the Company.

Following the completion of the market landscape analysis in Africa, the Company and TC4A have agreed to conduct a similar analysis for the Indian market, with the potential for TC4A to manage licensing and regulations on a country-by-country basis.

Economic Impact

Timely detection of GAS at the point of care has the potential to generate material financial savings for healthcare payers.

Implementing the Company's smartphone-based tool for GAS in Africa and LMIC markets could yield a substantial dollar saving by reducing the need for in-clinic testing and minimizing the expensive treatment costs associated with untreated cases. Additionally early intervention can prevent indirect costs related to productivity losses, estimated to be a significant economic strain on families, who often rely on income from daily work to meet essential needs.

Wellness Initiative

The Company is currently developing a business model to access the viability of its GAS app to be deployed in the Wellness App market. Designing a wellness app platform to triage pharyngitis, especially cases potentially caused by GAS, represents a significant business opportunity. The Company expects the Wellness app market to be its largest market and it intends to leverage large distribution ecosystems such as major smartphone manufacturers, pharmacy chains and technology platforms.

The Company's AI driven and symptom checking algorithms may be applied to assess sore throat symptoms, providing users with guidance on whether they should seek medical care. The Company believes that this platform would cater to an emerging consumer demand for accessible, digital health solutions that reduce unnecessary doctor visits and improve health management from home. Beyond consumer applications, the platform could be marketed to healthcare providers and telemedicine services enhancing their capacity to manage sore throats remotely and efficiently. Such a tool would also align well with the goals of healthcare systems and insurers to reduce the costs associated with in-office visits and diagnostics for common infections.

Business development activity

The Company is currently optimizing the user interface and backend cloud system and exploring the market to test a pilot study using a Wellness version of the Light.AI$^{(SCAN)}$.

USA Market FDA and EU Regulatory and Commercial Pathways

The costs associated with managing GAS infections in the United States can be substantial, impacting both the healthcare system and individual patients. Direct medical expenses include doctor visits, diagnostic tests, and treatment, often with antibiotics such as penicillin or amoxicillin. For individuals without insurance, the costs can be considerably higher, especially if the infection leads to complications like rheumatic fever or abscesses, which require additional care. Indirect costs, such as lost wages from missed work or school and childcare expenses, add to the financial burden. These cumulative costs underscore the financial impact of GAS on both individuals and the broader healthcare system.

Government Regulation

In the United States, the Company's products and operations will be subject to extensive regulation by federal governmental authorities, such as the FDA, and state and local regulatory agencies to ensure the devices are safe and effective. Similar international regulations apply overseas. These regulations, which include the United States Federal Food Drug, and Cosmetic Act of 1938, as amended (the "FDA Act") and regulations promulgated by the FDA, govern, among other things, the design, development, testing, manufacturing, packaging, labeling, distribution, import/export, sale and marketing and disposal of medical devices, post market surveillance and reporting of serious injuries and death, repairs, replacements, recalls and other matters relating to medical devices. State regulations are extensive and vary from state to state. The Company's products constitute medical devices subject to these regulations.

Under the FDC Act, each medical device manufacturer must comply with quality system regulations that are strictly enforced by the FDA. Unless an exception applies, the FDA requires that the manufacturer of a new medical device or a new indication for use of, or other significant change in, existing currently marketed medical device obtain either 510(k) pre-market notification clearance or pre-market approval ("PMA") before it can market or sell those products in the United States.

If the Company cannot establish that a proposed product is substantially equivalent to a legally marketed device, the Company may seek PMA through a PMA application, or submit a *de novo* request. The *de novo* request, or evaluation of automatic class III designation, provides a pathway to Class I or Class II classification for medical devices for which general and special controls provide a reasonable assurance of safety and effectiveness, but for which there is no legally marketed predicate device. The Company must seek PMA through a PMA application. Under the PMA process, the applicant submits extensive supporting data, including, in most cases, data from clinical studies, in the PMA application to establish reasonable evidence of the safety and effectiveness of the product. This process typically takes at least one to two years from the date the PMA is accepted for filing but can take significantly longer for the FDA to review.

The Company filed a submission request with the FDA requesting feedback to the proposed regulatory pathway and subsequently met with the FDA in a pre-submission meeting held on June 21, 2024 to discuss the regulatory pathway and clinical validation study design for the Company's product. Based on this discussion, the Company expects that the likely regulatory pathway will be a *de novo* process to establish a new class regulation for this type of novel software as a medical device or software as a medical device. The Company expects that the likely steps towards the de novo classification request will involve establishing a Quality Management System ("**QMS**") by completing product development, verification and validation, following QMS procedures and requirements.

Accordingly, the Company intends to submit a *de novo* classification request for the Light.AI$^{(SCAN)}$, following successful completion of product development, verification and validation activities.

The Company has also partnered with Elevance Health's CRO (Carelon Health) to conduct FDA trials in the United States. The clinical trials are expected to begin following the completion of Institutional Review Board review, which is expected to be in September 2025, and the study will begin as GAS becomes more common from late fall to early spring. The trial plans to be carried out at 15 sites, and the data collection period is expected to take approximately one to two months, followed by data analysis and submission preparation that is expected to take approximately three months. Once the FDA submission is made, the FDA must submit a reply to the submission within 150 days.

The FDA and the Federal Trade Commission also regulate advertising and promotion of the Company's products to ensure that the claims the Company makes are consistent with its regulatory clearances, that there are adequate and reasonable scientific data to substantiate the claims and that its promotional labeling and advertising is neither false nor misleading.

The Company will be subject to data privacy and security regulation by both the federal government and the states in which it conducts its business. As a participant in the healthcare industry, the Company is also subject to extensive laws and regulations protecting the privacy and integrity of patient medical information that the Company receives, including the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") which established uniform federal standards for "covered entities," which include certain healthcare providers, healthcare clearinghouses, and health plans, governing the conduct of specified electronic healthcare transactions and protecting the security and privacy of protected health information. The Company is also subject to "fraud and abuse" laws and regulations, including, physician self-referral prohibitions, and false claims laws. From time to time, these laws and regulations may be revised or interpreted in ways that could make it more difficult for the Company's customers to conduct their businesses, such as recent proposed revisions to the laws prohibiting physician self-referrals, and such revisions could have an adverse effect on the demand for its products, and therefore its business and results of operations (see also heading 'Risks').

The Company's operations, sales and service of products outside the United States are subject to regulatory requirements that vary from country to country and may differ significantly from those in the United States. In general, The Company's products are regulated outside the United States as medical devices by foreign governmental agencies similar to the FDA.

In order for the Company to market its products internationally, the Company must obtain clearances or approvals for products and product modifications. The Company is required to affix the Conformité Européenne mark to its products in order to sell them in member countries of the European Economic Area (the "EEA"). The Conformité Européenne mark is an international symbol of adherence to certain essential principles of safety and effectiveness, which once affixed enables a product to be sold in member countries of the EEA. The Conformité Européenne mark is also recognized in many countries outside the EEA, such as Switzerland and Australia, and can assist in the clearance process.

In order to receive permission to affix the Conformité Européenne mark to its products, the Company must obtain quality system certification and must otherwise have a QMS that complies with the EU Medical Device Directive.

In addition to the United States laws regarding the privacy and integrity of patient medical information, the Company is subject to similar laws and regulations in foreign countries covering data privacy and other protection of health and employee information. Particularly within Europe, data protection legislation is comprehensive and complex and there has been a recent trend toward more stringent enforcement of requirements regarding protection and confidentiality of personal data, as well as enactment of stricter legislation. The Company is also subject to international "fraud and abuse" laws and regulations, as well as false claims and misleading advertisement laws.

Intellectual Property

As a health care technology company, the Company's intellectual property and proprietary information is a fundamental element of its success. The Company protects its proprietary rights through a combination of copyright, trade-mark and trade secret laws as well as contractual provisions. The source code for its software is generally protected under Canadian and United States copyright laws. The Company has been issued three US patents, one Australian patent and the Company has received notice of intention to grant one European Union patent as follows:

Image Processing of Streptococcal infection in Pharyngitis Subjects

United States

1) Patent number: 11,369,318
2) Patent number: 11,602,312
3) Patent number: 12,148,150

Australia

1) Patent number: 2019357949

European Union

1) Patent number: 3864669 (Date of grant effective December 4, 2024)

The Company also has one Israel patent application and one Canada patent application filed with respect to the Image Processing of Streptococcal Infection in Pharyngitis Subjects. The Company also has one US patent application, one Canadian patent application and one European Union patent application filed in respect of the Infection Detection Using Image Date Analysis. The grant of these patents depend on the number of comments the Company receives from the patent examiner and the volume of applications the patent examiner is reviewing. At this time, it could be up to two years before the patents are granted.

Letter of Intent and Definitive Agreement

On January 31, 2024, the Company entered into a binding letter of intent ("LOI") with Mojave Brands Inc. ("Mojave") and LAI SPV Corp. ("LAI SPV") under which the Company, Mojave and LAI SPV will combine their respective businesses by way of a share exchange, merger, amalgamation, plan of arrangement or such other similar form of transaction. The transaction shall result in a reverse takeover ("RTO") of Mojave by the Company. Upon completion of the transaction, the resulting entity (the "Resulting Issuer") will continue to carry on the business of the Company.

Pursuant to the LOI, on June 19, 2024, as amended on September 9, 2024 and October 24, 2024, the Company, LAI SPV and Mojave executed a business combination agreement (the "Definitive Agreement") whereby Mojave will acquire all of the issued and outstanding shares of the Company and LAI SPV (the "Transaction"). In accordance with the terms and conditions of the Definitive Agreement, the Transaction will have a completion date of December 31, 2024, or such other mutually agreed to date, and will be completed by way of a three-cornered amalgamation, whereby, among other things:

(i) 1479875 B.C. Ltd. ("Subco"), a wholly-owned subsidiary of Mojave incorporated for the purpose of effecting the Transaction, will amalgamate (the "Amalgamation") with the Company and LAI SPV to form an amalgamated company ("Amalco");

(ii) Holders of common shares in the capital of the Company (each, a "Light AI Share") will receive 3.89 common shares in the capital of Mojave (each, a "Mojave Share") for each Light AI Share held (the "Light AI Exchange Ratio") and the Light AI Shares will be cancelled;
(iii) Holders of common shares in the capital of the LAI SPV (each, a "LAI SPV Share") will receive one common share in the capital of Mojave (each, a "Mojave Share") for each LAI SPV Share held (the "LAI SPV Exchange Ratio") and the LAI SPV Shares will be cancelled;
(iv) Mojave share purchase warrants (each, a "Mojave Warrant") will be issued to the holders of Light AI share purchase warrants (each, a "Light AI Warrant") and the LAI SPV share purchase warrants (each, a "LAI SPV Warrant") in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratios, such Light AI Warrants and LAI SPV Warrants will be cancelled;
(v) Mojave options (each, a "Mojave Option") will be issued to holders of Light AI options (each, a "Light AI Option") and LAI SPV options (each, a "LAI SPV Option") in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Light AI Options and LAI SPV Options will be cancelled;
(vi) Amalco will become a wholly-owned subsidiary of Mojave;
(vii) Mojave will change its name to "Light AI Inc.", or such other similar name as may be accepted by the relevant regulatory authorities. Mojave Shares issued to former Light AI shareholders shall be subject to escrow conditions as required by applicable securities laws, including CBOE Canada and voluntary escrow conditions set out in the Definitive Agreement;
(viii) In connection with the Amalgamation, Mojave will complete a private placement for gross proceeds of at least $7,500,000 (the "Mojave Concurrent Financing"). The terms of the Mojave Concurrent Financing will be determined in the context of the market. Finder's fees may be paid in connection with the Concurrent Financing within the maximum amounts permitted by the policies of the CBOE Canada;
(ix) In connection with the Transaction, Mojave advanced a loan of $250,000 to the Company and LAI SPV has advanced loans in the aggregate amount of $5,315,000 to the Company (collectively, the "Loans"). The Loans are non-interest bearing (except as described below) and are payable upon demand. In the event the Definitive Agreement is terminated, the Loans will become due and payable and shall bear interest at 24% per year from the date of advance, and the Company will issue 277,778 common share purchase warrants (the "Mojave Warrants") and 5,905,557 common share purchase warrants (the "LAI SPV Warrants") to Mojave and LAI SPV, respectively. The Mojave Warrants and the LAI SPV Warrants will be exercisable for Light AI Shares at $0.90 per Light AI Share for a period of 48 months from the date of issuance. In addition, Mojave and LAI SPV have the right to convert the Loans into Light AI Shares at $0.90 per Light AI Share;
(x) Trading in Mojave Shares has been halted, and will remain halted, pending review and approval of the Transaction by the applicable stock exchange.

Subsequent Events

1) On October 29, 2024, Mojave filed its preliminary long form prospectus with CBOE Canada Inc. and applicable securities commissions relating to the Transaction.

2) On November 3, 2024, the Company executed a loan agreement with LAI SPV whereby LAI SPV advanced an additional loan of $800,000 to the Company. The February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024, August 29, 2024, September 23, 2024 and November 3, 2024 loan agreements are all due on demand and non-interest bearing, until such time as the Definitive Agreement, is terminated. Upon such event, the loans will commence accruing interest at 24% per annum, compounded annually, from their respective dates of February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024, August 29, 2024, September 23, 2024 and November 3, 2024 until such time as the loans are paid in full.

   In the event the Definitive Agreement is terminated, or the Transaction is not completed, pursuant to the loans the Company will issue a total of 5,905,557 warrants of the Company to LAI SPV, with each warrant entitling LAI SPV to acquire one common share of the Company at a price of $0.90 per share for a period of 48 months from the date of issuance. Additionally, LAI SPV will have the right to convert the principal amounts of $5,315,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of the Company at $0.90 per share.

Competition

Light.AI(SCAN) is anticipated to be the first commercial device which can automatically diagnose GAS using software as a medical device. Rapid antigen detection tests are also available to diagnose GAS and must be physically purchased or delivered, which adds to the complexity of patient care and leaves the tests vulnerable to supply chain disruption. There are other potential competitors that offer similar technology.

1) eMed offers a Strep Throat Telehealth Kit that includes a clinical thermometer and telehealth care. The Company understands that this kit involves a medical professional using image capture of the tonsils to diagnose and wire prescriptions for same-day pickup. Diagnosis would require a telehealth visit, limiting the use of the technology; and

2) Predictmedix (CSE: PMED) is developing a Safe Entry Screening Station for the detection of infectious diseases by using predictive artificial intelligence imagery and temperature readings. The Company understands this involves cameras capturing images of the throat and eye to detect diseases. These screening stations are large, stationary and relatively expensive, and may not be accurate enough to be used in a healthcare setting.

Investment Tax Credits

The Company may make claims under Canada Scientific Research and Experimental Development program ("SR&ED"), which have been reviewed and approved by the Canada Revenue Agency to date. Included in income for the year ended December 31, 2023 are estimated tax incentives of $321,751 plus interest. During the nine months ended September 30, 2024, the Company received its 2023 SR&ED tax credit refund for a total amount of $326,685. Of this amount, $4,934 was for accrued interest.

As at September 30, 2024, $Nil (December 31, 2023 - $321,751) remained as a tax credit receivable from the Canada Revenue Agency.

Short-term Debts

During the nine months ended September 30, 2024, the Company received $200,131 in the form of promissory notes from third parties and during the year ended December 31, 2023, the Company received $490,000 in the form of promissory notes from third parties (together, the "Promissory Notes"). $630,131 of the Promissory Notes earn interest at the fixed rate of interest of nil per annum applicable up to the date demand for payment is made and following demand for payment, interest shall accrue and be payable at a rate of 12% per annum calculated monthly, not in advance. $60,000 of the Promissory Note earns no interest and is payable within 12 months from July 6, 2023. During the nine months ended September 30, 2024, the Company recorded $4,397 (2023 - $Nil) in interest expense related to the Promissory Notes.

During the nine months ended September 30, 2024, the Company repaid a total of $698,776 for all promissory notes having a principal balance of $690,131 and accrued interest of $8,645.

	As at September 30, 2024	As at December 31, 2023
	$	$
Principal	490,000	490,000
Proceeds	200,131	-
Interest	8,645	4,248
Repayment	(698,776)	-
	-	494,248

During the year ended December 31, 2022, the Company received short term financing in the amount of $300,000 from a third party on November 25, 2022, with the principal and a lending fee of $25,000 repayable within ten days after the receipt of the 2022 Scientific Research and Experimental Development Credit. The balance was repaid in full in February 2023.

Loans

Mojave Brands Inc.

On February 2, 2024, pursuant to the LOI, Mojave advanced $250,000 to the Company through a promissory note dated February 2, 2024. The promissory note is payable on demand and is non-interest bearing until such time as the Definitive Agreement is terminated, and upon such event will then earn 24% per annum from date of advance until paid.

In the event the Definitive Agreement is terminated, the Company will issue to Mojave 277,778 warrants of the Company, with each warrant entitling Mojave to acquire one common share of the Company at a price of $0.90 per share for a period of 48 months from date of issuance.

Additionally, Mojave has the right to convert the principal amount of $250,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of the Company at $0.90 per share.

LAI SPV Corp.

During the nine months ended September 30, 2024, LAI SPV advanced funds totaling $4,515,000 to the Company pursuant to the following loan agreements:

1) $1,400,000 pursuant to a loan agreement dated February 29, 2024;
2) $1,300,000 pursuant to a loan agreement dated March 19, 2024;
3) $300,000 pursuant to a loan agreement dated June 21, 2024;
4) $285,000 pursuant to a loan agreement dated June 28, 2024;
5) $410,000 pursuant to a loan agreement dated July 21, 2024;
6) $410,000 pursuant to a loan agreement dated August 29, 2024;and
7) $410,000 pursuant to a loan agreement dated September 23, 2024.

Collectively (the Loans")

The Loans are due on demand and are non-interest bearing, until such time as the Definitive Agreement is terminated. Upon such event, the Loans will commence accruing interest at 24% per annum, compounded annually, from their respective effective dates of February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024, August 29, 2024 and September 23, 2024 until such time as the Loans are paid in full.

In the event the Definitive Agreement is terminated, or the Transaction, is not completed, the Company will issue a total of 5,016,668 warrants of the Company to LAI SPV, with each warrant entitling LAI SPV to acquire one common share of the Company at a price of $0.90 per share for a period of 48 months from the date of issuance. Additionally, LAI SPV will have the right to convert the principal amounts of $4,515,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of Light AI at $0.90 per share.

Convertible Debentures

On August 16, 2023, the Company issued unsecured convertible debentures (the "Debentures") to third parties for a total of $500,000. The Debentures accrue interest at 6% per annum and compound quarterly. On April 1, 2024, the Debenture terms were amended and were effective October 13, 2023. The Debentures now mature on the earlier of (i) the date of the closing of the Transaction or (ii) the date of termination of the Definitive Agreement. Upon the closing of the Transaction, the principal amounts and accrued and unpaid interest shall be automatically converted into common shares of the publicly listed company at a conversion rate of $0.90 per common share. During the nine months ended September 30, 2024, the Company recorded accretion and interest expense of $23,588 (2023 - $3,705) relating to the Debentures.

Operations

The Company's unaudited condensed interim financial statements and accompanying notes for the three and nine months ended September 30, 2024 and 2023 have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and obtain additional capital, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the Company were unable to continue its operations. The Company is currently pre-revenue and therefore its ability to continue as a going concern is dependent upon its ability to continue to obtain borrowings from third parties or raise capital, sufficient to meet current and future obligations and to complete development of its product. There can be no assurance that the Company will receive sufficient additional financing to complete the product, or that the product will be commercially successful. As at September 30, 2024, the Company has an accumulated deficit of $18,557,907 (December 31, 2023 - $14,350,059). These conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Selected Financial Data - Summary of Quarterly Results

The following selected financial information is derived from the unaudited condensed interim financial statements prepared in accordance with IFRS.

	Sep 30, 2024 $	**Jun 30, 2024 $**	**Mar 31, 2024 $**	**Dec 31, 2023 $**
Interest income	4,934	-	-	-
Research and development expenses	714,363	1,081,590	901,594	432,440
General and administrative expenses	381,204	342,015	748,198	423,166
Net and comprehensive loss	1,066,854	1,439,377	1,701,617	526,853
Basic and diluted loss per share	0.13	0.18	0.21	0.07
Working capital (deficiency)	(5,059,328)	(3,995,388)	(2,589,936)	(1,169,581)
Total assets	772,975	1,155,196	1,932,719	740,462
Non-current liabilities	-	-	-	-
	Sep 30, 2023 $	**Jun 30, 2023 $**	**Mar 31, 2023 $**	**Dec 31, 2022 $**
Interest income	-	-	-	-
Research and development expenses	196,497	89,519	164,871	130,892
General and administrative expenses	1,032,857	41,598	85,492	415,581
Net and comprehensive loss	1,237,340	125,378	284,483	119,826
Basic and diluted loss per share	0.16	0.02	0.04	0.02
Working capital (deficiency)	(673,833)	(425,018)	(422,477)	(163,358)
Total assets	409,556	131,713	144,546	682,521
Non-current liabilities	-	-	-	1,675,000

Three Months Ended September 30, 2024 compared to Three Months Ended September 30, 2023

During the three months ended September 30, 2024 (the "2024 Quarter"), the Company incurred a net and comprehensive loss of $1,066,854 compared to a net and comprehensive loss of $1,237,340 for the three months ended September 30, 2023 (the "2023 Quarter").

During the 2024 Quarter, the Company recorded $714,363 (2023 Quarter - $196,497) in total research and development expenses.

Of the total amount of research and development expenses incurred during the 2024 Quarter, $585,983 (2023 Quarter - $189,299) was for the Company's research and development staff and consultants and $128,380 (2023 Quarter - $7,198) was for product development. Product development included engaging the services of Orthogonal for product development management expenses in the amount of $126,880 (2023 - $Nil) and other related consults in the mount of $1,500 (2023 - $7,198). During the 2024 and 2023 Quarters, the Company did not incur any clinical trial expenses.

During the 2024 Quarter, the Company incurred a total of $381,204 (2023 Quarter - $1,032,857) in general and administrative expenses. Of the $381,204 (2023 Quarter - $1,032,857) incurred for general and administrative expenses, $99,330 (2023 Quarter - $19,021) was for accounting and administrative expenses, $9,056 (2023 Quarter - $3,705) was for accretion and interest on convertible debentures, $417 (2023 Quarter - $835) was for depreciation on equipment, $497 (2023 Quarter – recovery of $8,574) was for interest on short-term debt and bank charges, $Nil (2023 Quarter - $8,885) was for investor relations services, $107,611 (2023 Quarter - $10,000) was for legal fees, $1,586 (2023 Quarter - $2,793) was for marketing, $106,548 (2023 Quarter - $8,461) was for salaries and office expenses, $2,497 (2023 Quarter - $987,690) was for share-based payments and $53,662 (2023 Quarter - $41) was for travel expenses.

During the 2024 Quarter, due to increased focus on its research and prototype and product development, the Company significantly increased staffing levels compared to the 2023 Quarter. Additionally, the Company incurred significantly more in professional fees directly related and pursuant to the Transaction. During the 2024 Quarter, the Company recorded $2,497 (2023 Quarter - $987,690) in share-based payments which resulted from recording the fair value of stock options vested during the respective 2024 and 2023 Quarters. In the 2023 Quarter, the Company recorded the fair value of replacing 943,000 old stock options with 943,000 new stock options to certain directors, officers, employees and consultants. Additionally, the Company granted 200,000 stock options to a consultant of the Company during the 2023 Quarter. This primarily accounts for the significant change in share-based payments between the respective periods. There were no stock options granted in the 2024 Quarter.

During the 2024 Quarter, other items included $4,934 (2023 Quarter - $Nil) for interest income on tax credits recoverable and $23,779 (2023 Quarter - $7,986 foreign exchange losses) in foreign exchange gains.

Nine Months Ended September 30, 2024 compared to Nine Months Ended September 30, 2023

During the nine months ended September 30, 2024 (the "2024 Period"), the Company incurred a net and comprehensive loss of $4,207,848 compared to a net and comprehensive loss of $1,647,201 for the nine months ended September 30, 2023 (the "2023 Period"). During the 2024 Period, the Company recorded $2,697,547 (2023 Period - $450,887) in total research and development expenses. Of the total amount of research and development expenses incurred during the 2024 Period, $1,605,367 (2023 Period - $436,275) was for research and prototype development expenses, $1,092,180 (2023 Period - $14,029) was for product development and $Nil (2023 Period - $583) was for clinical trial expenses.

During the 2024 Period, the Company incurred a total of $1,471,417 (2023 Period - $1,159,947) in general and administrative expenses. Of the $1,471,417 (2023 Period - $1,159,947) incurred for general and administrative expenses, $222,330 (2023 Period - $33,251) was for accounting and administrative expenses, $23,588 (2023 Period - $3,705) was for accretion and interest on convertible debentures, $1,253 (2023 Period - $2,504) was for depreciation on equipment, $6,048 (2023 Period - $16,992) was for interest on short-term debt and bank charges, $Nil (2023 Period - $16,302) was for investor relations services, $238,964 (2023 Period - $19,843) was for legal fees, $2,987 (2023 Period - $3,078) was for marketing, $466,098 (2023 Period - $26,525) was for salaries and office expenses, $316,848 (2023 Period - $1,033,290) was for share-based payments relating to vested stock options and $193,301 (2023 Period - $4,457) was for travel expenses. During the 2024 Period, the Company engaged a key advisor to the Company which included a one-time signing bonus of $200,000 and $20,000 per monthly salary commencing January 2024. This provides explanation of the significant difference in salaried and office administration between the 2024 and 2023 Periods.

During the 2024 Period, due to increased focus on its research and prototype and product development, the Company significantly increased staffing levels compared to the 2023 Period. Additionally, the Company incurred significantly more in professional fees directly related and pursuant to the Transaction. During the 2024 Period, the Company recorded $316,848 (2023 Period - $1,033,290) in share-based payments which resulted from recording the fair value of stock options vested during the respective Periods.

In the 2023 Period, the Company recorded the fair value of replacing 943,000 old stock options with 943,000 new stock options to certain directors, officers, employees and consultants. Additionally, the Company granted 200,000 stock options to a consultant of the Company during the 2023 Period. In the 2024 Period, the Company granted 630,000 stock options, of which 472,500 of these stock options were subsequently cancelled during the 2024 Period.

During the 2024 Period, other items included $4,934 (2023 Period - $Nil) for interest income on tax credits recoverable and $43,818 (2023 Period - $36,367) in foreign exchange losses.

During the 2024 Period the Company incurred $1,605,367 (2023 Period - $436,275) for research and prototype development expenses as follows: $291,748 (2023 Period - $Nil) for management of clinical research programs run by Healthcore Inc.'s research group Carelon Research, $22,112 (2023 Period - $25,679) for patent related costs and $1,291,507 (2023 Period - $410,596) for research department staff and consultants. During the 2024 Period, product development expenses of $1,092,180 (2023 Period - $14,029) included engaging the services of Orthogonal for product development management expenses of $1,069,259 (2023 Period - $Nil), $21,347 (2023 Period - $Nil) in penetration testing and $1,574 (2023 Period - $14,029) in other related consulting.

Equipment - Computers

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized to write off the cost of the equipment less their residual values over their useful lives using the declining balance method at a rate of 55% per year.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the equipment.

Costs	$
Balance, December 31, 2022	29,501
Additions	-
Balance, December 31, 2023 and September 30, 2024	29,501

Accumulated Depreciation	$
Balance, December 31, 2022	23,431
Depreciation	3,031
Balance, December 31, 2023	26,462
Depreciation	1,253
Balance, September 30, 2024	27,715

Net Book Value	$
Balance, December 31, 2023	3,039
Balance, September 30, 2024	1,786

Share Capital

Authorized:

Unlimited Common voting shares, without par value

Share Issuances

During the nine months ended September 30, 2024, the Company did not complete any share transactions.

During the nine months ended September 30, 2023 the Company realized the following share transactions:

1) Issued 31,250 common shares for gross proceeds of US$50,000; and
2) Issued 16,000 common shares for gross proceeds of US$25,600.

As at December 31, 2022, 335,000 common shares with repurchase options were outstanding with a deemed liability of $1,675,000. In March 2023, these repurchase option agreements expired and the deemed liability of $1,675,000 was reduced to $Nil with an offsetting entry to equity. The Company reversed the amount previously recorded which resulted in an increase in share capital of $385,250 and a decrease in deficit of $1,289,750.

Warrants

On January 25, 2023, the Company amended the expiry date of 235,500 warrants previously issued by the Company on August 3, 2018 to expire on January 25, 2025. All other terms of the warrants remain the same and are exercisable at $1.70.

As at September 30, 2024, the Company had the following warrants outstanding:

Original Grant Date	Amended Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Warrants Outstanding
03-Aug-18	25-Jan-25	$1.70	0.32	235,500

Stock Options

During the nine months ended September 30, 2024, the Company granted 630,000 stock options to an employee of the Company with an exercise price of $1.40 expiring on January 1, 2029.

A total of 157,500 stock options vested on the grant date and the remaining 472,500 stock options vest as follows: 157,500 stock options vest one year after the grant date, 157,500 stock options vest two years after the grant date and 157,500 stock options vest three years after the grant date. On May 27, 2024, the Company and the employee agreed to cancel 472,500 of the 630,000 stock options.

On July 1, 2023, the Company granted 200,000 stock options to consultants of the Company with an exercise price of $1.40 expiring on July 1, 2028. A total of 125,000 stock options vested on the grant date and the remaining 75,000 stock options vest as follows: 1/3 on the grant date, 1/3 one year after the grant date and 1/3 two years after the grant date.

On July 1, 2023, the Company granted 943,000 stock options to directors, officers, employees and consultants of the Company with an exercise price of $1.40 expiring on July 1, 2028. The Company identified the new issuance of 943,000 stock options as a replacement for the cancelled options. A total of 943,000 stock options vested on the grant date.

The Company also reversed $28,748 share-based payments recognized in prior years due to stock options forfeited.

During the nine months ended September 30, 2024, the Company recognized share-based payments of $316,848 (2023 - $1,033,290) for stock options vested and replaced during the respective periods. The weighted average assumptions used in the Black-Scholes option pricing model were as follows:

	2024	2023
Risk free interest rate	3.09%	3.51%
Expected life	5 years	5 years
Expected volatility	111%	100%
Expected dividends	0%	0%

The following is a summary of the Company's stock option activity:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2022	**1,187,500**	**$2.39**
Granted and replaced	1,143,000	$1.40
Expired	(105,000)	($3.00)
Cancelled/Forfeited	(1,082,500)	($2.34)
Outstanding, December 31, 2023	**1,143,000**	**$1.40**
Granted	630,000	$1.40
Cancelled	(472,500)	($1.40)
Outstanding, September 30, 2024	**1,300,500**	**$1.40**

As at September 30, 2024, the Company had the following options outstanding and exercisable:

Grant Date	Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Exercisable
01-Jul-23	01-Jul-28	$1.40	3.75	1,143,000	1,118,000
01-Jan-24	01-Jan-29	$1.40	4.25	157,500	157,500
				1,300,500	1,275,500

Liquidity and Capital Resources

The Company's historical source of funding has included short-term debt, loans and issuances of debt and equity.

At September 30, 2024, the Company had a net working capital deficiency of $5,059,328 (December 31, 2023 - $1,169,581), cash of $632,844 (December 31, 2023 - $326,342), current liabilities of $5,830,517 (December 31, 2023 - $1,907,004) and had a deficit of $18,557,907 (December 31, 2023 - $14,350,059). The Company expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

Cash Flows

Net cash outflows in operating activities during the nine months ended September 30, 2024 was $3,959,853 (2023 - $224,186). The cash used in operating activities during the nine months ended September 30, 2024 consisted primarily of net operating losses of $4,207,848 (2023 – $1,647,201) and changes in working capital balances. During the nine months ended September 30, 2024, the Company recovered scientific research and experimental development tax credits from the Canada Revenue Agency in the amount of $321,751 (2023 - $427,275).

There were no cash inflows or outflows from investing activities during the nine months ended September 30, 2024 and 2023.

Net cash inflows from financing activities during the nine months ended September 30, 2024 included proceeds from loans of $4,765,000 (2023 - $$Nil), proceeds from short-term debt of $200,131 (2023 - $60,000), repayment of short-term debts of $698,776 (2023 - $300,000), $Nil (2023 - $51,353) in proceeds from shareholder loans, $Nil (2023 - $500,000) proceeds from convertible debentures and $Nil (2023 - $100,931) for issuance of common shares.

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 a related party transaction when there is a transfer of resources or obligations between related parties. The Company has identified its directors and chief executive officer as related parties.

During the nine months ended September 30, 2024, the Company paid or accrued $356,873 (2023 - $291,311) in salaries to the chief executive officer of the Company. As at September 30, 2024, there were no amounts owing to any related party.

Escrowed Shares

As at September 30, 2024, December 31, 2023 and the date of this report, there were Nil common shares held in escrow.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Adoption of New Accounting Standards, Interpretations and Amendments

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

Financial Instruments

Fair Values

The following provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – quoted prices in active markets for identical investments

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the investments that are not based on observable market data

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement. The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, short-term debts, loans and convertible debentures. In management's opinion, the Company's carrying values of cash and cash equivalents, accounts receivable, accounts payable, short-term debt, loans and convertible debentures approximate their fair values due to the immediate or short-term maturity of these instruments.

Risk Management

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Company does not believe there has been any significant changes in risk from the prior period. The following analysis provides information about the Company's risk exposure and concentration as of September 30, 2024 and December 31, 2023.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Company mitigates this risk by continuously monitoring cash flows and discussing potential financing options to continue the inflow of cash as needed. All contractual financial liabilities are due within one year after the date of these financial statements.

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: currency rate risk, interest rate risk and other price risk. The Company is mainly exposed to currency risk.

Currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash, and accounts payable and accrued liabilities held in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The following balances represent the U.S. dollar cash and accounts payable and accrued liabilities held by the Company, denominated in Canadian dollars.

	September 30, 2024	**December 31, 2023**
	$	$
Cash	3,764	4,030
Accounts payable and accrued liabilities	316,908	660,516

Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant other price risks arising from these financial instruments.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements.

Significant estimates made by management include the following:

Recognition and Valuation of Deferred Tax Assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities of the particular legal entity in which the deferred tax assets have been recognized.

Going Concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless Management either intends to liquidate the entity or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

Investor Relations Activities

The Company does currently have any formal investor relations arrangements and did not incur any investor relations expenses for the nine months ended September 30, 2024. During the nine months ended September 30, 2023, the Company incurred $16,302 in investor relations expense.

Outstanding Share Data

As at September 30, 2024, and the date of this report, there were:

1) 7,959,401 common shares issued and outstanding;
2) 1,143,000 stock options outstanding at an exercise price of $1.40 and expire on July 1, 2028;
3) 157,500 stock options outstanding at an exercise price of $1.40 and expire on January 1, 2029; and
4) 235,500 warrants outstanding at an exercise price of $1.70 and expire on January 25, 2025.

Corporate Governance

The Company is private and the current board of directors is comprised of two directors, one of which is an executive officer of the Company. Mr. Peter Whitehead, Chief Executive Officer, is not considered independent due to his position as an officer of the Company.

Directors:

Peter Whitehead (*Chief Executive Officer*)
Steve Semmelmayer

Risk Factors

An investment in the Company or the Resulting Issuer, involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Company and the Resulting Issuer, respectively.

The risks, uncertainties and other factors, many of which are beyond the control of the Company and the Resulting Issuer, that could influence actual results include, but are not limited to:

Ability to Complete the Transaction
Completion of the Transaction is subject to conditions precedent, including the completion of the Offering, certain of which are beyond LAI SPV's, Finco's or the Company's control. There can be no certainty, nor any assurance, that all conditions precedent to the Transaction will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived. If certain approvals and consents are not received, or if certain conditions are not satisfied, the Transaction may proceed nonetheless, or may be delayed or amended, including possibly delaying the completion of the Transaction in order to allow sufficient time to complete or satisfy such matters.

Furthermore, the Business Combination Agreement may be terminated in certain circumstances, impacting the ability to complete the Transaction.

Ability to Achieve the Desired Synergies and Benefits of the Transaction
The Transaction is to be completed with the expectation that it will result in an increase in sustained profitability, cost savings and enhanced growth opportunities for the Resulting Issuer. These anticipated benefits will depend in part on whether the Resulting Issuer's operations can be streamlined in an efficient and effective manner and the Resulting Issuer's ability to implement its strategies and meet its strategic goals. The extent to which efficiencies are realized and the timing of such cannot be assured. The Resulting Issuer may be unable to successfully realize the anticipated benefits of the Transaction.

Potential undisclosed liabilities associated with the Transaction
In connection with the Transaction, there may be liabilities that the Company failed to discover or were unable to quantify in its due diligence which was conducted prior to the execution of the Business Combination Agreement and the Company may not be indemnified for some or all of these liabilities.

Completion of the Offering is subject to conditions
The completion of the Offering remains subject to satisfaction of a number of conditions, including approval of the Offering by the Exchange. There can be no certainty that the Offering will be completed. If the Offering is not completed, the Company may not be able to complete the Transaction or to raise the funds required for the purposes under "*Use of Proceeds*" from other sources on commercially reasonable terms, or at all.

Warrants are speculative in nature and may not have any value
The Warrants do not confer any rights of Common Share ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire Common Shares at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the Warrants may exercise their right to acquire Common Shares by payment of the exercise price, subject to certain adjustments at any time prior to 5:00 p.m. (Vancouver time) on the Expiry Date, after which date any unexercised Warrants will expire and have no further value. Moreover, following the completion of the Offering, the market value of the Warrants, if any, is uncertain and there can be no assurance that the market value of the Warrants will equal or exceed their imputed offering price.

Loss of entire investment
An investment in the Units is speculative and may result in the loss of an investor's entire investment. Only investors who are experienced in high-risk investments and who can afford to lose their entire investment should consider an investment in the Resulting Issuer.

No current market for the Warrants
The Company has not applied and does not intend to apply to list the Warrants on any securities exchange. There will be no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased in the Offering. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

Sale of Common Shares issued upon exercise of the Warrants could encourage short sales by third-parties which could further depress the price of the Common Shares
Any downward pressure on the price of Common Shares caused by the sale of Warrant Shares issued upon the exercise of the Warrants could encourage short sales by third-parties. In a short sale, a prospective seller borrows Common Shares from a shareholder or broker and sells the borrowed Common Shares. The prospective seller anticipates that the Common Share price will decline, at which time the seller can purchase Common Shares at a lower price for delivery back to the lender.

The seller profits when the Common Share price declines because it is purchasing Common Shares at a price lower than the sale price of the borrowed Common Shares. Such sales could place downward pressure on the price of the Common Shares by increasing the number of Common Shares being sold, which could further contribute to any decline in the market price of the Common Shares.

Market Price of Common Shares and Volatility
Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects.

These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Factors unrelated to the Resulting Issuer's performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Resulting Issuer's business may be limited if investment banks with research capabilities do not follow the Resulting Issuer; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of the Resulting Issuer's public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares to be delisted from the Exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Resulting Issuer may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

The market price of the Common Shares is affected by many other variables which are not directly related to the Resulting Issuer's success and are, therefore, not within its control. These include other developments that affect the breadth of the public market for the Common Shares, the release or expiration of lock-up, escrow or other transfer restrictions on the Common Shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares is expected to make the Common Share price volatile in the future, which may result in losses to investors.

No Dividends

The Company has never paid any cash or stock dividends and it does not intend to pay any dividends for the foreseeable future. To the extent that the Resulting Issuer require additional funding currently not provided for in its financing plan, its funding sources may prohibit the payment of any dividends. Because the Company does not intend to declare dividends, any gain on your investment will need to result from an appreciation in the price of the Common Shares. There will therefore be fewer ways in which you are able to make a gain on your investment.

Risks Relating to the Business of the Resulting Issuer

Limited Operating History

Light AI has a limited history of operations and is considered a start-up company. As such, the Resulting Issuer is subject to many risks common to such enterprises, including under-capitalization, cash shortages, larger and well-capitalized competitors, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of the Resulting Issuer's success must be considered in light of its early stage of operations.

Investment in the Resulting Issuer carries a high degree of risk and should be considered as a speculative investment. The Resulting Issuer is a clinical stage medical device company with a limited operating history, specializing in software as a medical device.

Light AI was founded in 2015. As a result of its limited operating history, its ability to forecast future results of operations is limited and subject to a number of uncertainties, including inability to plan for future growth.

Light AI has encountered and the Resulting Issuer will encounter risks and uncertainties frequently experienced by growing companies in life sciences industries, such as risks and uncertainties related to:

- FDA and CE regulatory approval:
- market acceptance of its platform and products;
- reliability and scalability of its platform and products;
- success of its artificial intelligence initiative;
- results of clinical research programs;
- obtaining reimbursement authorization from government and other healthcare payors;
- adding channel partners and customers and entering new vertical markets;
- the successful expansion of its business beyond automatic diagnosis of GAS;
- competition from incumbents and other disruptive technologies;

- its ability to control costs, particularly product development, manufacturing and sales and marketing expenses; and
- general economic and political conditions.

If the Resulting Issuer does not address these risks successfully, its business, results of operations, cash flows, financial condition and financing plans may be adversely affected.

The Resulting Issuer's actual financial position and results of operations may differ materially from the expectations of the Resulting Issuer's management.

The Resulting Issuer's actual financial position and results of operations may differ materially from management's expectations. Given Light AI's early stage, the Resulting Issuer's net income and cash flow may differ materially from the projected revenue, net income and cash flow. The process for estimating the Resulting Issuer's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Resulting Issuer's financial condition or results of operations.

Management's experience in managing a publicly-traded company

Management has operated the business of Light AI as a privately owned company. The individuals comprised of the Resulting Issuer's senior management team have limited experience in managing a publicly traded entity. The Resulting Issuer will be required to develop control systems and procedures required to operate as a public company, and these systems and procedures could place a significant strain on the Resulting Issuer's management systems, infrastructure and other resources. The Resulting Issuer can provide no assurances that management's past experience will be sufficient to enable the Company to successfully operate as a public company. Although the Resulting Issuer has established an experienced management team and Board and engaged a number of professional service providers to assist the Resulting Issuer with complying with its continuous disclosure, filing, and other requirements applicable to public entities, if management of the Resulting Issuer is unable to satisfactorily manage the Resulting Issuer as a public entity and ensure that it remains in compliance with all continuous disclosure and other requirements applicable to public entities, there could occur a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Light AI has a history of losses and the Resulting Issuer will continue to incur significant expenses and may be unable to generate revenues

Light AI recorded net losses and comprehensive losses of $2.1 million and $0.9 million for the fiscal years ended December 31, 2023 and December 31, 2022, respectively. As of December 31, 2023, Light AI had an accumulated deficit of approximately $14.4 million. Light AI has not received 510(k) approval from the FDA for Light.AI$^{(SCAN)}$ and none of its products have been approved for commercial sale by any regulatory authority. Light AI has not generated any revenue from product sales to date nor does it have any firm orders from customers. The Resulting Issuer will continue to incur significant research and development and other expenses related to ongoing operations, which expenses are expected to continue even after products are available for commercial sales.

The Resulting Issuer may be unable to generate revenues or establish a subscription-based revenue model

The Resulting Issuer's business plan assumes that it will successfully receive orders and generate revenues. In order for the Resulting Issuer to generate substantial revenues and establish its products, it must achieve the milestones under its business plan and secure orders from potential customers.

Light AI is currently in the early stages of developing its business, and the Resulting Issuer may not be able to succeed with respect to these efforts.

Many factors may adversely affect the Resulting Issuer's ability to establish a viable and profitable business, including, but not limited to:

- Failure to articulate or effectively educate the market of the perceived benefits of Light AI's artificial intelligence solution, or failure to persuade reimbursement authorities or customers that such benefits justify the additional cost over incumbent or other solutions or technologies;
- Reluctance on the part of healthcare providers and patients to adopt AI-based diagnostic solutions, especially in regions where traditional diagnostic methods like throat swabs and RADTs are deeply entrenched;
- Failure to develop and offer solutions that satisfy customers' needs;

- Introduction of competitive offerings by other companies, including many that are larger, better financed and more well-known than the Resulting Issuer;
- Inability to fulfill existing agreements or enter into satisfactory agreements relating to the integration of its platform with products of other companies to pursue particular vertical markets, or the failure of such relationships to achieve their anticipated benefits;
- Failure to provide adequate channel partners and customer support;
- Long sales cycles for customers in the healthcare markets; and
- Failure to generate broad customer acceptance of or interest in its artificial intelligence solutions.

If the Resulting Issuer fails to generate revenues and develop a successful business, its business, results of operations and financial condition will suffer, and you may lose all or part of your investment in the Resulting Issuer.

The report of Light AI's independent auditor on its 2023 and 2022 audited consolidated financial statements contains an explanatory paragraph regarding its ability to continue as a going concern

Light AI is currently pre-revenue and therefore its ability to continue as a going concern is dependent upon its ability to continue to obtain borrowings from third parties or raise capital, sufficient to meet current and future obligations and to complete development of its product. There can be no assurance that the Resulting Issuer will receive sufficient additional financing to complete the product, or that the produce will be commercial successful. Light AI's auditor included an explanatory paragraph on its report on the audited consolidated financial statements for 2023 and 2022 noting that these conditions may cast significant doubt upon Light AI's ability to continue as a going concern. Substantial doubt about the Resulting Issuer's ability to continue as a going concern may materially and adversely affect the price per share of the Resulting Issuer shares and make it more difficult for the Resulting Issuer to obtain financing. If the Resulting Issuer is unable to obtain sufficient capital, its business, financial condition, and results of operations will be materially and adversely affected, and it will need to obtain alternative financing or significantly modify its operational plans to continue as a going concern. Further, given the Resulting Issuer's planned expenditures for the next several years, its auditors are likely to conclude, in connection with the preparation of its financial statements for 2024 or any subsequent period that there continues to be substantial doubt regarding the Resulting Issuer's ability to continue as a going concern. Light AI has prepared and the Resulting Issuer intends to prepare its financial statements on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Light AI's financial statements do not, and the Resulting Issuer does not plan to include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might be necessary should the Resulting Issuer be unable to continue in existence.

The Resulting Issuer expects to require additional capital to support its business, and this capital might not be available on acceptable terms, if at all

The Resulting Issuer intends to continue to make investments to support its business and will likely require additional funds. In particular, the Resulting Issuer expects to seek additional funds to develop new products and cover the cost of the clinical trials in respect of those products, enhance its platform and expand its operations, including its sales and marketing organizations. Accordingly, the Resulting Issuer expects to engage in equity and/or debt financings to secure additional funds. If the Resulting Issuer raises additional funds through future issuances of equity or convertible debt securities, you could suffer significant dilution, and any new equity securities the Resulting Issuer issues could have rights, preferences and privileges superior to those of holders of the Resulting Issuer Shares.

Any debt financing that the Resulting Issuer may secure in the future could involve debt service obligations and restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for it to obtain additional capital and to pursue business opportunities, and it may be obligated to issue equity securities to the providers of that financing. The Resulting Issuer may not be able to obtain additional financing on terms favorable to it, if at all. If the Resulting Issuer is unable to obtain adequate financing or financing on terms satisfactory to it when required, the Resulting Issuer's ability to continue to support its business growth, scale its infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and its business, results of operations and financial condition may be significantly adversely affected.

The Resulting Issuer may never achieve profitability

Because of the numerous risks and uncertainties associated with disruptive artificial intelligence technology, the Resulting Issuer is unable to accurately predict the timing or amount of future revenue or expenses or when, or if, it will be able to achieve profitability. Light AI has financed its operations primarily through convertible loans and the issuance and sale of equity. The size of the Resulting Issuer's future net losses will depend, in part, on the rate of growth or contraction of its expenses and the level and rate of growth, if any, of its revenues.

The Resulting Issuer expects to continue to expend substantial financial and other resources on, among other things:

- investments to expand and enhance its platform and technology infrastructure, make improvements to the scalability, availability and security of its platform, and develop new products;
- acquiring additional data to be used as training data for its platform and enriching that data through a verification process;
- sales and marketing, including expanding its indirect sales organization and marketing programs, and expanding our programs directed at increasing its brand awareness among current and new customers;
- planning and conducting clinical trials to obtain regulatory and reimbursement approval for the commercialization of its products;
- expansion of the Resulting Issuer's operations and infrastructure, both domestically and internationally; and
- general administration, including legal, accounting and other public company expenses.

If the Resulting Issuer is unable to successfully commercialize its products or if revenue from any products that receive marketing approval is insufficient, the Resulting Issuer will not achieve profitability. Furthermore, even if the Resulting Issuer successfully commercializes its products, its planned investments may not result in increased revenue or growth of its business. The Resulting Issuer may not be able to generate net revenues sufficient to offset its expected cost increases and planned investments in its business and platform. As a result, the Resulting Issuer may incur significant losses for the foreseeable future, and may not be able to achieve and sustain profitability. If the Resulting Issuer fails to achieve and sustain profitability, then it may not be able to achieve its business plan, fund its business or continue as a going concern.

The Resulting Issuer will depend on its senior management team and other key employees, and the loss of one or more key employees could adversely affect its business

The Resulting Issuer's success depends largely upon the continued services of its executive officers and directors. The Resulting Issuer will rely on its leadership team and other mission-critical individuals in the areas of research and development, technology development and support, marketing, sales, services and general and administrative functions. From time to time, the Resulting Issuer may need to identify and retain additional skilled management and personnel to efficiently operate its business. The number of persons skilled in the healthcare technology sector is limited and as new entrants enter this business, competition for such persons may intensify. Recruiting and retaining qualified personnel is critical to the Resulting Issuer's success and there can be no assurance of such recruitment and retention. If the Resulting Issuer is not successful in attracting and training qualified personnel, the Resulting Issuer's ability to execute its business model and growth strategy could be affected, which could have a material adverse impact on its profitability, results of operations and financial condition. If the Resulting Issuer is not successful in attracting and training qualified personnel, the Resulting Issuer's ability to execute its business model and growth strategy could be affected, which could have a material adverse impact on its profitability, results of operations and financial condition. The loss of one or more of the Resulting Issuer's executive officers or key employees, could have a material adverse effect on its business. Also, the Resulting Issuer will not have any key person life insurance policies on officers and directors.

The Resulting Issuer's ability to attract, train and retain qualified employees is crucial to its results of operations and any future growth

To execute the Resulting Issuer's growth plan, it must attract and retain highly qualified personnel. Competition for these individuals is intense, especially for scientists and engineers with high levels of experience, senior sales executives and professional services personnel with appropriate financial reporting experience. The Resulting Issuer expects to experience difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which the Resulting Issuer competes for experienced personnel have greater resources than it has. If the Resulting Issuer hires employees from competitors or other companies, their former employers may attempt to assert that these employees have breached their legal obligations or that the Resulting Issuer has induced such breaches, resulting in a diversion of time and resources. If the Resulting Issuer fails to attract new personnel or fails to retain and motivate its current personnel, its business and future growth prospects could be adversely affected.

The Resulting Issuer's quarterly results may fluctuate significantly and period-to-period comparisons of its results may not be meaningful

The Resulting Issuer's quarterly results, including the levels of future revenue, if any, its operating expenses and other costs, and its operating margins, may fluctuate significantly in the future, and period-to period comparisons of its results may not be meaningful.

This may be especially true to the extent that the Resulting Issuer does not successfully establish a backlog of orders for its products. Accordingly, the results of any one period should not be relied upon as an indication of the Resulting Issuer's future performance. In addition, the Resulting Issuer's quarterly results may not fully reflect the underlying performance of its business. Factors that may cause fluctuations in the Resulting Issuer's quarterly results include, but are not limited to:

- the timing of regulatory approvals for its products;
- its ability to successfully establish its business model;
- its ability to attract and retain its channel partners, customers and to expand its business;
- enacted or pending legislation and reimbursement rates effecting the healthcare industry;
- results of its clinical research efforts and positions of key opinion leaders;
- changes in its pricing policies or those of its competitors;
- the impact of the relatively long sales cycle that is typical of customers in the Resulting Issuer's industry, which are large hospitals and healthcare delivery organizations;
- the timing of the Resulting Issuer's recognition of revenue and the mix of revenues during the period;
- the amount and timing of operating expenses and other costs related to the maintenance and expansion of its business, infrastructure and operations;
- the amount and timing of operating expenses and other costs related to the development or acquisition of businesses, services, technologies or intellectual property rights;
- the timing and impact of security breaches, service outages or other performance problems with its technology infrastructure and software solutions;
- the timing and costs associated with legal or regulatory actions;
- changes in the competitive dynamics of its industry, including consolidation among competitors, channel partners or customers;
- loss of executive officers or other key employees;
- industry conditions and trends that are specific to the vertical markets in which the Resulting Issuer intends to sell its solutions;
- disruptions of or interference with its channel partners' services; and
- general economic and market conditions.

Fluctuations in quarterly results may negatively impact the value of the Resulting Issuer shares, regardless of whether they impact or reflect the overall performance of its business.

Currency exchange rate fluctuations affect the Resulting Issuer's results of operations, as reported in its financial statements

Some of the Resulting Issuer's future revenues will be transacted in foreign currencies, such as U.S. dollars. However, substantially all of the research and development expenses of the Resulting Issuer's Canadian operations, as well as a portion of the cost of revenues, selling and marketing, and general and administrative expenses of its Canadian operations, are (or will be, as appropriate) incurred in Canadian dollars. As a result, the Resulting Issuer will be exposed to exchange rate risks that may adversely affect its financial results.

If the Canadian dollar appreciates against the U.S. dollar or if the value of the Canadian dollar declines against the U.S. dollar or other foreign currencies at a time when the rate of inflation in the cost of Canadian goods and services exceeds the rate of decline in the relative value of the Canadian dollar, then the U.S. dollar or other foreign currency costs of the Resulting Issuer's operations in Canada would increase and its results of operations would be adversely affected. The Resulting Issuer's Canadian operations also could be adversely affected if it is unable to effectively hedge against currency fluctuations in the future. The Resulting Issuer cannot predict any future trends in the rate of inflation in Canada or the rate of devaluation (if any) of the Canadian dollar against the U.S. dollar or other foreign currencies.

From time to time the Resulting Issuer may engage in currency hedging activities. Those measures, however, may not adequately protect it from material adverse effects due to the impact of inflation in Canada or from fluctuations in the relative values of the U.S. dollar and the Canadian dollar, and may result in a financial loss.

The Resulting Issuer may pursue the acquisition of other companies, businesses or technologies, which could be expensive, divert its management's attention and/or fail to achieve the expected benefits

As part of the Resulting Issuer's growth strategy, it may acquire businesses, services, technologies or intellectual property rights that it believes could complement, expand or enhance the features and functionality of its platform and its technical capabilities, broaden its service offerings or offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause the Resulting Issuer to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not such acquisitions are consummated. Acquisitions also could result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect the Resulting Issuer's operating results and financial condition. In addition, the Resulting Issuer may experience difficulties in integrating the acquired personnel, operations and/or technologies successfully or effectively managing the combined business following the acquisition. The Resulting Issuer also may not achieve the anticipated benefits from the acquired business and may incur unanticipated costs and liabilities in connection with any such acquisitions. If any of these results occurs, the Resulting Issuer's business and financial results could be adversely affected.

Risks Related to the Resulting Issuer's Business and Industry

Artificial intelligence and machine learning is a relatively new and unproven technology, and it may decline or experience limited growth, which would adversely affect its ability to fully realize the potential of its platform. Evaluating the size and scope of the market is subject to a number of risks and uncertainties. Future success will depend in large part on the growth of this market. The utilization of artificial intelligence and machine learning for diagnostic and decision-making support is new, and physicians may not recognize the need for, or benefits of, the Resulting Issuer's platform. This may prompt them to reject or cease use of its platform or decide to adopt alternative products and services to satisfy their requirements. Even if this market does grow, the Resulting Issuer's ability to expand its business and extend its market position depends upon a number of factors, including the cost, performance and perceived value of its platform and the applications the Resulting Issuer develops for it. The perceived value of the Resulting Issuer's platform and the applications it develops for it may be a function of estimated cost savings by healthcare providers using the Light.AI$^{(SCAN)}$ platform, which may be difficult to accurately predict. Physicians may resist change from the current standard of practice.

The Resulting Issuer's market opportunity and cost saving estimates are subject to significant uncertainty and are based on assumptions and estimates, including internal analysis and industry experience

Assessing the market for the Resulting Issuer's solutions in each of the vertical markets it is planning to compete in is particularly difficult due to a number of factors, including limited available information and rapid evolution of the market. The market for the Light.AI$^{(SCAN)}$ platform and the applications the Resulting Issuer develops for it may fail to grow significantly or be unable to meet the level of growth the Resulting Issuer expects. As a result of these and other factors, the Resulting Issuer may experience lower than expected demand for its products and services due to lack of reimbursement authority, channel partner, hospital and/or physician acceptance, technological challenges, competing products and services, decreases in spending by current and prospective customers, weakening economic conditions and other causes. If the Resulting Issuer's market does not experience significant growth, or if demand for its platform does not increase in line with its projections, then the Resulting Issuer's business, results of operations and financial condition will be adversely affected.

The Resulting Issuer anticipates generating a portion of its revenue from channel partners and to the extent no such revenue materializes, its business, results of operations and financial results will be materially harmed

Light AI currently expects to depend on future revenues generated through a limited number of channel partners and a direct sales force. Light AI does not currently have distribution contracts with any channel partners or any sales representatives deployed.

If these partners are not satisfied with Light AI's products, they may not promote the Light.AI$^{(SCAN)}$ platform. Further, if these partners do not dedicate sufficient time to the commercialization of the Resulting Issuer's products or otherwise fail to comply with their obligations under the Resulting Issuer's agreements with them, then this may have an adverse effect on the Resulting Issuer's business and prospects. These partners will not be obligated to deal with the Resulting Issuer exclusively and therefore may sell competing products or solutions. As a result, these partners may give higher priority to products or services of the Resulting Issuer's competitors, thereby reducing their efforts in commercialization of the Resulting Issuer's products. Channel partner agreements may be terminated under specified circumstances. The termination of any such agreement or the failure of one of such partners to extend its relationship with the Resulting Issuer after the term of an agreement with it expires, could harm the Resulting Issuer's brand and reputation. A significant decline in any future revenue stream from channel partners would have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

If the Resulting Issuer is not able to develop a strong brand for its platform and increase market awareness of the Resulting Issuer and its platform, then the Resulting Issuer's business, results of operations and financial condition may be adversely affected

The success of Light.AI(SCAN) will depend in part on the Resulting Issuer's ability to develop a strong brand identity for itself as a company and its products, and to increase the market awareness of its platform and the platform's capabilities. The successful promotion of the Resulting Issuer's brand will depend largely on its marketing efforts and its ability to ensure that its technology provides the expected benefits to its customers. It is important for the Resulting Issuer to be perceived as leaders in the GAS diagnostic market. The Resulting Issuer's brand promotion and thought leadership activities may not be successful or produce increased revenue. In addition, independent industry analysts may provide reviews of the Resulting Issuer's platform and of competing products and services, which may significantly influence the perception of the Resulting Issuer's platform in the marketplace. If these reviews are negative or not as positive as reviews of competitors' products and services, then the Resulting Issuer's brand may be harmed. The promotion of the Resulting Issuer's brand also requires substantial expenditures, and the Resulting Issuer anticipates that these expenditures will increase as its industry becomes more competitive and as it seeks to expand into new markets. These higher expenditures may not result in any increased revenue or in revenue that is sufficient to offset the higher expense levels. If the Resulting Issuer does not successfully maintain and enhance its brand, then its business may not grow, the Resulting Issuer may see its pricing power reduced relative to competitors and may lose customers, all of which would adversely affect the Resulting Issuer's business, results of operations and financial condition.

Failure to manage growth effectively could increase the Resulting Issuer's expenses, decrease its revenue and prevent the Resulting Issuer from implementing its business strategy

The Resulting Issuer's ability to generate revenues and achieve profitability will require substantial growth in its business, which will put a strain on its management and financial resources. To manage this and its anticipated future growth effectively, including as the Resulting Issuer expands into new clinical areas and geographic regions, it must maintain and enhance its platform and information technology infrastructure, as well as its financial and accounting systems and controls. The Resulting Issuer also must attract, train and retain a significant number of qualified data scientists, software developers and engineers, technical and management personnel, sales and marketing personnel and customer and channel partner support personnel. Failure to effectively manage growth could lead the Resulting Issuer to over-invest or under-invest in development and operations, result in weaknesses in its platform, systems or controls, give rise to operational mistakes, losses, loss of productivity or business opportunities and result in loss of employees and reduced productivity of remaining employees.

The Resulting Issuer's growth could require significant capital expenditures and might divert financial resources from other projects such as the development of new products and services. If the Resulting Issuer's management is unable to effectively manage its growth, its expenses might increase more than expected, its revenue could decline or grow more slowly than expected, and the Resulting Issuer might be unable to implement its business strategy. The quality of the Resulting Issuer's products and services might suffer, which could negatively affect its reputation and harm its ability to retain and attract channel partners or customers.

If the Resulting Issuer is not able to enhance or introduce new applications for its platform or other new products that achieve market acceptance and keep pace with technological developments, its business, results of operations and financial condition could be harmed.

The Resulting Issuer's ability to attract new channel partners and customers and increase revenue from existing channel partners and customers depends in part on its ability to enhance and improve its applications for its Light.AI(SCAN) platform, increase adoption and usage of the Resulting Issuer's products and introduce new products and features for GAS diagnostics. The success of any enhancements or new products depends on several factors, including timely completion, adequate quality testing, actual performance quality, market-accepted pricing levels, regulatory approvals and overall market acceptance and demand. Enhancements and new products that the Resulting Issuer develops may not be introduced in a timely or cost-effective manner, may contain defects, may have interoperability difficulties, or may not achieve the market acceptance necessary to generate significant revenue. If the Resulting Issuer is unable to successfully enhance existing platform and capabilities to meet evolving customer requirements, increase adoption and usage of its platform, develop new products, or if its efforts to increase the usage of its products are more expensive than expected, then the Resulting Issuer's business, results of operations and financial condition could be harmed.

The security of the Resulting Issuer's platform, networks or computer systems may be breached, which could have an adverse effect on its business and reputation

The Light.AI(SCAN) platform may be subject to computer malware, viruses and computer hacking, all of which have become more prevalent. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, they may include the theft or destruction of data owned by the Resulting Issuer or its customers, and/or damage to its platform. Any failure to maintain the performance, reliability, security and availability of the Resulting Issuer's products and technical infrastructure to the satisfaction of the Resulting Issuer's customers may harm its reputation and its ability to retain existing customers and attract new users.

Accidental or unauthorized access to or disclosure, loss, destruction or modification of data, through cybersecurity breaches, computer viruses, human error, natural or man-made disasters, or disruption of the Resulting Issuer's services could expose the Resulting Issuer to liability, protracted and costly litigation and damage to the Resulting Issuer's reputation. In connection with the various services the Resulting Issuer anticipates to provide to its clients, the Resulting Issuer collects, stores processes and transmits the sensitive personal and health data of its patients and customers, in some cases through providing services to the Resulting Issuer's clients as well as other end users of health services, including but not limited to names, addresses, identification numbers, medical histories, credit or debit card numbers and expiration dates and/or bank account numbers.

In addition, computer viruses and malware can be distributed and spread rapidly over the internet and could infiltrate the Resulting Issuer's systems or those of its clients and other associated participants. Infiltration of the Resulting Issuer's systems or those of the Resulting Issuer's associated participants could in the future lead to, disruptions in systems, accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of confidential or otherwise protected information (including personal and health data) and the corruption of data. Given the unpredictability of the timing, nature and scope of information technology disruptions, there can be no assurance that any security procedures and controls that the Resulting Issuer or its associated participants have implemented will be sufficient to prevent security incidents from occurring.

The Resulting Issuer's operations depend, in part, on how well it protects networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to damage to hardware, computer viruses, hacking and theft. The Resulting Issuer's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures. A compromise of the Resulting Issuer's information technology or confidential information, or that of the Resulting Issuer's clients and third parties with whom the Resulting Issuer interacts, may result in negative consequences, including the inability to process client transactions, reputational harm affecting customer and/or investor confidence, potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties and additional regulatory scrutiny, any of which could have a material adverse effect on the Resulting Issuer's business, financial position, results of operations or cash flows.

Privacy and data security laws and regulations could require the Resulting Issuer to make changes to its business, impose additional costs and reduce the demand for its artificial intelligence software solutions

The Resulting Issuer's business model contemplates, among other things, that the users of its products will process and transmit patients' medical data. End users of the Resulting Issuer's products may transmit a significant amount of personal or identifying information through its platform, which may be transmitted inappropriately and therefore be revealed to unauthorized third parties.

In addition, the health and research institutions which provide the Resulting Issuer with data for purposes of training its algorithms may inadvertently fail to de-identify data (when regulated) before sending it to the Resulting Issuer which then places on the Resulting Issuer the responsibility of handling that sensitive information in accordance with applicable law. In addition, there may be additional agreements for use of data in connection with the research and development of the Resulting Issuer's products. Privacy and data security have become significant issues in the U.S. and in other jurisdictions where the Resulting Issuer may offer its software solutions. The regulatory framework relating to privacy and data security issues worldwide is evolving rapidly and is likely to remain uncertain for the foreseeable future. Federal, state, local and foreign government bodies and agencies have in the past adopted, or may in the future adopt, laws and regulations regarding the collection, use, processing, storage and disclosure of personal or identifying information obtained from customers and other individuals, and these laws may create varied and potentially conflicting requirements. In addition to government regulation, privacy advocates and industry groups may propose various self-regulatory standards that may legally or contractually apply to the Resulting Issuer's business.

Because the interpretation and application of many privacy and data security laws, regulations and applicable industry standards are uncertain, it is possible that these laws, regulations and standards may be interpreted and applied in a manner inconsistent with its existing privacy and data management practices. As the Resulting Issuer expands into new jurisdictions or verticals, it will need to understand and comply with various new requirements applicable in those jurisdictions or verticals.

To the extent applicable to the Resulting Issuer's business or the businesses of its end users, these laws, regulations and industry standards could have negative effects on the Resulting Issuer's business, including by increasing costs and operating expenses, and delaying or impeding deployment of new core functionality and products. Compliance with these laws, regulations and industry standards requires significant management time and attention, and failure to comply could result in negative publicity, subject the Resulting Issuer to fines or penalties or result in demands that it modify or cease existing business practices. In addition, the costs of compliance with, and other burdens imposed by, such laws, regulations and industry standards may adversely affect the Resulting Issuer's end users' ability or desire to collect, use and process personal information using its software solutions, which could reduce overall demand for them. Even the perception of privacy and data security concerns, whether or not valid, may inhibit market acceptance of the Resulting Issuer's software solutions in certain verticals. Furthermore, privacy and data security concerns may cause end users or their employees and other industry participants to resist providing the personal information necessary to allow effective use of the Resulting Issuer's applications. Any of these outcomes could adversely affect the Resulting Issuer's business and operating results.

Furthermore, the Resulting Issuer's business requires continued access to non-public third-party medical imaging and related electronic medical record data that are used as training data for its platform. If end-users refuse or limit the Resulting Issuer's access to relevant information on grounds of privacy it will inhibit the Resulting Issuer's ability to continue to improve its platform and thereby could adversely affect its business, operating results and competitiveness. If regulated data is used or disclosed inappropriately, the Resulting Issuer has an obligation to notify regulators and/or impacted individuals and may incur breach notification related costs.

If the Resulting Issuer is not able to compete effectively, its business and operating results will be harmed

The market for automatic GAS diagnostics is in its early stages of development, but competition in the market could grow rapidly and include various large, well-capitalized technology companies as well as early stage entrants. Although the Resulting Issuer's initial focus is on GAS, the Resulting Issuer expects to face increased competition in both this market and other markets where it may expand its platform application.

Potential competitors may have better brand name recognition, greater financial and engineering resources and larger sales teams than the Resulting Issuer has. In addition, some of the Resulting Issuer's competitors may be further along in obtaining regulatory approval for their products than Light AI. As a result, these competitors may be able to develop and introduce competing solutions and technologies that may have greater capabilities than the Resulting Issuer's or that are able to achieve greater acceptance, they may be able to achieve commercialization of their products sooner than the Resulting Issuer does, and they may be able to respond more quickly and effectively than the Resulting Issuer can to new or changing opportunities, technologies, standards or requirements. The Resulting Issuer expects that competition will increase and intensify as it continues to expand its serviceable markets and improve its platform and services. Increased competition may result in pricing pressures and require the Resulting Issuer to incur additional sales and marketing expenses, which could negatively impact its sales, ability and market share.

The Resulting Issuer's business model depends on commercial third-party payors and government payors, and if those payors do not provide coverage or adequate reimbursement for the services in which its products are used, the Resulting Issuer's revenue and prospects for profitability would be harmed.

Commercial sales of the Resulting Issuer's products depend in part on the availability of reimbursement from third-party payors, including government health administrative authorities, managed care providers, private health insurers and other organizations. Each third-party payor has its own policy regarding what products it will cover, the conditions under which it will cover such products, and how much it will pay for such products. Third-party payors are increasingly examining the medical necessity and cost effectiveness of medical products and services in addition to safety and efficacy and, accordingly, significant uncertainty exists as to the reimbursement status of newly approved devices.

Risks Related to Intellectual Property

If the Resulting Issuer is unable to protect its intellectual property rights or if its intellectual property rights are inadequate to protect its technology, competitors could develop and commercialize technology similar to the Resulting Issuer's, and the Resulting Issuer's competitive position could be harmed.

The Resulting Issuer will rely on a combination of patent and trademark laws, trade secret protection, confidentiality agreements and other contractual arrangements with its employees, channel partners and others to maintain its competitive position. In particular, the Resulting Issuer's success depends, in part, on its ability to maintain patent protection for its products, technologies and inventions, maintain the confidentiality of its trade secrets and know-how, operate without infringing upon the proprietary rights of others and prevent others from infringing upon its proprietary rights. Despite the Resulting Issuer's efforts to protect its proprietary rights, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose its technologies, inventions, processes or improvements. Moreover, other parties may independently develop similar or competing technology, methods, know-how or design around any patents that may be issued to or held by the Resulting Issuer. Unauthorized parties may also attempt to copy or reverse engineer proprietary aspects of the Resulting Issuer's products. There is no assurance that the Resulting Issuer's patents or other intellectual property rights will not be challenged, invalidated or circumvented, or will otherwise provide meaningful protection. If the Resulting Issuer's patents and other intellectual property do not adequately protect its technology, competitors may be able to offer products similar to the Resulting Issuer's. Competitors may also be able to develop similar technology independently or design around any patents granted to the Resulting Issuer, and it may not be able to detect the unauthorized use of its proprietary technology or take appropriate steps to prevent such use. Any such activities by competitors that circumvent the Resulting Issuer's intellectual property protection could subvert its competitive advantage and have an adverse effect on its results of operations.

Furthermore, filing, prosecuting, maintaining and defending patents on the Resulting Issuer's solutions in all countries throughout the world would be prohibitively expensive, and its intellectual property rights in some countries outside the U.S. are less extensive than those in the U.S. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the U.S. Also, it may not be possible to effectively enforce intellectual property rights in some foreign countries at all or to the same extent as in the U.S. and other countries. Consequently, the Resulting Issuer may be unable to prevent third parties from using its inventions in all countries, or from selling or importing products made using its inventions in the jurisdictions in which it does not have (or is unable to effectively enforce) patent protection. Competitors may use the Resulting Issuer's technologies in jurisdictions where it has not obtained patent protection to develop, market or otherwise commercialize their own products, and the Resulting Issuer may be unable to prevent those competitors from importing those infringing products into territories where the Resulting Issuer has patent protection but enforcement is not as strong as in the U.S.

The Resulting Issuer may be sued by third parties for alleged infringement of their proprietary rights, which could adversely affect the Resulting Issuer's business, results of operations and financial condition.

There is often litigation between competing companies relying on their respective technologies based on allegations of infringement or other violations of intellectual property rights. The Resulting Issuer's future success depends, in part, on not infringing the intellectual property rights of others. The Resulting Issuer may receive claims from third parties, including its competitors, alleging that its platform and its underlying technology infringe or violate such third party's intellectual property rights, and the Resulting Issuer may be found to be infringing upon such rights.

The Resulting Issuer may be unaware of the intellectual property rights of others that may cover some or all of its technology. Any such claims or litigation could cause the Resulting Issuer to incur significant expenses and, if successfully asserted against the Resulting Issuer, could require that the Resulting Issuer pay substantial damages or ongoing royalty payments, prevent the Resulting Issuer from offering some portion of its platform, or require that it comply with other unfavorable terms.

The Resulting Issuer may also be obligated to indemnify its customers or channel partners in connection with any such litigation and to obtain licenses or modify its platform, which could further exhaust its resources. Patent infringement, trademark infringement, trade secret misappropriation and other intellectual property claims and proceedings brought against the Resulting Issuer, whether successful or not, could harm its brand, business, results of operations and financial condition. Litigation is inherently expensive and uncertain, and any judgment or injunctive relief entered against the Resulting Issuer or any adverse settlement could negatively affect its business, results of operations and financial condition.

In addition, litigation can involve significant management time and attention and be expensive, regardless of the outcome. During the course of litigation, there may be announcements of the results of hearings and motions and other interim developments related to the litigation. If customers regard these announcements as negative, demand for the Resulting Issuer's products may decline.

The Resulting Issuer may become involved in lawsuits to protect or enforce its patents which could be expensive, time consuming and unsuccessful

If the Resulting Issuer attempts enforcement of its patents or other intellectual property rights, it may be subject or party to claims, negotiations or complex, protracted litigation. These claims and any resulting lawsuits, if resolved adversely to the Resulting Issuer, could subject it to significant liability for damages, impose temporary or permanent injunctions against the Resulting Issuer's solutions or business operations, or invalidate or render unenforceable its intellectual property. In addition, because patent applications can take many years until the patents issue, there may be applications now pending of which the Resulting Issuer is unaware, which may later result in issued patents that its solutions may infringe. If any of the Resulting Issuer's solutions infringe a valid and enforceable patent, or if it wishes to avoid potential intellectual property litigation on its alleged infringement, the Resulting Issuer could be prevented from selling its solutions unless it can obtain a license, which may be unavailable.

Alternatively, the Resulting Issuer could be forced to pay substantial royalties or redesign its solutions to avoid infringement. Additionally, the Resulting Issuer may face liability to channel partners or other third parties for indemnification or other remedies if they are sued for infringement in connection with their use of the Resulting Issuer solutions.

Intellectual property disputes and litigation, regardless of merit, can be costly and disruptive to the Resulting Issuer's business operations by diverting attention and energies of management and key technical personnel, and by increasing its costs of doing business. Such litigation, regardless of its success, could seriously harm the Resulting Issuer's reputation with channel partners, business partners and patients and in the industry at large. Some competitors may be able to sustain the costs of complex patent or intellectual property litigation more effectively than the Resulting Issuer can because they have substantially greater resources. Any of the foregoing could adversely affect the Resulting Issuer's operating results.

The Resulting Issuer may be subject to claims asserting that its employees, consultants, independent contractors and advisors have wrongfully used or disclosed confidential information and/or alleged trade secrets of their current or former employers or claims asserting ownership of what the Resulting Issuer regards as its own intellectual property.

Many of the Resulting Issuer's employees, consultants, independent contractors and advisors were previously employed at other companies, including potential competitors. The Resulting Issuer could in the future be subject to claims that these employees and others, or the Resulting Issuer, has inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If the Resulting Issuer fails in defending against such claims, a court could order it to pay substantial damages and prohibit it from using technologies or features that are essential to its solutions, if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. An inability to incorporate technologies or features that are important or essential to the Resulting Issuer's solutions would have a material adverse effect on its business, and may prevent it from distributing its solutions. In addition, the Resulting Issuer may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper or prevent the Resulting Issuer's ability to commercialize certain potential solutions, which could severely harm its business. Even if the Resulting Issuer is successful in defending against these claims, such litigation could result in substantial costs and be a distraction to management. Incurring such costs could have a material adverse effect on the Resulting Issuer's financial condition, results of operations and cash flows.

Under applicable employment laws, the Resulting Issuer may not be able to enforce covenants not to compete

The Resulting Issuer will generally enter into non-competition agreements with its employees. These agreements prohibit the Resulting Issuer's employees, if they cease working for the Resulting Issuer, from competing directly with it or working for its competitors or clients for a limited period. The Resulting Issuer may be unable to enforce these agreements under the laws of the jurisdictions in which its employees work and it may be difficult for it to restrict competitors from benefitting from the expertise its former employees or consultants developed while working for the Resulting Issuer. For example, Canadian labour courts have required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer which have been recognized by the courts, such as the protection of a company's trade secrets or other intellectual property.

Risks Related to Regulatory Matters

The Resulting Issuer will be subject to costly and complex laws and governmental regulations and any adverse regulatory action may materially adversely affect its financial condition and business operations.

The Resulting Issuer operates in a complex regulatory and legal environment and are subject to a wide variety of laws and regulations in the jurisdictions in which the Resulting Issuer operates. Some of the provincial and federal laws and regulations in Canada and other jurisdictions in which the Resulting Issuer operates that affect or may affect it include: those relating to provision of healthcare, consumer products, product liability and consumer protection; those relating to negligence; those relating to the manner in which the Resulting Issuer advertises, markets and sells products and services; labour and employment laws, including wage and hour laws; tax laws or interpretations thereof; data protection and privacy laws and regulations. Continuing to achieve and sustain compliance with these laws may prove costly. The laws and regulations specifically applicable to the Resulting Issuer may also change on the basis of a change in the nature of the Resulting Issuer's products or services, or a change in the jurisdictions in which those products or services are being offered, including, but not limited to, as a result of acquisitions. There can be no guarantee that the Resulting Issuer will have sufficient resources to comply with new laws, regulations or government action, or to successfully compete in the context of a shifting regulatory environment. Moreover, these laws and regulations may change, sometimes significantly, as a result of political, economic and social events.

The Resulting Issuer's products, including software solutions that contain algorithms or artificial intelligence, will be subject to regulation by numerous government agencies, including the FDA and comparable agencies outside the U.S. To varying degrees, each of these agencies requires the Resulting Issuer to comply with laws and regulations governing the development, testing, manufacturing, labeling, marketing, and distribution of its products. The U.S. Congress recently passed the Cures Act, which amended certain provisions of the FDA Act, related to medical devices and software. The Cures Act amended the definition of "medical device" to exclude several types of software and digital health solutions from the FDA's medical device requirements and to ease the path to market for novel devices and products. The FDA has interpreted this law to exclude from regulation certain clinical decision support tools that are intended to aid in diagnosis, treatment or health management. However, the FDA intends to regulate other categories of clinical decision support, software, algorithms and artificial intelligence tools depending on the functions and intended use of those products. Recent changes to FDA regulations and advances in artificial intelligence have also generated compliance uncertainty across a variety of industry and settings, including about which legal and regulatory frameworks should apply to current and future iterations. However, the FDA currently regulates clinical decision support and software-based devices and tools that analyze medical and diagnostic images for patient treatment or diagnosis. Further, the FDA regulates Picture Archiving and Communications Systems, or those devices that "provide one or more capabilities relating to the acceptance, transfer, display, storage, and digital processing of medical images" and whose software components may "provide functions for performing operations related to image manipulation, enhancement, compression or quantification" under 21 C.F.R. § 892.2050(a). Picture Archiving and Communications Systems must obtain a 510(k) before commercialization in the U.S. The FDA is concerned with the accuracy of alterations, modifications, measurements, or analysis to or of images that could affect the accuracy of treatment and diagnosis decisions made using such data.

Laws and regulations relating to the healthcare industry and privacy are particularly complex and subject to change which could create significant additional costs related to monitoring and compliance, and could require changes to its operating model which could result in lower revenue. The Resulting Issuer expects the future technology and data-driven revenue streams of the Resulting Issuer will be governed by Canadian federal and provincial laws, as well as applicable foreign laws, covering data privacy and security. Although the Resulting Issuer maintains that its operations are in compliance with existing laws, there can be no assurance that the Resulting Issuer's operations will not be challenged in the future and, if challenged, that they will not be found to violate applicable laws.

Any such ruling against the Resulting Issuer could subject it to potential damages, injunctions and/or civil and criminal penalties or require it to restructure the Resulting Issuer's arrangements in a way that would affect the control or quality of the Resulting Issuer's services or change the amounts that the Resulting Issuer receives from its operations, which could have a material adverse effect on the Resulting Issuer's business.

There is no guarantee that the Resulting Issuer will be able to obtain marketing clearance for its medical device products or enhancements or modifications to existing products

The Resulting Issuer may not receive required marketing clearances or approvals on a timely basis, if at all. The failure to maintain approvals or obtain approval or clearance for new products or functions could have a material adverse effect on the Resulting Issuer's business, results of operations, financial conditions and cash flows.

Even if the Resulting Issuer is able to obtain such approval or clearance, it may:

- take a significant amount of time;
- require the expenditure of substantial resources;
- involve stringent clinical and pre-clinical testing, as well as increased post-market compliance requirements and surveillance;
- involve modifications, repairs, or replacements of the Resulting Issuer's products; and
- result in limitations on the proposed uses and marketing of the Resulting Issuer's products.

Further, if the FDA or other applicable regulatory authorities approve or clear a similar product that competes with the Resulting Issuer's artificial intelligence applications, it could decrease its expected sales. Both before and after a product is commercially released, the Resulting Issuer have ongoing responsibilities under FDA regulations. Many of the Resulting Issuer's planned facilities and procedures and those of its suppliers are also subject to periodic inspections by the FDA to determine compliance with the FDA's requirements, including primarily the quality system regulations and medical device reporting regulations. The results of these inspections can include inspectional observations on FDA's Form-483, warning letters, or other forms of enforcement. Since 2009, the FDA has significantly increased its oversight of companies subject to its regulations, including medical device companies, by hiring new investigators and increasing inspections of manufacturing facilities. If the FDA were to conclude that the Resulting Issuer is not in compliance with applicable laws or regulations, or that any of its medical devices are ineffective or pose an unreasonable health risk, the FDA could prohibit us from marketing such medical devices, detain or seize adulterated or misbranded medical devices, order a recall, repair, replacement, or refund of such devices, refuse to grant pending pre-market approval applications or require certificates of non-U.S. governments for exports, or require the Resulting Issuer to notify health professionals and others that the devices present unreasonable risks of substantial harm to the public health. The FDA may also assess civil or criminal penalties against the Resulting Issuer, its officers or employees and impose operating restrictions on a company-wide basis, or enjoin or restrain certain conduct resulting in violations of applicable law. The FDA may also recommend prosecution to the U.S. Department of Justice. Any adverse regulatory action, depending on its magnitude, may restrict the Resulting Issuer from effectively marketing and selling its products and limit its ability to obtain future pre-market clearances or approvals, and could result in a substantial modification to its business practices and operations.

Light AI is in the early stage of developing its products. FDA clearance may require significant additional discovery efforts, pre-clinical testing and studies, as well as applicable regulatory guidance for preclinical and clinical studies from the FDA and other regulatory authorities before the Resulting Issuer can seek regulatory clearance and begin commercial sales of any potential products.

The design and execution of clinical trials to support FDA clearance of the Resulting Issuer's products is subject to substantial risk and uncertainty. Clinical development is a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. Clinical failure can occur at any stage of clinical development. The Resulting Issuer relies on third parties to conduct clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, or if they terminate their agreement with the Resulting Issuer, it may not be able to obtain regulatory clearance for or commercialize its products. The regulatory clearance processes of the FDA are lengthy, time consuming and inherently unpredictable, and if the Resulting Issuer is ultimately unable to obtain regulatory clearance for its products, the Resulting Issuer's business will be substantially harmed.

In addition, the marketing license for any product is limited by the FDA to those specific indications and conditions for which clinical safety and efficacy have been demonstrated. The FDA has taken the position that device manufacturers are prohibited from promoting their products other than for the uses and indications set forth in the approved product labeling.

The U.S. government has initiated a number of enforcement actions against manufacturers that promote products for "off label" uses, including actions alleging that federal health care program reimbursement of products promoted for "off-label" uses (or services in which such products are utilized) constitute false and fraudulent claims to the government. The failure to comply with "off-label" promotion restrictions can result in significant civil or criminal exposure, administrative obligations and costs, or other potential penalties from, or agreements with, the federal government. Further, clinical practice guidelines and recommendations published by various organizations could have significant influence on the Resulting Issuer's products.

The Resulting Issuer will face extensive FDA and foreign regulatory requirements and may face future regulatory difficulties

The FDA and other regulatory authorities require that the Resulting Issuer's devices be manufactured in compliance with QSR, and similar standards in foreign markets where it intends to sell its products. Further, as the healthcare industry increasingly adopts AI, new regulations and standards may emerge. The Resulting Issuer may need to adjust its technology to meet evolving FDA guidelines, as well as new standards in AI and machine learning, increasing compliance costs and development timelines. Any failure by the Resulting Issuer or its third-party manufacturers to comply with QSR or new regulations or failure to scale up manufacturing processes as needed, including any failure to deliver sufficient quantities of products in a timely manner, could have a material adverse effect on its business, financial condition, operating results and cash flows. In addition, such failure could be the basis for action by the FDA to withdraw clearance for products previously granted to the Resulting Issuer and for other regulatory action. Changes to current product standards, guidance and regulations may impact the timeline and resources required to develop the Resulting Issuer's products.

The Resulting Issuer's industry is experiencing greater scrutiny and regulation by governmental authorities, which may lead to greater regulation in the future

The Resulting Issuer's medical devices and technologies and its business activities are subject to a complex regime of regulations and enforcement environment, including regulations promulgated by the FDA, U.S. Department of Justice, the Office of Inspector General of the Department of Health and Human Services, and numerous other federal, state, and non-U.S. governmental authorities. In addition, certain state governments and the U.S. federal government have enacted legislation aimed at increasing transparency of the Resulting Issuer's interactions with health care providers. As a result, if the Resulting Issuer's devices and solutions (or the procedures in which they are used) are reimbursed by Federal healthcare programs such as Medicare or Medicaid, it will be required by law to disclose payments and other transfers of value to health care providers licensed by certain states and to all U.S. physicians and U.S. teaching hospitals at the federal level. Any failure to comply with these legal and regulatory requirements could impact the Resulting Issuer's business. In addition, the Resulting Issuer will devote substantial additional time and financial resources to further develop and implement policies, systems, and processes to comply with enhanced legal and regulatory requirements, which may also impact its business. The Resulting Issuer anticipates that governmental authorities will continue to scrutinize its industry closely, and that additional regulation may increase compliance and legal costs, exposure to litigation, and other adverse effects to the Resulting Issuer's operations. The Resulting Issuer's future success will be partially dependent on reimbursement rates for diagnostic services from Medicare, Medicaid and private health insurers. Any reduction or changes in these reimbursement policies could limit the adopt of the Resulting Issuer's products, affecting revenue growth.

Product liability lawsuits against the Resulting Issuer could result in substantial liabilities and to limit commercialization of its products

Because Light AI's initial product family upon approval will be used, and the Resulting Issuer intends to initially focus its future product development efforts, in acute care settings, where real-time decisions are challenging and critical to delivering differentiated care and preventing patients, product malfunctions in this context create heightened risk of product liability lawsuits. A product liability or professional liability claim could result in substantial financial and reputational damages and be costly and time-consuming for us to defend. Although Light AI intends to maintain liability insurance, including for errors and omissions, there is no assurance that the Resulting Issuer's insurance would fully protect it from the financial impact of defending against these types of claims or any judgments, fines or settlement costs arising out of any such claims. Any liability claim, including an errors and omissions liability claim, brought against the Resulting Issuer, with or without merit, could increase its insurance rates or prevent it from securing insurance coverage in the future. Additionally, any liability lawsuit could cause injury to the Resulting Issuer's reputation or cause it to suspend sales of its products. The occurrence of any of these events could have an adverse effect on the Resulting Issuer's business, reputation, results of operations and cash flows.

In addition, although Light AI's algorithm has demonstrated high accuracy, any errors in diagnosing GAS or other conditions could expose the Resulting Issuer to liability claims, particularly if patients receive incorrect or delayed treatment. Such incidents could lead to lawsuits, product recalls and reputational harm.

If the Resulting Issuer fails to comply with applicable health information privacy and security laws and other state and federal privacy and security laws, it may be subject to significant liabilities, reputational harm and other negative consequences, including decreasing the willingness of current and potential customers to work with the Resulting Issuer

The Resulting Issuer will be subject to data privacy and security regulation by both the federal government and the states in which it conducts its business.

The Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), established uniform federal standards for "covered entities," which include certain healthcare providers, healthcare clearinghouses, and health plans, governing the conduct of specified electronic healthcare transactions and protecting the security and privacy of PHI. The HITECH Act makes HIPAA's security standards directly applicable to "business associates," which are independent contractors or agents of covered entities that create, receive, maintain, or transmit PHI in connection with providing a service for or on behalf of a covered entity. The HITECH Act also increased the civil and criminal penalties that may be imposed against covered entities, business associates and certain other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce HIPAA's requirements and seek attorney's fees and costs associated with pursuing federal civil actions. A portion of the data that the Resulting Issuer will obtain and handle for or on behalf of certain of its clients is considered PHI, subject to HIPAA. The Resulting Issuer will also be required to maintain similar business associate agreements with its subcontractors that have access to PHI of its customers in rendering services to Light AI or on its behalf. Under HIPAA and the Resulting Issuer's contractual agreements with its HIPAA-covered entity health plan customers, the Resulting Issuer will be considered a "business associate" to those customers, and are required to maintain the privacy and security of PHI in accordance with HIPAA and the terms of the Resulting Issuer's business associate agreements with its clients, including by implementing HIPAA-required administrative, technical and physical safeguards. Light AI has incurred, and the Resulting Issuer will continue to incur, significant costs to establish and maintain these safeguards and, if additional safeguards are required to comply with HIPAA regulations or its clients' requirements, the Resulting Issuer's costs could increase further, which would negatively affect its operating results. Furthermore, there is no guarantee that such safeguards have been and will continue to be adequate. If Light AI has failed, or the Resulting Issuer fails in the future, to maintain adequate safeguards, or the Resulting Issuer or its agents or subcontractors use or disclose PHI in a manner prohibited or not permitted by HIPAA, the Resulting Issuer's subcontractor business associate agreements, or its business associate agreements, or if the privacy or security of PHI that it obtains and handles is otherwise compromised, the Resulting Issuer could be subject to significant liabilities and consequences, including, without limitation:

- breach of contractual obligations to clients, which may cause clients to terminate their relationship with the Resulting Issuer and may result in potentially significant financial obligations to its clients;
- investigation by the federal and state regulatory authorities empowered to enforce HIPAA and other data privacy and security laws, which include the U.S. Department of Health and Human Services, the U.S. Trade Commission and state attorneys general, and the possible imposition of civil and criminal penalties;
- private litigation by individuals adversely affected by any misuse of their personal health information for which the Resulting Issuer is responsible and/or breach notification related costs; and
- negative publicity, which may decrease the willingness of potential future customers to work with us and negatively affect its sales and operating results.

Further, the Resulting Issuer will publish statements to end users of its services that describe how it handles and protects personal information. If federal or state regulatory authorities or private litigants consider any portion of these statements to be untrue, the Resulting Issuer may be subject to claims of deceptive practices, which could lead to significant liabilities and consequences, including, without limitation, damage to its reputation and costs of responding to investigations, defending against litigation, settling claims and complying with regulatory or court orders. Recent legal developments in Europe have created compliance uncertainty regarding certain transfers of personal data from Europe to the U.S. For example, the General Data Protection Regulation, which came into application in the European Union on 25 May 2018, applies to all of the Resulting Issuer's activities conducted from an establishment in the EU or related to products and services that the Resulting Issuer offers to EU users.

The General Data Protection Regulation created a range of new compliance obligations which may cause the Resulting Issuer to change its business practices, and significantly increased financial penalties for noncompliance (including possible fines of up to four percent (4%) of global annual turnover for the preceding financial year or €20 million (whichever is higher) for the most serious infringements).

Federal or state governmental authorities may impose additional data security standards or additional privacy or other restrictions on the collection, use, maintenance, transmission and other disclosures of health information. Legislation has been proposed at various times at both the federal and the state level that would limit, forbid or regulate the use or transmission of medical information outside of the U.S. Such legislation, if adopted, may render the Resulting Issuer's use of off-shore partners for work related to such data impracticable or substantially more expensive.

Alternative processing of such information within the U.S. may involve substantial delay in implementation and increased cost.

If the Resulting Issuer fails to comply with federal and state healthcare laws and regulations, including those governing submission of false or fraudulent claims to government healthcare programs and financial relationships among healthcare providers, it may be subject to civil and criminal penalties or loss of eligibility to participate in government healthcare programs. The Resulting Issuer may be subject to certain federal and state laws and regulations designed to protect patients, governmental healthcare programs, and private health plans from fraudulent and abusive activities. These laws include anti-kickback restrictions and laws prohibiting the submission of false or fraudulent claims. These laws are complex and their application to the Resulting Issuer's specific products, services and relationships may not be clear and may be applied to its business in ways that are not anticipated. Federal and state regulatory and law enforcement authorities have recently increased enforcement activities with respect to Medicare and Medicaid fraud and abuse regulations and other reimbursement laws and rules. From time to time in the future, the Resulting Issuer may receive inquiries or subpoenas to produce documents in connection with such activities. The Resulting Issuer could be required to expend significant time and resources to comply with these requests, and the attention of management could be diverted to these efforts. If the Resulting Issuer is found to be in violation of any federal or state fraud and abuse laws, it could be subject to civil and criminal penalties, and it could be excluded from participating in federal and state healthcare programs such as Medicare and Medicaid. The occurrence of any of these events could significantly harm the Resulting Issuer's business and financial condition.

Provisions in Title XI of the Social Security Act, commonly referred to as the federal Anti-Kickback Statute (the "Anti-Kickback Statute"), prohibit the knowing and willful offer, payment, solicitation or receipt of remuneration, directly or indirectly, in cash or in kind, in return for or to induce either the referral of an individual or arranging for the referral of an individual for items or services for which payment may be made in whole or in part by a federal health care program, or the purchasing, leasing, ordering, or arranging for or recommending the purchasing, leasing, or ordering of items, services, goods, or facilities for which payment may be made, in whole or in part, by a federal healthcare program, including but not limited to Medicare or Medicaid. The definition of "remuneration" has been broadly interpreted to include anything of value such as gifts, discounts, rebates, waiver of payments or providing anything at less than its fair market value. Many states have adopted similar prohibitions against kickbacks and other practices that are intended to induce referrals which are applicable to all patients regardless of whether the patient is covered under a governmental health program or private health plan. The Resulting Issuer will attempt to scrutinize its business relationships and activities to comply with the federal Anti-Kickback Statute and similar laws and attempt to structure its sales and group purchasing arrangements in a manner that is consistent with the requirements of applicable safe harbors to these laws. There is no assurance that the Resulting Issuer's arrangements will be protected by such safe harbors or that such increased enforcement activities will not directly or indirectly have an adverse effect on the Resulting Issuer's business, financial condition or results of operations. Any determination by a state or federal agency that any of the Resulting Issuer's activities or those of its vendors or customers violate any of these laws could subject the Resulting Issuer to civil or criminal penalties, monetary fines, disgorgement, individual imprisonment, contractual damages, reputational harm, diminished profits and future earnings and curtailment of its operations, could require the Resulting Issuer to change or terminate some portions of operations or business, could disqualify it from providing services to healthcare providers doing business with government programs and, thus, could have an adverse effect on the Resulting Issuer's business.

The Resulting Issuer's business is also subject to numerous federal and state laws regarding submission of false or fraudulent claims, including, without limitation, the civil False Claims Act, which forbids knowingly presenting or "causing to be presented" false or fraudulent claims for payment to a federal health care program. Analogous laws and regulations of Canada, other countries and state and local government may apply to the Resulting Issuer's arrangements and customers' claims involving healthcare items or services reimbursed by non-governmental third-party payors.

HIPAA also imposes criminal and civil liability for, among other things, executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters. These laws and regulations may change rapidly, and it is frequently unclear how they apply to the Resulting Issuer's business. Errors created by the Resulting Issuer's products that relate to entry, formatting, preparation or transmission of claim or cost report information may be determined or alleged to be in violation of these laws and regulations.

Any failure of the Resulting Issuer's products or services to comply with these laws and regulations could result in substantial civil or criminal liability, monetary fines, disgorgement, individual imprisonment, contractual damages, reputational harm, diminished profits and future earnings and curtailment of its operations, could adversely affect demand for the Resulting Issuer's product or service offerings, could invalidate all or portions of some of its customer contracts, could require it to change or terminate some portions of its business, could require it to refund certain amounts collected, could cause it to be disqualified from serving clients doing business with government payors and could have an adverse effect on its business.

The Resulting Issuer's activities will also be subject to state and federal self-referral laws, including the federal Physician Self-referral Law, commonly known as the Stark Law, which prohibits physicians from referring patients to an entity for Medicare-covered "designated health services" if the physician, or a member of the physician's immediate family, has a financial relationship with the entity, unless a statutory or regulatory exception applies. Many states have similar laws that may apply regardless of payor. In addition, the Resulting Issuer's activities may also implicate state laboratory licensure laws, as well as the corporate practice of medicine prohibition in certain states that maintain such laws or regulations. The Resulting Issuer's failure to abide by these state and federal laws could expose the Resulting Issuer to criminal, civil and administrative sanctions, reputational harm, and could harm its results of operations and financial conditions.

The Resulting Issuer's business model depends on commercial third-party payors or government payors, therefore legislative or regulatory reforms may impact the ability of its customer to obtain such reimbursement, and its revenue and prospects for profitability would be harmed

The Resulting Issuer's go-to-market strategy relies upon governmental or third-party payor reimbursement. Healthcare policy and payment reform models and medical cost containment models are being considered and/or adopted in the U.S. and other countries. Legislative and/or administrative reforms to applicable reimbursement systems may significantly reduce reimbursement for the services in which the Resulting Issuer's products are used or result in the denial of coverage for such services outright. As a result, third-party reimbursement adequate to enable the Resulting Issuer to realize an appropriate return on its investment in research and product development may not be available for its products.

Negative Operating Cash Flow

Light AI's business has incurred losses since its inception. Although the Resulting Issuer expects to become profitable, there is no guarantee that will happen, and the Resulting Issuer may never become profitable. Light AI currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future.

If the Resulting Issuer has a material weakness in its internal controls over financial reporting, investors could lose confidence in the reliability of its financial statements, which could result in a decrease in the value of its securities

One or more material weaknesses in the Resulting Issuer's internal controls over financial reporting could occur or be identified in the future. In addition, because of inherent limitations, the Resulting Issuer's internal controls over financial reporting may not prevent or detect misstatements, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the Resulting Issuer's policies or procedures may deteriorate. If the Resulting Issuer fails to maintain the adequacy of its internal controls, including any failure or difficulty in implementing required new or improved controls, its business and results of operations could be harmed, the Resulting Issuer may not be able to provide reasonable assurance as to its financial results or meet its reporting obligations and there could be a material adverse effect on the price of its securities.

Economic and Political Uncertainty

The volatility of global capital markets, over the past several years, has generally made the raising of capital by equity or debt financing more difficult. Current and future global economic, political and social conditions remain volatile and uncertain. The Resulting Issuer may be dependent upon capital markets to raise additional financing in the future. As such, the Resulting Issuer is subject to liquidity risks in meeting its operating expenditure requirements and future development cost requirements in instances where adequate cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Resulting Issuer and its management.

It is difficult to estimate the level of growth or contraction for the global economy as a whole. It is even more difficult to estimate economic growth or contraction in various sectors and regions, including the markets in which the Resulting Issuer will operate.

Because all components of the Resulting Issuer's budgeting and forecasting are dependent upon estimates of growth or contraction in the markets it serves and the demand for its products and services, the prevailing economic uncertainties render estimates of future income and expenditures very difficult to make. Adverse changes may occur as a result of the prevalence of public health crises, wavering consumer confidence, unemployment, declines in stock markets, contraction of credit availability, declines in real estate values, stagnant economic conditions, increasing nationalism and protectionism, trade tensions and tariff uncertainty, political deadlock, social unrest or other factors affecting economic conditions generally. These changes may negatively affect the sales of the Resulting Issuer's products and services.

The Resulting Issuer expects to incur increased costs as a public company for regulatory compliance and operations. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Resulting Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer. The Resulting Issuer's efforts to grow our business may be costlier than it expect, and it may not be able to increase our revenue enough to offset our higher operating expenses. The Resulting Issuer may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Resulting Issuer is unable to achieve and sustain profitability, the market price of its common shares may significantly decrease.

In addition, as the Resulting Issuer's operations expand and reliance on global supply chains increases, the impact of significant geopolitical risk and conflict globally may have a sizeable and unpredictable impact on the Resulting Issuer's business, financial condition and operations. The ongoing Russia-Ukraine and Israel-Hamas conflicts, and the global response to these conflicts as it relates to sanctions, trade embargos and military support has resulted in significant uncertainty as well as economic and supply chain disruptions. The Resulting Issuer could be materially adversely affected if the conflicts expand or continue for an extended period of time, or other geopolitical disputes and conflicts emerge in other regions.

Uncertainty of Revenue Growth

There can be no assurance that the Resulting Issuer can generate substantial revenue growth, or that any revenue growth that is achieved, can be sustained. Revenue growth that the Resulting Issuer may achieve may not be indicative of future operating results. In addition, the Resulting Issuer may increase further its operating expenses in order to fund higher levels of sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Resulting Issuer's business, operating results and financial condition will be materially adversely affected.

Dilution

In order to finance future operations, the Resulting Issuer may raise funds through the issuance of additional common shares or the issuance of debt instruments or other securities convertible into common shares. The size of future issuances of common shares or the issuance of debt instruments or other securities convertible into common shares or the dilutive effect, if any, that future issuances and sales of the Resulting Issuer's securities will have on the market price of the common shares cannot be predicted.

Interest Rate Risk

The Resulting Issuer may obtain financing in the future by accessing the debt markets. Amounts payable in respect of interest and principal on debt to be incurred by the Resulting Issuer will affect its net cash flow and profitability. Any increase in such payments will result in a corresponding increase in the cash out flow of the Resulting Issuer that must be applied to debt service. In the event of such an increase, there can be no assurance that net cash flow derived from the Resulting Issuer's operations will be sufficient to cover its future financial obligations or that additional funds will otherwise be able to be obtained. If the Resulting Issuer becomes unable to pay its debt service charges or otherwise commits an event of default such as bankruptcy, the lender may foreclose on or sell all or some of the Resulting Issuer's assets, which may have a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition.

Changes in the Market Price of the Common Shares

Factors unrelated to the Resulting Issuer's performance that may have an effect on the price of the Resulting Issuer Shares and may adversely affect an investors' ability to liquidate an investment and consequently an investor's interest in acquiring a significant stake in the Resulting Issuer includes:

a reduction in analytical coverage by investment banks with research capabilities; a drop in trading volume and general market interest in the Resulting Issuer's securities; a failure to meet the reporting and other obligations under relevant securities laws or imposed by applicable stock exchanges could result in a delisting of the Resulting Issuer Shares and a substantial decline in the price of the Resulting Issuer Shares that persists for a significant period of time.

As a result of any of these factors, the market price of the Resulting Issuer Shares at any given point in time may not accurately reflect their long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Resulting Issuer may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Use of Proceeds

While information regarding the use of proceeds is provided herein, the Resulting Issuer will have broad discretion over the use of the net proceeds from the Offering. Because of the number and variability of factors that will determine the use of such proceeds, the Resulting Issuer's ultimate use might vary substantially from its planned use. Purchasers of the Units may not agree with how the Company or the Resulting Issuer, as applicable, allocates or spends the proceeds from the Offering. The Resulting Issuer may pursue acquisitions, collaborations or other opportunities that do not result in an increase in the market value of our securities, including the market value of the Resulting Issuer Shares, and that may increase our losses.

Acquisitions and Integration

From time to time, the Resulting Issuer may seek to grow by acquiring companies, assets, or establishing joint ventures that it believes will complement its current or future business. Any acquisition that the Resulting Issuer may choose to complete may be of a significant size relative to the size of the Resulting Issuer, may change the nature or scale of the Resulting Issuer's business and activities, and may expose the Resulting Issuer to new geographic, political, operating, financial and geological risks. The Resulting Issuer's success in its acquisition activities, if any, depends upon its ability to obtain additional sources of financing, identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate any acquired operations successfully with those of the Resulting Issuer. Any acquisitions would be accompanied by risks. In the event that the Resulting Issuer chooses to raise debt capital to finance any such acquisitions, the Resulting Issuer's leverage will be increased. If the Resulting Issuer chooses to use equity as consideration for such acquisitions, existing shareholders may suffer significant dilution. The Resulting Issuer may not effectively select acquisitions candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for the business. The Resulting Issuer cannot guarantee that it can complete any acquisition it pursues on favourable terms, or that any acquisitions completed with ultimately benefit its business.

Research and Development Risks

The Resulting Issuer's growth and long-term success is dependent in part on its ability to successfully develop new and current products and it will likely incur significant research and development expenditures to do so. The Resulting Issuer cannot be certain that any investment in research and development will yield technically feasible or commercially viable products. Furthermore, its ability to discover and develop products will depend on its ability to retain key scientists as employees or partners, identify high quality therapeutic targets and unmet medical needs, successfully complete laboratory testing and clinical trials on humans, obtain and maintain necessary intellectual property rights to the Resulting Issuer's products, obtain and maintain necessary regulatory approvals for its products. The Resulting Issuer may not be successful in discovering and developing medical device products. Failure to introduce and advance new and current products could materially and adversely affect the Resulting Issuer's operations and financial conditions.

Clinical Research Risks

The Resulting Issuer must demonstrate the safety and efficacy of its products through, among other things, extensive clinical testing. The Resulting Issuer's research and development programs are at an early stage of development. Numerous unforeseen events during, or as a result of, the testing process could delay or prevent commercialization of any products the Resulting Issuer develops.

The results of early clinical studies may be inconclusive, may demonstrate potentially unsafe characteristics, or may not be indicative of results that will be obtained in later human clinical trials.

Clinical studies are very expensive, can run into unexpected difficulties and the outcomes are uncertain. Clinical studies of the Resulting Issuer's products may not be completed on schedule or on budget.

The Resulting Issuer's failure to complete any of its clinical studies on schedule or on budget, or its failure to adequately demonstrate the safety and efficacy of any of the products it develops, could delay or prevent regulatory approval of such products, which could adversely affect the Resulting Issuer's business, financial condition, and results of operations.

Actual Performance May Vary from the Results Observed in Prior Testing

The dataset used to test the model's performance is limited, comprising of only 82 images. Consequently, the model's real-world performance may vary from the results observed in the initial testing completed by Light AI. If future studies call into question the efficacy of the Company's model, the Company's business, financial condition and results of operations could be adversely affected.

Data Quality Risks

The effectiveness of the Resulting Issuer's diagnostic tools depends on the quality of training data and algorithm performance. In regions with limited access to high-quality healthcare data (such as lower-middle-income markets), AI models may underperform, leading to inaccurate results and undermining the Resulting Issuer's market acceptance. GAS may mutate regionally or globally or otherwise change its presentation. If the Resulting Issuer's algorithm is not adequately trained on a dataset that captures this change in GAS presentation, its performance may vary, leading to inaccurate diagnoses for some or all regions. Such disparities could undermine the clinical effectiveness and market acceptance of Light AI's products in some or all regions.

Revenue Derived from Healthcare Services

While the Resulting Issuer intends to broaden the scope of technology enabled products and services it offers, it may not be successful in deriving the revenue from these efforts that it expects. Failure to broaden the scope of technology enabled products and services that are attractive to the Resulting Issuer's existing and potential clients and corporate customers or penetrate additional verticals may inhibit the growth of repeat users and harm the Resulting Issuer's business. The products and services that may be attractive to the Resulting Issuer's existing and potential clients and corporate customers may not always remain that way, and while the Resulting Issuer may research the nature and prospects of such products and services in advance of investing in them, it cannot guarantee that any revenue may be derived from such investments.

Furthermore, the Resulting Issuer may have limited or no experience with new offerings and these offerings may present new and difficult technology, regulatory, operational and other challenges. If the Resulting Issuer experiences service disruptions, failures or other issues with any such new offerings, the Resulting Issuer's business may be materially and adversely affected. The Resulting Issuer's newer activities may not recoup the Resulting Issuer's investments in a timely manner or at all. If any of this were to occur, it could damage the Resulting Issuer's reputation, limit the Resulting Issuer's growth and materially and adversely affect the Resulting Issuer's business, financial condition and results of operations.

Incorporation of AI May Present Risks

The Resulting Issuer has incorporated, and plans to incorporate in the future, AI, into its products. AI is a new and emerging technology that is in its early stages of commercial use, particularly within the medical device industry. If any of our products that incorporate AI have perceived or actual negative impacts on the clinicians or patients who use them, the Resulting Issuer may experience brand or reputational harm, competitive harm or legal liability. The rapid evolution of AI may also require the application of significant resources to develop, test and maintain our products and services that incorporate AI in order to help ensure that it is implemented in a socially responsible manner, to minimize any real or perceived unintended harmful impacts.

In addition, AI is subject to a complex and evolving regulatory landscape, including data protection, privacy, and potentially other laws and different jurisdictions have taken and may take in the future varying approaches to regulating AI. Compliance with these laws and regulations can be complex, costly and time-consuming, and there is a risk of regulatory enforcement actions or litigation if the Resulting Issuer fails to comply with these requirements. As regulations evolve, the Resulting Issuer may have to alter its business practices or products in order to comply with regulatory requirements.

Competition

The industry in which the Resulting Issuer operates is highly competitive, evolving and is characterized by technological change. A number of competitors have substantially greater capital resources, larger customer bases, larger technical, sales and marketing forces and stronger reputations with target customers than ours.

Current or future competitors may have longer operating histories, larger corporate customer bases, greater brand recognition and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing and other resources than the Resulting Issuer. As a result, the Resulting Issuer's competitors may be able to develop products and services better received by customers or may be able to respond more quickly and effectively than the Resulting Issuer can to new or changing opportunities, technologies, regulations or customer requirements. In addition, larger competitors may be able to leverage a larger client base to adopt more aggressive pricing policies, which could cause the Resulting Issuer to lose potential clients or corporate customers, or to sell its solutions at lower prices.

The Resulting Issuer's success will be dependent on its ability to market its products and services. There is no guarantee that the Resulting Issuer's products and services will remain competitive. Unforeseen competition, and the inability of the Resulting Issuer to effectively develop and expand the market for its products and services, could have a significant adverse effect on the growth potential of the Resulting Issuer. The Resulting Issuer cannot assure that it will be able to compete effectively against existing and future competitors. Further, advances in AI, medical imaging, and diagnostic technologies by competitors could render the Resulting Issuer's current solutions obsolete or less effective, requiring additional investments in research and development and innovation to stay competitive. In addition, competition or other competitive pressures may result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on the Resulting Issuer's business, financial condition or results of operations. We expect that the rapid technological changes occurring in the health care industry could lead to the entry of new competitors, particularly as artificial intelligence driven software gains market acceptance in the field. If we do not compete successfully, our revenue and market share could decline and our business, financial condition, and results of operations could be adversely affected.

Personal Health Information Data and Privacy

As the Resulting Issuer will have access to sensitive and confidential information, including personal information and personal health information, and since the Resulting Issuer may be vulnerable to material security breaches, theft, misplaced, lost or corrupted data, programming errors, employee errors and/or malfeasance (including misappropriation by departing employees), there is a risk that sensitive and confidential information, including personal information and personal health information, may be disclosed through improper use of Resulting Issuer systems, software solutions or networks or that there may be unauthorized access, use, disclosure, modification or destruction of such information.

As cyber threats continue to evolve, the Resulting Issuer may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities. In connection with the services the Resulting Issuer anticipates providing, the Resulting Issuer may share information with its associated participants who collect, process, store and transmit sensitive data. The accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of data by the Resulting Issuer or through the systems the Resulting Issuer provides could result in significant fines, penalties, orders, sanctions and proceedings or actions against the Resulting Issuer by governmental bodies and other regulatory authorities, end users or third parties, which could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations. Any such proceeding or action, and any related indemnification obligation, could damage the Resulting Issuer's reputation, force the Resulting Issuer to incur significant expenses in defense of these proceedings, distract the Resulting Issuer's management, increase the Resulting Issuer's costs of doing business or result in the imposition of financial liability. These risks may increase as the Resulting Issuer continues to grow and collect, process, store and transmit increasingly large amounts of data.

Insurance

The Resulting Issuer's insurance policies may not adequately cover all risks to which the Resulting Issuer is exposed and may not be adequate for all liabilities actually incurred or indemnification claims against the Resulting Issuer. A significant claim not covered by the Resulting Issuer's insurance, in full or in part, may result in significant expenditures by the Resulting Issuer. Moreover, the Resulting Issuer may not be able to maintain insurance policies in the future at reasonable costs, on acceptable terms or at all, which may adversely affect the Resulting Issuer's business and the trading price of its securities. The successful assertion of one or more large claims against the Resulting Issuer that exceed available insurance coverage, or the occurrence of changes in the Resulting Issuer's insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect the Resulting Issuer's business, financial condition and results of operations.

Conflicts of Interest
Certain directors and officers of the Resulting Issuer may be involved in direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Resulting Issuer. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers may conflict with the interests of the Resulting Issuer. Directors and officers of the Resulting Issuer with conflicts of interest will be subject to and follow procedures set out in applicable corporate and securities legislation, regulation, rules and policies, including, the relevant provisions of the BCBCA.

Tax Issues
Income tax consequences in relation to the Resulting Issuer Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

COVID-19 and Other Health Crises
The Resulting Issuer's business, operations and financial condition, and the market price of the Resulting Issuer Shares, could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the outbreak of COVID-19. Such public health crises can result in volatility and disruptions in the supply and demand for minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Resulting Issuer of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labor and fuel costs, regulatory changes, political or economic instabilities or civil unrest.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements (collectively, "forward-looking statements") in this MD&A about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements and/or forward-looking statements within the meaning of applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an issuer.

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the completion of the Transaction;
- the intentions, plans and future actions of the Company, LAI SPV, Mojave and the Resulting Issuer;
- the expectations regarding the proceeds raised, expenses and operations of the Company, LAI SPV, Mojave and the Resulting Issuer;
- the business and future activities of the Company, LAI SPV, Mojave and the Resulting Issuer and anticipated developments in the operations of the Company, LAI SPV, Mojave and the Resulting Issuer;
- the competitive position and regulatory environment in which the Company, LAI SPV, Mojave and the Resulting Issuer expects to operate;
- the business objectives and estimated costs for the next twelve (12) months or more of the Company, LAI SPV, Mojave and the Resulting Issuer;
- the anticipated cash and additional financing needs of the Company, LAI SPV, Mojave and the Resulting Issuer;
- the ability of the Company, LAI SPV, Mojave and the Resulting Issuer to obtain necessary funding;
- the performance of the Company, LAI SPV, Mojave and the Resulting Issuer's business and operations as its relates to its investments;
- the future liquidity and financial capacity of the Company, LAI SPV, Mojave and the Resulting Issuer;
- the effect on the Company, LAI SPV, Mojave and the Resulting Issuer of any changes to existing or new legislation, policy or government regulation;
- the length of time required to obtain permits, certifications and approvals;
- the availability of labour and talent;

- estimated budgets of the Company, LAI SPV, Mojave and the Resulting Issuer;
- limitations on insurance coverage of the Company, LAI SPV, Mojave and the Resulting Issuer;
- the timing of and issuance of closing the Transaction in a timely manner, and the receipt of regulatory and other required approvals;
- the use of available funds, as may be proposed by the Company, LAI SPV, Mojave and the Resulting Issuer;
- the Resulting Issuer's expected reliance on key management personnel, advisors and consultants;
- expectations regarding trends in the healthcare industry;
- results and expectation concerning various partnerships, strategic alliances, projects and marketing strategies of the Company, LAI SPV, Mojave and the Resulting Issuer;
- effects of the novel coronavirus ("**COVID-19**") pandemic generally; and
- the economy generally.

Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Forward-looking statements pertaining to the Company's need for and ability to raise capital in the future are based on the projected costs of operating the Company and management's experience with raising funds in current market circumstances.

Forward-looking statements regarding treatment by governmental authorities assumes no material change in regulations, policies, or the application of the same by such authorities. Forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Accordingly, readers should not place undue reliance on any such forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for the Company's management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The Company does not undertake any obligation to update any forward-looking statements to reflect information, events, results, circumstances or otherwise after the date hereof or to reflect the occurrence of unanticipated events, except as required by law including securities laws.

Actual results could differ materially from those anticipated in the forward-looking statements as a result of the risk factors set forth above and elsewhere in this MD&A.

SCHEDULE E

LAI SPV CORP. - FINANCIAL STATEMENTS

[See Attached]

LAI SPV CORP.

FINANCIAL STATEMENTS

FOR THE PERIOD FROM THE DATE OF INCORPORATION ON DECEMBER 28, 2023 TO SEPTEMBER 30, 2024

SHIM

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of LAI SPV Corp.

Opinion

We have audited the accompanying financial statements of LAI SPV Corp. (the "Company"), which comprise the statement of financial position as at September 30, 2024, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from the date of incorporation on December 28, 2023 to September 30, 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2024, and its financial performance and its cash flows for the period from the date of incorporation on December 28, 2023 to September 30, 2024 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the period from the date of incorporation on December 28, 2023 to September 30, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dong H. Shim.

"SHIM & Associates LLP"

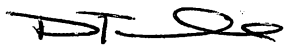
Chartered Professional Accountants
Vancouver, Canada
25 November 2024

LAI SPV CORP.
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024
(Expressed in Canadian dollars)

	Note	2024
		$
ASSETS		
CURRENT		
Cash		723,985
Loans receivable	3	4,591,150
TOTAL ASSETS		5,315,135
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	4	203,169
Liability component of convertible debentures	4	3,931,404
TOTAL LIABILITIES		4,134,573
SHAREHOLDERS' EQUITY		
Share capital	5	2,166,452
Stock options reserve	6	143,934
Warrants reserve	6	58,430
Equity component of convertible debentures	4	317,403
Deficit		(1,505,657)
TOTAL SHAREHOLDERS' EQUITY		1,180,562
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,315,135

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 11)

Approved and authorized for issue on behalf of the sole director of the Company on November 25, 2024.



Director

Darren Tindale

The accompanying notes are an integral part of these financial statements

LAI SPV CORP.
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
FOR THE PERIOD FROM DATE OF INCORPORATION ON DECEMBER 28, 2023 TO SEPTEMBER 30, 2024
(Expressed in Canadian dollars)

	Note	2024 $
GENERAL AND ADMINISTRATIVE EXPENSES		
Accretion on convertible debentures	4	371,696
Interest expense on convertible debentures	4	176,674
Management fees	7	660,450
Office and administrative		13,768
Professional fees		73,109
Rent		28,350
Share-based payments	6,7	182,760
LOSS BEFORE OTHER ITEMS		(1,506,807)
OTHER ITEMS		
Interest income on loans receivable	3	1,150
LOSS AND COMPREHENSIVE LOSS		(1,505,657)
LOSS PER SHARE – BASIC AND DILUTED		(0.13)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		11,351,676

The accompanying notes are an integral part of these financial statements

LAI SPV CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM THE DATE OF INCORPORATION ON DECEMBER 28, 2023 TO SEPTEMBER 30, 2024
(Expressed in Canadian dollars)

	Common Shares						
	Number of Shares	Amount	Stock options reserve	Warrants reserve	Equity component of convertible debentures	Deficit	Total
	#	$	$	$	$	$	$
Balance, December 28, 2023 (Date of Incorporation)	1	1	-	-	-	-	1
Shares issued for cash	18,089,800	2,101,980	-	-	-	-	2,101,980
Units issued for cash	1,429,000	100,030	-	-	-	-	100,030
Share issue costs	-	(35,558)	-	-	-	-	(35,558)
Finders' warrants for convertible debentures	-	-	-	11,604	-	-	11,604
Share-based payments	-	-	143,934	38,826	-	-	182,760
Warrants issued for cash	-	-	-	8,000	-	-	8,000
Repurchase of incorporator's share	(1)	(1)	-	-	-	-	(1)
Equity component of convertible debentures	-	-	-	-	317,403	-	317,403
Loss for the period	-	-	-	-	-	(1,505,657)	(1,505,657)
Balance, September 30, 2024	19,518,800	2,166,452	143,934	58,430	317,403	(1,505,657)	1,180,562

The accompanying notes are an integral part of these financial statements

LAI SPV CORP.
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM THE DATE OF INCORPORATION ON DECEMBER 28, 2023 TO SEPTEMBER 30, 2024
(Expressed in Canadian dollars)

	2024 $
OPERATING ACTIVITIES	
Loss and comprehensive loss	(1,505,657)
Accretion and interest on convertible debentures	548,370
Accrued interest on loans receivable	(1,150)
Share-based payments	182,760
Changes in non-cash working capital balances:	
Accounts payable and accrued liabilities	26,495
Cash used in operating activities	(749,182)
INVESTING ACTIVITIES	
Loans advanced	(4,590,000)
Cash used in investing activities	(4,590,000)
FINANCING ACTIVITIES	
Shares and units issued for cash, net of share issue costs	2,166,452
Proceeds from issuance of warrants	8,000
Proceeds from convertible debentures, net of issue costs	3,888,715
Cash provided by financing activities	6,063,167
CHANGE IN CASH	723,985
CASH, BEGINNING	-
CASH, END	723,985

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

LAI SPV Corp. (the "Company" or "LAI SPV") was incorporated on December 28, 2023 under the laws of the province of British Columbia, Canada. The Company's principal business activity is raising capital for a potential transaction regarding a public listing on a Canadian stock exchange. The registered and records office of the Company is 1055 West Georgia Street, Vancouver, BC, V6E 4N7.

Letter of Intent and Definitive Agreement

On January 31, 2024, the Company entered into a binding letter of intent ("LOI") with Mojave Brands Inc. ("Mojave") and Light AI Inc. ("Light AI") under which the Company, Mojave and Light AI will combine their respective businesses by way of a share exchange, merger, amalgamation, plan of arrangement or such other similar form of transaction. The transaction shall result in a reverse takeover ("RTO") of Mojave by Light AI. Upon completion of the transaction, the resulting entity (the "Resulting Issuer") will continue to carry on the business of Light AI.

Pursuant to the LOI, on June 19, 2024, as amended on September 9, 2024 and October 24, 2024, the Company, Light AI and Mojave executed a business combination agreement (the "Definitive Agreement") whereby Mojave will acquire all of the issued and outstanding shares of the Company and Light AI (the "Transaction"). In accordance with the terms and conditions of the Definitive Agreement, the Transaction will have a completion date of December 31, 2024, or such other mutually agreed to date, and will be completed by way of a three-cornered amalgamation, whereby, among other things:

(i) 1479875 B.C. Ltd. ("Subco"), a wholly-owned subsidiary of Mojave incorporated for the purpose of effecting the Transaction, will amalgamate (the "Amalgamation") with the Company and Light AI to form an amalgamated company ("Amalco");

(ii) Holders of common shares in the capital of Light AI (each, a "Light AI Share") will receive 3.89 common shares in the capital of Mojave (each, a "Mojave Share") for each Light AI Share held (the "Light AI Exchange Ratio") and the Light AI Shares will be cancelled;

(iii) Holders of common shares in the capital of the Company (each, a "LAI SPV Share") will receive one common share in the capital of Mojave (each, a "Mojave Share") for each LAI SPV Share held (the "LAI SPV Exchange Ratio") and the LAI SPV Shares will be cancelled;

(iv) Mojave share purchase warrants (each, a "Mojave Warrant") will be issued to the holders of Light AI share purchase warrants (each, a "Light AI Warrant") and the LAI SPV share purchase warrants (each, a "LAI SPV Warrant") in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratios, such Light AI Warrants and LAI SPV Warrants will be cancelled;

(v) Mojave options (each, a "Mojave Option") will be issued to holders of Light AI options (each, a "Light AI Option") and LAI SPV options (each, a "LAI SPV Option") in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Light AI Options and LAI SPV Options will be cancelled;

(vi) Amalco will become a wholly-owned subsidiary of Mojave;

(vii) Mojave will change its name to "Light AI Inc.", or such other similar name as may be accepted by the relevant regulatory authorities. Mojave Shares issued to former Light AI shareholders shall be subject to escrow conditions as required by applicable securities laws, including CBOE Canada and voluntary escrow conditions set out in the Definitive Agreement;

(viii) In connection with the Amalgamation, Mojave will complete a private placement for gross proceeds of at least $7,500,000 (the "Mojave Concurrent Financing"). The terms of the Mojave Concurrent Financing will be determined in the context of the market. Finder's fees may be paid in connection with the Concurrent Financing within the maximum amounts permitted by the policies of the CBOE Canada;

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

(ix) In connection with the Transaction, Mojave advanced a loan of $250,000 to Light AI and the Company has advanced loans in the aggregate amount of $5,315,000 to Light AI (collectively, the "Loans") (Notes 3 and 11). The Loans are non-interest bearing (except as described below) and are payable upon demand. In the event the Definitive Agreement is terminated, the Loans will become due and payable and shall bear interest at 24% per year from the date of advance, and Light AI will issue 277,778 common share purchase warrants (the "Mojave Warrants") and 5,905,557 common share purchase warrants (the "LAI SPV Warrants") to Mojave and the Company, respectively. The Mojave Warrants and the LAI SPV Warrants will be exercisable for Light AI Shares at $0.90 per Light AI Share for a period of 48 months from the date of issuance. In addition, Mojave and the Company have the right to convert the Loans into Light AI Shares at $0.90 per Light AI Share;

(x) In connection with the Transaction, the Company advanced funds to Mojave in the aggregate amount of $146,000 (the Mojave Loans") (Notes 3 and 11). The Mojave Loans become effective on the date of advance and earn interest at 5% per annum. Interest is compounded monthly and $75,000 of the Promissory Notes are due on April 23, 2025 and $71,000 of the Promissory Notes are due on April 8, 2025. If the Promissory Notes are not paid when due, the principal balance and accrued interest will commence earning interest at the Bank of Canada rate +2% per annum compounded monthly until paid; and

(xi) Trading in Mojave Shares has been halted, and will remain halted, pending review and approval of the Transaction by the applicable stock exchange.

Going Concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional capital or complete the Transaction as contemplated. There can be no assurance that the Company will receive any additional capital or complete the Transaction. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the Company were unable to continue its operations. These conditions may cast significant doubt upon the Company's ability to continue as a going concern.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were authorized for issue on behalf of the sole director on November 25, 2024.

a. Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

b. Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

The Company's 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 for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, expected life, volatility and forfeiture rates for share-based payments, provisions for commitments and contingent liabilities, and the anticipated closing date of the Transaction and listing on an exchange.

Deferred tax assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent probable that there will be taxable income available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based on estimates of future taxable income.

Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option or warrant, risk free interest rate, volatility and forfeiture rates and making assumptions about them.

Contingent liabilities

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the year in which the change in probability occurs.

Convertible debentures

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent measurement of interest on the liability component. The determination of fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates, and the presence of any derivative financial instruments. Additionally, significant judgment is required when accounting for the redemption, conversion or modification of these instruments.

c. Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applied in preparing the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification of financial instruments.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Determination of functional currency

The Company determines its functional currency as the Canadian dollar based on the primary economic environment in which it operates. IAS 21 The Effects of Changes in Foreign Exchange Rates outlines a number of factors to apply in determining the functional currency, which is subject to significant judgment by management. Management uses a number of factors to determine the primary economic environment in which the Company operates; it is normally the one in which it primarily generates and expends cash.

d. Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. In the years presented, the Company does not have any financial assets categorized as FVTPL or FVTOCI. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL. In the period presented, the Company does not have any financial liabilities classified as FVTPL or FVTOCI.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. The Company's financial assets measured at amortized cost are cash and loans receivable. The Company's financial liabilities measured at amortized cost are accounts payable, accrued liabilities and convertible debentures.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iii) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit or loss.

e. Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year-end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the fiscal year.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

f. Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of financial liability or a financial asset. The Company's common shares and warrants are classified as equity instruments. The equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. The Company adopted a residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in the private placements is determined by the closing trading price on the issuance date. The balance, if any, is allocated to the attached share purchase warrant. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

g. Share-based payments

The Company grants options to buy common shares of the Company to directors, officers and consultants.

The fair value of the stock options awarded is measured at grant date, using the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, based on historic market price volatility, and an expected life of the options.

The fair value of warrants issued for proceeds is measured at issue date, using the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, based on historic market price volatility, and an expected life of the warrants.

The fair value of the options and warrants is recognized as an expense, with a corresponding increase in equity, over the year that the options and warrants are granted.

h. Income taxes

Current income tax

Current income tax assets and/or liabilities for the current period are measured at the amount expected to be recovered from or paid to tax authorities based on the taxable income (loss) for the period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Company operates and generates taxable income.

Income tax expense consists of current tax charge and the change in deferred tax assets and liabilities. Current tax and deferred tax are recognized in comprehensive income except to the extent that it relates to a business combination, or to items recognized directly in equity or other comprehensive income.

Deferred income tax

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Deferred income tax (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

i. Convertible debentures

Convertible debentures are compound financial instruments that are recorded in part as a liability and in part as shareholders' equity. The Company uses the "residual valuation" method to determine the debt and equity components of the convertible debentures. Under the residual valuation method, the liability component is determined by estimating the present value of the future cash payments discounted at a rate of interest which the Company would be charged by the market for similar debt without the conversion option. The difference between the net proceeds of the debenture and the liability component is recorded as a separate component of shareholders' equity. Debentures payable is accreted to its face value at maturity over the term of the debt through a charge to operations.

3. LOANS RECEIVABLE

During the period from date of incorporation on December 28, 2023 to September 30, 2024, the Company advanced funds to Light AI pursuant to the following loan agreements:

1) $1,400,000 pursuant to a loan agreement dated February 29, 2024;
2) $1,300,000 pursuant to a loan agreement dated March 19, 2024;
3) $300,000 pursuant to a loan agreement dated June 21, 2024;
4) $285,000 pursuant to a loan agreement dated June 28, 2024;
5) $410,000 pursuant to a loan agreement dated July 21, 2024;
6) $410,000 pursuant to a loan agreement dated August 29, 2024; and
7) $410,000 pursuant to a loan agreement dated September 23, 2024.

Collectively (the "Loans")

The Loans are due on demand and are non-interest bearing, until such time as the Definitive Agreement is terminated. Upon such event, the Loans will commence accruing interest at 24% per annum, compounded annually, from their respective effective dates of February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024, August 29, 2024 and September 23, 2024 until such time as the Loans are paid in full (Note 11). In the event the Definitive Agreement is terminated, or the Transaction, is not completed, Light AI will issue a total of 5,016,667 warrants of Light AI to the Company, with each warrant entitling the Company to acquire one common share of Light AI at a price of $0.90 per share for a period of 48 months from the date of issuance. Additionally, the Company will have the right to convert the principal amounts of $4,515,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of Light AI at $0.90 per share of Light AI.

(Expressed in Canadian dollars)

3. LOANS RECEIVABLE (continued)

On April 23, 2024, the Company advanced $25,000 to Mojave in the form of a promissory note and on June 26, 2024, Mojave issued the Company an additional promissory note in the amount of $50,000 (together the "Promissory Notes") (Note 11). The Promissory Notes become effective on the date of advance and earn interest at 5% per annum. Interest is compounded monthly and the Promissory Notes are due on April 23, 2025. If the Promissory Notes are not paid when due, the principal balance and accrued interest will commence earning interest at the Bank of Canada rate +2% per annum compounded monthly until paid. During the period from the date of incorporation on December 28, 2023 to September 30, 2024, the Company recorded interest income of $1,150 related to the Promissory Notes and included in other income.

	September 30, 2024
	$
Principal	4,590,000
Interest	1,150
	4,591,150

4. CONVERTIBLE DEBENTURES

	Liability Component	Equity Component
Balance, December 28, 2023 (Date of Incorporation)	$ -	$ -
Convertible debentures at issuance	3,722,222	331,780
Transaction costs	(162,514)	(14,377)
Accretion	371,696	-
Balance, September 30, 2024	$ 3,931,404	$ 317,403

i. On February 22, 2024, the Company closed the first tranche of its non-brokered private placement of unsecured convertible debentures of the Company for total gross proceeds of $1,577,000. In connection with the closing of the first tranche, the Company paid finders' fees in the amount of $60,000, legal costs of $10,202 and issued 240,000 broker warrants exercisable at $0.25 for two years from the closing date of a going-public transaction. The fair value of the brokers' warrants was $682 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.86%
Expected life	2.77 years
Expected volatility	100%
Expected dividends	0%

ii. On March 15, 2024, the Company closed the second tranche of its non-brokered private placement of unsecured convertible debentures of the Company for total gross proceeds of $1,502,500. In connection with the closing of the second tranche, the Company paid finders' fees in the amount of $38,700, legal costs of $9,093 and issued 154,800 broker warrants exercisable at $0.25 for two years from the closing date of a going-public transaction. The fair value of the brokers' warrants was $5,940 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.86%
Expected life	2.71 years
Expected volatility	100%
Expected dividends	0%

(Expressed in Canadian dollars)

4. CONVERTIBLE DEBENTURES (continued)

iii. On April 18, 2024, the Company closed the third tranche of its non-brokered private placement of unsecured convertible debentures of the Company for total gross proceeds of $788,500. In connection with the closing of the third tranche, the Company paid finders' fees in the amount of $25,800, legal costs of $10,787 and issued 103,200 broker warrants exercisable at $0.25 for two years from the closing date of a going-public transaction. The fair value of the brokers' warrants was $3,960 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	4.04%
Expected life	2.62 years
Expected volatility	100%
Expected dividends	0%

iv. On April 30, 2024, the Company closed the fourth and final tranche of its non-brokered private placement of unsecured convertible debentures of the Company for total gross proceeds of $186,000. In connection with the closing of the fourth tranche, the Company paid finders' fees in the amount of $6,660, legal costs of $4,044 and issued 26,640 broker warrants exercisable at $0.25 for two years from the closing date of a going-public transaction. The fair value of the brokers' warrants was $1,022 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	4.13%
Expected life	2.59 years
Expected volatility	100%
Expected dividends	0%

The debentures mature three years from the date of issuance and bear interest at a rate of 8% per annum calculated and payable on the earlier of the maturity date or the date of any conversion of the entire principal amount of the debentures to common shares of the Company, at which time any accrued and unpaid interest will be paid in cash. Upon satisfaction or waiver of the conditions to the completion of the going-public transaction, including the conditional listing approval of the stock exchange, the principal amount of the debentures will convert automatically into shares at a conversion price of $0.25 per share.

The convertible debentures were accounted as a compound financial instrument with liability and equity components. The Company determined the conversion feature of the convertible debentures meets the "fixed for fixed" criterion as the amount and the number of shares that the convertible debentures will convert to is fixed and known at the outset. The liability component was initially valued at $3,722,222 based on the present value of principal payments using a discount rate of 12%, which is the estimated rate that would have been charged for a similar instrument without a conversion feature. The equity component of $331,780 was initially measured based on the residual value of the compound instrument after deducting the amount determined for the liability component. The transaction costs were allocated to the liability and the equity components in proportion to the allocation proceeds. The effective interest rate is recalculated after adjusting the carrying amount of the liability for the transaction costs. The liability component was subsequently accreted to the face value at the effective interest rate of about 20%.

During the period from the date of incorporation on December 28, 2023 to September 30, 2024, the Company recorded $371,696 and $176,674 in accretion and interest, respectively, on the debentures. As at September 30, 2024, accrued interest of $176,674 was included in accounts payable and accrued liabilities.

(Expressed in Canadian dollars)

5. SHARE CAPITAL

Authorized:
Unlimited common voting shares, without par value

During the period from the date of incorporation on December 28, 2023 to September 30, 2024, the Company realized the following share transactions:

1) Issued 3,000,000 common shares at $0.001 per common share for gross proceeds of $3,000;
2) Issued 2,000,000 common shares at $0.02 per common share for gross proceeds of $40,000;
3) Issued 1,429,000 units ("Unit") at $0.07 per Unit for gross proceeds of $100,030, with each Unit comprising one common share of the Company and one-half of one common share purchase warrant (Note 6);
4) Issued 10,089,800 common shares at $0.10 per common share for gross proceeds of $1,008,980; and
5) Issued 3,000,000 common shares at $0.35 per common share for gross proceeds of $1,050,000.

The Company incurred $35,558 in share issue costs associated with the above financings.

6. STOCK OPTIONS AND WARRANTS

Stock Options

On April 1, 2024, the Company granted 600,000 fully-vested stock options to officers of the Company with an exercise price of $0.10 expiring two years following a change of control (i.e. the closing date of a going-public transaction). The fair value of the 600,000 stock options was $36,434 and recorded as share-based payments. The fair value of $36,434 was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.90%
Expected life	2.67 years
Expected volatility	100%
Expected dividends	0%

On June 19, 2024, the Company granted 755,000 fully-vested stock options to officers of the Company with an exercise price of $0.25 expiring two years following a change of control (i.e. the closing date of a going-public transaction). The fair value of the 755,000 stock options was $28,889 and recorded as share-based payments. The fair value of $28,889 was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.57%
Expected life	2.45 years
Expected volatility	100%
Expected dividends	0%

On September 3, 2024, the Company granted 400,000 fully-vested stock options to officers of the Company with an exercise price of $0.35 expiring two years following a change of control (i.e. the closing date of a going-public transaction). The fair value of the 400,000 stock options was $78,611 and recorded as share-based payments. The fair value of $78,611 was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.11%
Expected life	2.24 years
Expected volatility	100%
Expected dividends	0%

(Expressed in Canadian dollars)

6. STOCK OPTIONS AND WARRANTS (continued)

The following is a summary of the Company's stock option activity:

	Number of options	Weighted average exercise price
Outstanding, December 28, 2023 (Date of Incorporation)	-	$ -
Granted	1,755,000	0.22
Outstanding, September 30, 2024	1,755,000	$ 0.22

As at September 30, 2024, the Company had the following options outstanding and exercisable (Note 11):

Grant Date	Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Exercisable
April 1, 2024	24 months following a change of control	$0.10	N/A	600,000	600,000
June 19, 2024	24 months following a change of control	$0.25	N/A	755,000	755,000
September 3, 2024	24 months following a change of control	$0.35	N/A	400,000	400,000
				1,755,000	1,755,000

Warrants

During the period from the date of incorporation (December 28, 2023) to September 30, 2024, the Company issued the following warrants:

1) 714,500 share purchase warrants relating to a unit financing at $0.07 per unit for gross proceeds of $100,030 (Note 5), with each unit comprising one common share of the Company and one-half of one common share purchase warrant (the "Warrant"). Each whole Warrant entitles the holder to purchase one common share of the Company (the "Warrant Share") at an exercise price of $0.11 per Warrant Share and expire March 11, 2026;

2) 800,000 share purchase warrants of the Company at $0.01 per warrant for gross proceeds of $8,000 to the consultants of the Company. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per share and expire on April 24, 2026. The fair value of the 800,000 warrants was $46,826 and recorded as an increase to warrants reserve and $38,826 (net of $8,000 proceeds) to share-based payments; and

   The fair value of $46,826 was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	4.23%
Expected life	2 years
Expected volatility	100%
Expected dividends	0%

(Expressed in Canadian dollars)

6. STOCK OPTIONS AND WARRANTS (continued)

3) 524,640 finders' warrants issued to brokers for the unsecured convertible debenture financings (Note 4). Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.25 per share expiring two years from the closing date of a going-public transaction. The fair value of the 524,640 finders' warrants was $11,604 and recorded as an increase to warrants reserve and netted against convertible debenture proceeds as transaction costs.

As at September 30, 2024, the Company had the following warrants outstanding:

Issue Date	Exercise Price	Expiry Date	Remaining Contractual Life (years)	Number of Warrants Outstanding	Number of Warrants Exercisable
February 22, 2024	$0.25	Defined below*	N/A	240,000	240,000
March 11, 2024	$0.11	March 11, 2026	1.6	714,500	714,500
March 15, 2024	$0.25	Defined below*	N/A	154,800	154,800
April 18, 2024	$0.25	Defined below*	N/A	103,200	103,200
April 24, 2024	$0.10	April 24, 2026	1.7	800,000	800,000
April 30, 2024	$0.25	Defined below*	N/A	26,640	26,640
				2,039,140	2,039,140

*Two years from the closing date of a going-public transaction.

7. RELATED PARTY BALANCES AND 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.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). The Company had the following related party transactions during the period from the date of incorporation on December 28, 2023 to September 30, 2024:

	September 30, 2024
	$
President	288,750
CEO	315,000
Director, CFO and former CEO	56,700
Total management fees	660,450

As at September 30, 2024, there was $6,300 owing to the Director and CFO of the Company, and $1,202 owing to the President of the Company.

(Expressed in Canadian dollars)

7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

During the period from the date of incorporation on December 28, 2023 to September 30, 2024, the Company granted the following:

i. 300,000 fully-vested stock options, at an exercise price of $0.10, to the President of the Company with a fair value of $18,217;
ii. 300,000 fully-vested stock options, at an exercise price of $0.10, to the CEO of the Company with a fair value of $18,217;
iii. 330,000 fully-vested stock options, at an exercise price of $0.25, to the President of the Company with a fair value of $12,627;
iv. 425,000 fully-vested stock options, at an exercise price of $0.25, to the CEO of the Company with a fair value of $16,262;
v. 200,000 fully-vested stock options, at an exercise price of $0.35, to the President of the Company with a fair value of $39,306; and
vi. 200,000 fully-vested stock options, at an exercise price of $0.35, to the CEO of the Company with a fair value of $39,306.

8. INCOME TAX

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 27% to the income for the period and is reconciled as follows:

	2024 $
Loss for the period	1,505,657
Income tax recovery at the combined basic federal and provincial rate	(406,527)
Increase (decrease) resulting from:	
Non-deductible expenses and others	95,475
Unrecognized deferred tax benefit	311,052
Effective tax expense	-

The significant components of the Company's deferred income tax assets are as follows:

	2024 $
Deferred income tax assets:	
Non-capital loss carry forwards	267,670
Share issue costs	43,382
	311,052
Deferred tax assets not recognized	(311,052)
Net deferred tax assets	-

The Company has incurred losses of $991,370 for tax purposes which are available to reduce future taxable income. Such benefits will be recorded as an adjustment to the tax provision in the year realized. The losses will expire as follows:

Year of Loss	Loss Expires	Amount of Loss
September 30, 2024	September 30, 2044	$991,370

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain a strong capital base in order to advance the Company's corporate strategies to create long term value for its stakeholders and to sustain the Company's operations in economic cycles.

The Company defines capital as the aggregate of shareholders' equity, including common shares. The Company manages its capital in order to maintain flexibility and respond to changes in economic and/or marketplace conditions. In order to increase shareholder value, the Company may adjust its capital structure by issuing new shares, purchasing shares for cancellation, raising debt or declaring and paying dividends. There are no externally imposed restrictions on capital as at September 30, 2024.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The following provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – quoted prices in active markets for identical investments

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the investments that are not based on observable market data

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement.

The Company's financial instruments consist of cash, loans receivable, accounts payable, accrued liabilities and convertible debentures. In management's opinion, the Company's carrying values of cash, loans receivable, accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturity of these instruments.

Risk Management

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as at September 30, 2024.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and loans receivable. The Company's credit exposure is limited to the carrying amount of its financial assets.

The Company has the right to convert $4,515,000 of its loans receivable into common shares of Light AI in the event that the Definitive Agreement is terminated, or the Transaction is not completed (Note 3).

The Company's cash is held with a high-credit-rated financial institution and, as such, the Company does not believe there to be a significant credit risk in respect to cash.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company mitigates risk by continuously monitoring cash flows and discussing potential financing options to continue the inflow of cash as needed.

Accounts payable and accrued liabilities are due within one year after the date of these financial statements.

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: currency rate risk, interest rate risk and other price risk.

Currency risk

The Company is exposed to foreign currency exchange risk on cash held in U.S. dollars. The Company maintains only a nominal amount of USD in its bank accounts and management believes the Company is not exposed to significant currency risk.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant other price risks arising from these financial instruments.

11. SUBSEQUENT EVENTS

Subsequent to September 30, 2024, the Company

1. Financings

    1) Issued 4,237,712 common shares at $0.35 per share for gross proceeds of $1,483,200.

2. Stock Options

    1) Granted 150,000 fully-vested stock options to the CEO of the Company at an exercise price of $0.35 and expiring 24 months following a change of control; and
    2) Granted 150,000 fully-vested stock options to the President of the Company at an exercise price of $0.35 and expiring 24 months following a change of control.

3. Loans Receivable

    On November 3, 2024, the Company executed another loan agreement with Light AI (Note 3) whereby the Company advanced an additional loan of $800,000 to Light AI. The February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024, August 29, 2024, September 23, 2024 and November 3, 2024 loan agreements are all due on demand and non-interest bearing, until such time as the Definitive Agreement is terminated. Upon such event, the loans will commence accruing interest at 24% per annum, compounded annually, from their respective dates of February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024, August 29, 2024, September 23, 2024 and November 3, 2024 until such time as the loans are paid in full.

11. SUBSEQUENT EVENTS (continued)

3. Loans Receivable (continued)

   In the event the Definitive Agreement is terminated, or the Transaction is not completed, Light AI will issue a total of 5,905,557 warrants of Light AI to the Company, with each warrant entitling the Company to acquire one common share of Light AI at a price of $0.90 per share for a period of 48 months from the date of issuance. Additionally, the Company will have the right to convert the principal amounts of $5,315,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of Light AI at $0.90 per share of Light AI.

4. Promissory Note

   On October 8, 2024, the Company advanced another $71,000 to Mojave in the form of an additional Promissory Note (Note 3). The Promissory Note becomes effective on the date of advance and earns interest at 5% per annum. Interest is compounded monthly and this Promissory Note is due on April 8, 2025. If the Promissory Note is not paid when due, the principal balance and accrued interest will commence earning interest at the Bank of Canada rate +2% per annum compounded monthly until paid.

SCHEDULE F

LAI SPV CORP. – MANAGEMENT'S DISCUSSION & ANALYSIS

[See Attached]

LAI SPV CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD FROM DATE OF INCORPORATION ON DECEMBER 28, 2023 TO SEPTEMBER 30, 2024

(Expressed in Canadian dollars unless otherwise stated)

INTRODUCTION AND COMPANY OVERVIEW

The following management discussion and analysis ("MD&A") for LAI SPV Corp. (the "Company" or "LAI SPV") prepared as at November 25, 2024, should be read in conjunction with the audited financial statements and accompanying notes for the period from the date of incorporation on December 28, 2023 to September 30, 2024. The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on www.sedarplus.ca.

The Company was incorporated on December 28, 2023 under the laws of the province of British Columbia, Canada. The Company's principal business activity is raising capital for a potential transaction regarding a public listing on a Canadian stock exchange. The registered and records office of the Company is 1055 West Georgia Street, Vancouver, BC, V6E 4N7.

GOING CONCERN

The audited financial statements for the period from the date of incorporation on December 28, 2023 to September 30, 2024 have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional capital or complete the Transaction as contemplated. There can be no assurance that the Company will receive any additional capital or complete the Transaction. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the Company were unable to continue its operations. These conditions may cast significant doubt upon the Company's ability to continue as a going concern.

LETTER OF INTENT AND DEFINTIVE AGREEMENT

On January 31, 2024, the Company entered into a binding letter of intent ("LOI") with Mojave Brands Inc. ("Mojave") and Light AI Inc. ("Light AI") under which the Company, Mojave and Light AI will combine their respective businesses by way of a share exchange, merger, amalgamation, plan of arrangement or such other similar form of transaction. The transaction shall result in a reverse takeover ("RTO") of Mojave by Light AI. Upon completion of the transaction, the resulting entity (the "Resulting Issuer") will continue to carry on the business of Light AI.

Pursuant to the LOI, on June 19, 2024, as amended on September 9, 2024 and October 24, 2024, the Company, Light AI and Mojave executed a business combination agreement (the "Definitive Agreement") whereby Mojave will acquire all of the issued and outstanding shares of the Company and Light AI (the "Transaction"). In accordance with the terms and conditions of the Definitive Agreement, the Transaction will have a completion date of December 31, 2024, or such other mutually agreed to date, and will be completed by way of a three-cornered amalgamation, whereby, among other things:

(i) 1479875 B.C. Ltd. ("Subco"), a wholly-owned subsidiary of Mojave incorporated for the purpose of effecting the Transaction, will amalgamate (the "Amalgamation") with the Company and Light AI to form an amalgamated company ("Amalco");
(ii) Holders of common shares in the capital of Light AI (each, a "Light AI Share") will receive 3.89 common shares in the capital of Mojave (each, a "Mojave Share") for each Light AI Share held (the "Light AI Exchange Ratio") and the Light AI Shares will be cancelled;

(iii) Holders of common shares in the capital of the Company (each, a "LAI SPV Share") will receive one common share in the capital of Mojave (each, a "Mojave Share") for each LAI SPV Share held (the "LAI SPV Exchange Ratio") and the LAI SPV Shares will be cancelled;

(iv) Mojave share purchase warrants (each, a "Mojave Warrant") will be issued to the holders of Light AI share purchase warrants (each, a "Light AI Warrant") and the LAI SPV share purchase warrants (each, a "LAI SPV Warrant") in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratios, such Light AI Warrants and LAI SPV Warrants will be cancelled;

(v) Mojave options (each, a "Mojave Option") will be issued to holders of Light AI options (each, a "Light AI Option") and LAI SPV options (each, a "LAI SPV Option") in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Light AI Options and LAI SPV Options will be cancelled;

(vi) Amalco will become a wholly-owned subsidiary of Mojave;

(vii) Mojave will change its name to "Light AI Inc.", or such other similar name as may be accepted by the relevant regulatory authorities. Mojave Shares issued to former Light AI shareholders shall be subject to escrow conditions as required by applicable securities laws, including CBOE Canada and voluntary escrow conditions set out in the Definitive Agreement;

(viii) In connection with the Amalgamation, Mojave will complete a private placement for gross proceeds of at least $7,500,000 (the "Mojave Concurrent Financing"). The terms of the Mojave Concurrent Financing will be determined in the context of the market. Finder's fees may be paid in connection with the Concurrent Financing within the maximum amounts permitted by the policies of the CBOE Canada;

(ix) In connection with the Transaction, Mojave advanced a loan of $250,000 to Light AI and the Company has advanced loans in the aggregate amount of $5,315,000 to Light AI (collectively, the "Loans"). The Loans are non-interest bearing (except as described below) and are payable upon demand. In the event the Definitive Agreement is terminated, the Loans will become due and payable and shall bear interest at 24% per year from the date of advance, and Light AI will issue 277,778 common share purchase warrants (the "Mojave Warrants") and 5,905,557 common share purchase warrants (the "LAI SPV Warrants") to Mojave and the Company, respectively. The Mojave Warrants and the LAI SPV Warrants will be exercisable for Light AI Shares at $0.90 per Light AI Share for a period of 48 months from the date of issuance. In addition, Mojave and the Company have the right to convert the Loans into Light AI Shares at $0.90 per Light AI Share;

(x) In connection with the Transaction, the Company advanced funds to Mojave in the aggregate amount of $146,000 (the Mojave Loans"). The Mojave Loans become effective on the date of advance and earn interest at 5% per annum. Interest is compounded monthly and $75,000 of the Promissory Notes are due on April 23, 2025 and $71,000 of the Promissory Notes are due on April 8, 2025. If the Promissory Notes are not paid when due, the principal balance and accrued interest will commence earning interest at the Bank of Canada rate +2% per annum compounded monthly until paid; and

(xi) Trading in Mojave Shares has been halted, and will remain halted, pending review and approval of the Transaction by the applicable stock exchange.

LOANS RECEIVABLE

During the period from date of incorporation on December 28, 2023 to September 30, 2024, the Company advanced funds to Light AI pursuant to the following loan agreements:

1) $1,400,000 pursuant to a loan agreement dated February 29, 2024;
2) $1,300,000 pursuant to a loan agreement dated March 19, 2024;
3) $300,000 pursuant to a loan agreement dated June 21, 2024;
4) $285,000 pursuant to a loan agreement dated June 28, 2024;
5) $410,000 pursuant to a loan agreement dated July 21, 2024;
6) $410,000 pursuant to a loan agreement dated August 29, 2024; and
7) $410,000 pursuant to a loan agreement dated September 23, 2024.

Collectively (the "Loans")

The Loans are due on demand and are non-interest bearing, until such time as the Definitive Agreement is terminated. Upon such event, the Loans will commence accruing interest at 24% per annum, compounded annually, from their respective effective dates of February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024, August 29, 2024 and September 23, 2024 until such time as the Loans are paid in full.

In the event the Definitive Agreement is terminated, or the Transaction, is not completed, Light AI will issue a total of 5,016,667 warrants of Light AI to the Company, with each warrant entitling the Company to acquire one common share of Light AI at a price of $0.90 per share for a period of 48 months from the date of issuance. Additionally, the Company will have the right to convert the principal amounts of $4,515,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of Light AI at $0.90 per share of Light AI.

On April 23, 2024, the Company advanced $25,000 to Mojave in the form of a promissory note and on June 26, 2024, Mojave issued the Company an additional promissory note in the amount of $50,000 (together the "Promissory Notes"). The Promissory Notes become effective on the date of advance and earn interest at 5% per annum. Interest is compounded monthly and the Promissory Notes are due on April 23, 2025. If the Promissory Notes are not paid when due, the principal balance and accrued interest will commence earning interest at the Bank of Canada rate +2% per annum compounded monthly until paid. During the period from the date of incorporation on December 28, 2023 to September 30, 2024, the Company recorded interest income of $1,150 related to the Promissory Notes and included in other income.

	September 30, 2024
	$
Principal	4,590,000
Interest	1,150
	4,591,150

CONVERTIBLE DEBENTURES

	Liability Component	Equity Component
Balance, December 28, 2023 (Date of Incorporation)	$ -	$ -
Convertible debentures at issuance	3,722,222	331,780
Transaction costs	(162,514)	(14,377)
Accretion	371,696	-
Balance, September 30, 2024	$ 3,931,404	$ 317,403

i. On February 22, 2024, the Company closed the first tranche of its non-brokered private placement of unsecured convertible debentures of the Company for total gross proceeds of $1,577,000. In connection with the closing of the first tranche, the Company paid finders' fees in the amount of $60,000, legal costs of $10,202 and issued 240,000 broker warrants exercisable at $0.25 for two years from the closing date of a going-public transaction. The fair value of the brokers' warrants was $682 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.86%
Expected life	2.77 years
Expected volatility	100%
Expected dividends	0%

ii. On March 15, 2024, the Company closed the second tranche of its non-brokered private placement of unsecured convertible debentures of the Company for total gross proceeds of $1,502,500. In connection with the closing of the second tranche, the Company paid finders' fees in the amount of $38,700, legal costs of $9,093 and issued 154,800 broker warrants exercisable at $0.25 for two years from the closing date of a going-public transaction. The fair value of the brokers' warrants was $5,940 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.86%
Expected life	2.71 years
Expected volatility	100%
Expected dividends	0%

iii. On April 18, 2024, the Company closed the third tranche of its non-brokered private placement of unsecured convertible debentures of the Company for total gross proceeds of $788,500. In connection with the closing of the third tranche, the Company paid finders' fees in the amount of $25,800, legal costs of $10,787 and issued 103,200 broker warrants exercisable at $0.25 for two years from the closing date of a going-public transaction. The fair value of the brokers' warrants was $3,960 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	4.04%
Expected life	2.62 years
Expected volatility	100%
Expected dividends	0%

iv. On April 30, 2024, the Company closed the fourth and final tranche of its non-brokered private placement of unsecured convertible debentures of the Company for total gross proceeds of $186,000. In connection with the closing of the fourth tranche, the Company paid finders' fees in the amount of $6,660, legal costs of $4,044 and issued 26,640 broker warrants exercisable at $0.25 for two years from the closing date of a going-public transaction. The fair value of the brokers' warrants was $1,022 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	4.13%
Expected life	2.59 years
Expected volatility	100%
Expected dividends	0%

The debentures mature three years from the date of issuance and bear interest at a rate of 8% per annum calculated and payable on the earlier of the maturity date or the date of any conversion of the entire principal amount of the debentures to common shares of the Company, at which time any accrued and unpaid interest will be paid in cash. Upon satisfaction or waiver of the conditions to the completion of the going-public transaction, including the conditional listing approval of the stock exchange, the principal amount of the debentures will convert automatically into shares at a conversion price of $0.25 per share.

The convertible debentures were accounted as a compound financial instrument with liability and equity components. The Company determined the conversion feature of the convertible debentures meets the "fixed for fixed" criterion as the amount and the number of shares that the convertible debentures will convert to is fixed and known at the outset. The liability component was initially valued at $3,722,222 based on the present value of principal payments using a discount rate of 12%, which is the estimated rate that would have been charged for a similar instrument without a conversion feature. The equity component of $331,780 was initially measured based on the residual value of the compound instrument after deducting the amount determined for the liability component. The transaction costs were allocated to the liability and the equity components in proportion to the allocation proceeds. The effective interest rate is recalculated after adjusting the carrying amount of the liability for the transaction costs. The liability component was subsequently accreted to the face value at the effective interest rate of about 20%.

During the period from the date of incorporation on December 28, 2023 to September 30, 2024, the Company recorded $371,696 and $176,674 in accretion and interest, respectively, on the debentures. As at September 30, 2024, accrued interest of $176,674 was included in accounts payable and accrued liabilities.

SUBSEQUENT EVENTS

Subsequent to September 30, 2024, the Company

1. Financings:

    1) Issued 4,237,712 common shares at $0.35 per share for gross proceeds of $1,483,200.

2. Stock Options:

    1) Granted 150,000 fully-vested stock options to the Chief Executive Officer (the "CEO") of the Company at an exercise price of $0.35 and expiring 24 months following a change of control; and
    2) Granted 150,000 fully-vested stock options to the President of the Company at an exercise price of $0.35 and expiring 24 months following a change of control.

3. Loans Receivable:

    On November 3, 2024, the Company executed another loan agreement with Light AI whereby the Company advanced an additional loan of $800,000 to Light AI. The February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024, August 29, 2024, September 23, 2024 and November 3, 2024 loan agreements are all due on demand and non-interest bearing, until such time as the Definitive Agreement is terminated. Upon such event, the loans will commence accruing interest at 24% per annum, compounded annually, from their respective dates of February 29, 2024, March 19, 2024, June 21, 2024, June 28, 2024, July 21, 2024, August 29, 2024, September 23, 2024 and November 3, 2024 until such time as the loans are paid in full.

    In the event the Definitive Agreement is terminated, or the Transaction is not completed, Light AI will issue a total of 5,905,557 warrants of Light AI to the Company, with each warrant entitling the Company to acquire one common share of Light AI at a price of $0.90 per share for a period of 48 months from the date of issuance. Additionally, the Company will have the right to convert the principal amounts of $5,315,000, together with all accrued but unpaid interest, into fully paid and non-assessable common shares of Light AI at $0.90 per share of Light AI.

4. Promissory Note:

    On October 8, 2024, the Company advanced another $71,000 to Mojave in the form of an additional Promissory Note. The Promissory Note becomes effective on the date of advance and earns interest at 5% per annum. Interest is compounded monthly and this Promissory Note is due on April 8, 2025. If the Promissory Note is not paid when due, the principal balance and accrued interest will commence earning interest at the Bank of Canada rate +2% per annum compounded monthly until paid.

SELECTED FINANCIAL DATA – SUMMARY OF ANNUAL RESULTS

The following selected financial information is derived from the audited financial statements of the Company prepared in accordance with IFRS for the period ended September 30, 2024:

	For the Period From the Date of Incorporation on December 28, 2023 to September 30, 2024 $
Interest income on loans receivable	1,150
General and administrative expenses	1,506,807
Net loss and comprehensive loss	1,505,657
Basic and diluted loss per share	0.13
Working capital	1,180,562
Total assets	5,315,135
Total Liabilities	4,134,573

RESULTS OF OPERATIONS

For the period from Date of Incorporation on December 28, 2023 to September 30, 2024

During the period from date of incorporation on December 28, 2023 to September 30, 2024 ("Fiscal 2024"), the company reported a comprehensive loss of $1,505,657. During Fiscal 2024, the Company incurred general and administrative expenses as follows: $73,109 for professional fees, $660,450 for management fees, $182,760 in share-based payments, $371,696 for accretion expense on convertible debentures, $176,674 in interest expenses on convertible debentures, $28,350 for rent and $13,768 for office and administration expenses. Other items included $1,150 in interest income accrued on promissory notes. During Fiscal 2024, the Company was incorporated for the purposes of raising funds pursuant to a potential transaction for a public listing on a Canadian stock exchange. Of the $73,109 in professional fees, $46,750 related to audit fees and $26,359 related to legal fees. Of the $182,760 recorded as share-based payments, $143,934 was recorded as the fair value of 1,755,000 fully-vested stock options granted during the period and $38,826 was recorded as the fair value of 800,000 share purchase warrants issued during the period. Of the $660,450 in management fees recorded, $56,700 related to fees of the Chief financial officer (the "CFO") and former CEO, $288,750 related to fees for the President of the Company and $315,000 related to fees of the CEO. The $176,674 relates to accrued interest on convertible debentures for the period ended September 30, 2024 and was included in accounts payable and accrued liabilities at September 30, 2024.

LIQUIDITY AND CAPITAL RESOURCES

The Company's source of funding has been the issuance of debt and equity securities for cash. At September 30, 2024, the Company had a net working capital $1,180,562, cash of $723,985, loans receivable of $4,591,150, current liabilities of $4,134,573 and had a deficit of $1,505,657. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

CASH FLOWS

Net cash outflows in operating activities for the period from the date of incorporation on December 28, 2023 to September 30, 2024 was $749,182. The cash used in operations for the period from the date of incorporation on December 28, 2023 to September 30, 2024 consisted primarily of operating losses of $1,505,657 and included changes in working capital accounts.

Net cash outflows from investing activities for the period from the date of incorporation on December 28, 2023 to September 30, 2024 consisted of $4,515,000 for advancement of loans to Light AI and $75,000 in promissory notes to Mojave pursuant to the LOI and Definitive Agreement.

Net cash inflows from financing activities for the period from the date of incorporation on December 28, 2023 to September 30, 2024 included net proceeds of $3,888,715 from the issuance of convertible debentures, net proceeds of $8,000 from the issuance of warrants and net proceeds of $2,166,452 from the issuance of common shares and units.

FINANCINGS AND RELATED MATTERS

Authorized Share Capital

Unlimited common voting shares, without par value.

During the period from the date of incorporation on December 28, 2023 to September 30, 2024, the Company realized the following share transactions:

1) Issued 3,000,000 common shares at $0.001 per common share for gross proceeds of $3,000;
2) Issued 2,000,000 common shares at $0.02 per common share for gross proceeds of $40,000;
3) Issued 1,429,000 units ("Unit") at $0.07 per Unit for gross proceeds of $100,030, with each Unit comprising one common share of the Company and one-half of one common share purchase warrant;
4) Issued 10,089,800 common shares at $0.10 per common share for gross proceeds of $1,008,980; and
5) Issued 3,000,000 common shares at $0.35 per common share for gross proceeds of $1,050,000.

The Company incurred $35,558 in share issue costs associated with the above financings.

Stock options

On April 1, 2024, the Company granted 600,000 fully-vested stock options to officers of the Company with an exercise price of $0.10 expiring two years following a change of control (i.e. the closing date of a going-public transaction). The fair value of the 600,000 stock options was $36,434 and recorded as share-based payments. The fair value of $36,434 was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.90%
Expected life	2.67 years
Expected volatility	100%
Expected dividends	0%

On June 19, 2024, the Company granted 755,000 fully-vested stock options to officers of the Company with an exercise price of $0.25 expiring two years following a change of control (i.e. the closing date of a going-public transaction). The fair value of the 755,000 stock options was $28,889 and recorded as share-based payments. The fair value of $28,889 was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.57%
Expected life	2.45 years
Expected volatility	100%
Expected dividends	0%

On September 3, 2024, the Company granted 400,000 fully-vested stock options to officers of the Company with an exercise price of $0.35 expiring two years following a change of control (i.e. the closing date of a going-public transaction). The fair value of the 400,000 stock options was $78,611 and recorded as share-based payments. The fair value of $78,611 was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	3.11%
Expected life	2.24 years
Expected volatility	100%
Expected dividends	0%

The following is a summary of the Company's stock option activity:

	Number of options	Weighted average exercise price
Outstanding, December 28, 2023 (Date of Incorporation)	-	$ -
Granted	1,755,000	0.22
Outstanding, September 30, 2024	1,755,000	$ 0.22

As at September 30, 2024, the Company had the following options outstanding and exercisable:

Grant Date	Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Exercisable
April 1, 2024	24 months following a change of control	$0.10	N/A	600,000	600,000
June 19, 2024	24 months following a change of control	$0.25	N/A	755,000	755,000
September 3, 2024	24 months following a change of control	$0.35	N/A	400,000	400,000
				1,755,000	1,755,000

Warrants

During the period from the date of incorporation (December 28, 2023) to September 30, 2024, the Company issued the following warrants:

1) 714,500 share purchase warrants relating to a unit financing at $0.07 per unit for gross proceeds of $100,030, with each unit comprising one common share of the Company and one-half of one common share purchase warrant (the "Warrant"). Each whole Warrant entitles the holder to purchase one common share of the Company (the "Warrant Share") at an exercise price of $0.11 per Warrant Share and expire March 11, 2026;

2) 800,000 share purchase warrants of the Company at $0.01 per warrant for gross proceeds of $8,000 to the consultants of the Company. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per share and expire on April 24, 2026. The fair value of the 800,000 warrants was $46,826 and recorded as an increase to warrants reserve and $38,826 (net of $8,000 proceeds) to share-based payments; and

   The fair value of $46,826 was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	4.23%
Expected life	2 years
Expected volatility	100%
Expected dividends	0%

3) 524,640 finders' warrants issued to brokers for the unsecured convertible debenture financings. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.25 per share expiring two years from the closing date of a going-public transaction. The fair value of the 524,640 finders' warrants was $11,604 and recorded as an increase to warrants reserve and netted against convertible debenture proceeds as transaction costs.

As at September 30, 2024, the Company had the following warrants outstanding:

Issue Date	Exercise Price	Expiry Date	Remaining Contractual Life (years)	Number of Warrants Outstanding	Number of Warrants Exercisable
February 22, 2024	$0.25	Defined below*	N/A	240,000	240,000
March 11, 2024	$0.11	March 11, 2026	1.6	714,500	714,500
March 15, 2024	$0.25	Defined below*	N/A	154,800	154,800
April 18, 2024	$0.25	Defined below*	N/A	103,200	103,200
April 24, 2024	$0.10	April 24, 2026	1.7	800,000	800,000
April 30, 2024	$0.25	Defined below*	N/A	26,640	26,640
				2,039,140	2,039,140

*Two years from the closing date of a going-public transaction.

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.

Key management includes directors and key officers of the Company, including the President, CEO and CFO.

The Company had the following related party transactions during the period from the date of incorporation on December 28, 2023 to September 30, 2024:

	September 30, 2024
	$
President	288,750
CEO	315,000
Director, CFO and former CEO	56,700
Total management fees	660,450

As at September 30, 2024, there was $6,300 owing to the Director and CFO of the Company, and $1,202 owing to the President of the Company.

During the period from the date of incorporation on December 28, 2023 to September 30, 2024, the Company granted the following:

i. 300,000 fully-vested stock options, at an exercise price of $0.10, to the President of the Company with a fair value of $18,217;
ii. 300,000 fully-vested stock options, at an exercise price of $0.10, to the CEO of the Company with a fair value of $18,217;
iii. 330,000 fully-vested stock options, at an exercise price of $0.25, to the President of the Company with a fair value of $12,627;
iv. 425,000 fully-vested stock options, at an exercise price of $0.25, to the CEO of the Company with a fair value of $16,262;
v. 200,000 fully-vested stock options, at an exercise price of $0.35, to the President of the Company with a fair value of $39,306; and
vi. 200,000 fully-vested stock options, at an exercise price of $0.35, to the CEO of the Company with a fair value of $39,306.

ESCROWED SHARES

As at September 30, 2024, and the date of this report, there were Nil common shares held in escrow.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

ADOPTION OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

FINANCIAL INSTRUMENTS

Fair Values

The Company's financial instruments consist of cash, loans receivable, accounts payable and accrued liabilities, and convertible debentures payable. In management's opinion, the Company's carrying values of cash, loans receivable, accounts payable and accrued liabilities, and convertible debentures payable approximate their fair values due to the immediate or short-term maturity of these instruments. The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Inputs that are not based on observable market data.

Risk Management

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as at September 30, 2024.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and loans receivable. The Company's credit exposure is limited to the carrying amount of its financial assets.

The Company has the right to convert $4,515,000 of its loans receivable into common shares of Light AI in the event that the Definitive Agreement is terminated, or the Transaction is not completed.

The Company's cash is held with a high-credit-rated financial institution and, as such, the Company does not believe there to be a significant credit risk in respect to cash.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company mitigates risk by continuously monitoring cash flows and discussing potential financing options to continue the inflow of cash as needed.

Accounts payable and accrued liabilities are due within one year after the date of these financial statements.

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: currency rate risk, interest rate risk and other price risk.

Currency risk

The Company is exposed to foreign currency exchange risk on cash held in U.S. dollars. The Company maintains only a nominal amount of USD in its bank accounts and management believes the Company is not exposed to significant currency risk.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant other price risks arising from these financial instruments.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's 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 for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, expected life, volatility and forfeiture rates for share-based payments, provisions for commitments and contingent liabilities, and the anticipated closing date of the Transaction and listing on an exchange.

Deferred tax assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent probable that there will be taxable income available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based on estimates of future taxable income.

Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option or warrant, risk free interest rate, volatility and forfeiture rates and making assumptions about them.

Contingent liabilities

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the year in which the change in probability occurs.

Convertible debentures

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent measurement of interest on the liability component. The determination of fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates, and the presence of any derivative financial instruments. Additionally, significant judgment is required when accounting for the redemption, conversion or modification of these instruments.

Going Concern

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applied in preparing the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification of financial instruments.

Determination of functional currency

The Company determines its functional currency as the Canadian dollar based on the primary economic environment in which it operates. IAS 21 The Effects of Changes in Foreign Exchange Rates outlines a number of factors to apply in determining the functional currency, which is subject to significant judgment by management. Management uses a number of factors to determine the primary economic environment in which the Company operates; it is normally the one in which it primarily generates and expends cash.

INVESTOR RELATIONS ACTIVITIES

The Company does not have any investor relations arrangements.

OUTSTANDING SHARE DATA

The Company's authorized share capital is an unlimited common voting shares, without par value.

As at September 30, 2024, there were:

1) 19,518,800 common shares issued and outstanding;
2) 524,640 share purchase warrants outstanding (at an exercise price of $0.25 and expiring two years from the closing date of a going public-transaction);
3) 714,500 share purchase warrants outstanding (at an exercise price of $0.11 and expiring on March 11, 2026);
4) 800,000 share purchase warrants outstanding (at an exercise price of $0.10 and expiring on April 24, 2026);
5) 600,000 stock options outstanding (at an exercise price of $0.10 and expiring two years from a change of control ie. the closing date of a going-public transaction);
6) 755,000 stock options outstanding (at an exercise price of $0.25 and expiring two years from a change of control ie. the closing date of a going-public transaction); and
7) 400,000 stock options outstanding (at an exercise price of $0.35 and expiring two years from a change of control ie. the closing date of a going-public transaction).

As at the date of this report, there were

1) 23,756,512 common shares issued and outstanding;
2) 524,640 share purchase warrants outstanding (at an exercise price of $0.25 and expiring two years from the closing date of a going public-transaction);
3) 714,500 share purchase warrants outstanding (at an exercise price of $0.11 and expiring on March 11, 2026);
4) 800,000 share purchase warrants outstanding (at an exercise price of $0.10 and expiring on April 24, 2026);
5) 600,000 stock options outstanding (at an exercise price of $0.10 and expiring two years from a change of control ie. the closing date of a going-public transaction);
6) 755,000 stock options outstanding (at an exercise price of $0.25 and expiring two years from a change of control ie. the closing date of a going-public transaction); and
7) 700,000 stock options outstanding (at an exercise price of $0.35 and expiring two years from a change of control ie. the closing date of a going-public transaction).

CORPORATE GOVERNANCE

On December 28, 2023, the date of incorporation, Darren Tindale was appointed the sole director, Chief Executive officer, Chief Financial Officer and Corporate Secretary of the Company.

On April 1, 2024, Mario Vetro replaced Darren Tindale as Chief Executive Officer of the Company and Leonard Clough was appointed President of the Company.

RISK FACTORS

An investment in the common shares and securities involves a high degree of risk and should be considered highly speculative due to the nature of the Company's business and its present stage of development. An investment in the Company's securities is suitable only for those knowledgeable and sophisticated investors who are willing to risk loss of their entire investment. Prospective investors should consult with their professional advisors to assess an investment in the Company's securities.

In evaluating the Company and its business, investors should carefully consider, in addition to the other information contained in this MD&A and its related prospectus, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations.

Limited Operating History

The Company has a limited history of operations and is considered a start-up company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, larger and well-capitalized competitors, limitations with respect to personnel, financial and other resources and lack of revenues.

There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of its early stage of operations.

The Company may continue to sell shares or securities for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders.

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares.

Dependence on Management and Key Personnel

The Company is dependent on certain members of its management. The loss of the services of one or more of them could adversely affect the Company. The Company's ability to maintain its competitive position is dependent upon its ability to attract and retain highly qualified managerial, specialized technical, sales and marketing personnel. There can be no assurance that the Company will be able to continue to recruit and retain such personnel. The inability of the Company to recruit and retain such personnel would adversely affect the Company's operations.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements (collectively, "forward-looking statements") in this MD&A about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements and/or forward-looking statements within the meaning of applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an issuer. Forward-looking statements can, but may not always, be identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "would", "should", "believe", "objective", "ongoing", "imply", "assumes", "goal", "likely" and similar references to future periods or the negatives of these words and expressions and by the fact that these statements do not relate strictly to historical or current matters. These forward-looking statements are based on management's current expectations and are subject to a number of risks, uncertainties, and assumptions, including market and economic conditions, business prospects or opportunities, future-plans and strategies, projections and anticipated events and trends that affect the Company and its industry. Although the Company and management believe that the expectations reflected in such forward-looking statements are reasonable and are based on reasonable assumptions and estimates as of the date hereof, there can be no assurance that these assumptions or estimates are accurate or that any of these expectations will prove accurate. Forward- looking statements are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies that could cause actual events to differ materially from those expressed or implied in such statements. Forward-looking statements in this MD&A, and the documents incorporated by reference herein include, but are not limited to, statements about the following:

- the objectives and business plans of the Company;
- the listing on a stock exchange;
- the composition of the Board and management of the Company;
- the performance of the Company's business, plans and operations;
- the intention to grow the business, operations and product offerings of the Company;
- the accuracy of the Company's estimates;
- the competitive conditions of the industry;
- applicable laws, regulations and any amendments thereof, including those relating to future tax treatment;
- the competitive and business strategies of the Company; and
- the general economic, financial market, regulatory and political conditions in which the Company operates.

Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect.

Forward-looking statements pertaining to the Company's need for and ability to raise capital in the future are based on the projected costs of operating the Company and management's experience with raising funds in current market circumstances. Forward- looking statements regarding treatment by governmental authorities assumes no material change in regulations, policies, or the application of the same by such authorities.

Forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements.

Accordingly, readers should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for the Company's management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The Company does not undertake any obligation to update any forward-looking statements to reflect information, events, results, circumstances or otherwise after the date hereof or to reflect the occurrence of unanticipated events, except as required by law including securities laws.

SCHEDULE G

PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

[See Attached]

LIGHT AI INC.

(formerly Mojave Brands Inc.)

Pro Forma Consolidated Financial Statements

As at May 31, 2024
and
For the nine months ended May 31, 2024

Expressed in Canadian dollars
(Unaudited)

Light AI Inc. (formerly Mojave Brands Inc.)
Pro Forma Consolidated Statement of Financial Position
(Unaudited - Expressed in Canadian Dollars)
As at May 31, 2024

	Mojave Brands, Inc. May 31, 2024	LAI SPV Corp. September 30, 2024	Light AI Inc. September 30, 2024	Pro Forma Adjustments	Notes	Pro Forma
Assets						
Current assets						
Cash and cash equivalents	$ 7,200	$ 723,985	$ 632,844	$ 50,000	B	$ 17,657,581
				14,760,352	D	
				1,483,200	E	
Accounts receivable and tax credits recoverable	37,998	-	38,528	-		76,526
Loans receivable	250,000	4,591,150	-	(4,841,150)	B	-
Prepaid expenses and deposits	145,238	-	99,817	-		245,055
	440,436	5,315,135	771,189	11,452,402		17,979,162
Equipment	-	-	1,786	-		1,786
Total Assets	$ 440,436	$ 5,315,135	$ 772,975	$ 11,452,402		$ 17,980,948
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	$ 100,234	$ 203,169	$ 530,644	$ 2,625	A	$ 836,672
Loans payable	25,132	-	4,765,000	(4,790,132)	B	-
Convertible debentures payable	-	3,931,404	534,873	(4,466,277)	A	-
Total Liabilities	$ 125,366	$ 4,134,573	$ 5,830,517	$ (9,253,784)		$ 836,672
Shareholders' Equity (Deficiency)						
Share capital	$ 56,393,861	$ 2,166,452	$ 10,264,578	$ 4,903,651	A	$ 58,121,481
				(58,560,313)	C	
				27,133,109	C	
				14,336,943	D	
				1,483,200	E	
Reserves	7,020,615	202,364	3,235,787	(7,222,979)	C	7,365,831
				3,600,552	C	
				423,409	D	
				106,083	E	
Equity Component of convertible debentures	-	317,403	-	(317,403)	A	-
Deficit	(63,099,406)	(1,505,657)	(18,557,907)	63,689,074	C	(48,343,036)
				(28,869,140)	I/S	
Total Shareholders' Equity (Deficiency)	$ 315,070	$ 1,180,562	$ (5,057,542)	$ 20,706,186		$ 17,144,276
Total Liabilities and Shareholders' Equity	$ 440,436	$ 5,315,135	$ 772,975	$ 11,452,402		$ 17,980,948

The accompanying notes are an integral part of the pro forma consolidated financial statements

Light AI Inc. (formerly Mojave Brands Inc.)
Pro Forma Consolidated Statement of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)
For the nine months ended May 31, 2024

	Mojave brands Inc. Nine months ended May 31, 2024	LAI SPV Corp. Incorporation on Dec 28, 2023 to September 30, 2024	Light AI Inc. Nine months ended September 30, 2024	Pro Forma Adjustments	Notes	Pro Forma
Research and Development Expenses						
Research and prototype development	$ -	$ -	$ 1,605,367	$ -		$ 1,605,367
Product development	-	-	1,092,180	-		1,092,180
	$ -	$ -	$ 2,697,547	$ -		$ 2,697,547
General and Administrative Expenses						
Accounting and audit	$ 43,613	$ 46,750	$ 222,330	$ -		$ 312,693
Accretion and interest on convertible debentures	-	371,696	23,588	122,596	A	517,880
Consulting	451,589	-	-	-		451,589
Depreciation	-	-	1,253	-		1,253
Interest on short-term debt and bank charges	132	-	6,048	1,018	B	7,198
Interest on convertible debentures	-	176,674	-	-		176,674
Legal	34,564	26,359	238,964	-		299,887
Marketing	51,077	-	2,987	-		54,064
Regulatory and transfer agent	25,409	-	-	-		25,409
Salaries and office administration	49,377	702,568	466,098	-		1,218,043
Share-based payments	-	182,760	316,848	106,083	E	605,691
Travel	115,961	-	193,301	-		309,262
	$ 771,722	$ 1,506,807	$ 1,471,417	$ 229,697		$ 3,979,643
Other items						
Foreign exchange	$ 4,857	-	43,818	-		48,675
Interest income	(298)	(1,150)	(4,934)	-		(6,382)
Listing expense	-	-	-	28,639,443	C	28,639,443
	$ 4,559	$ (1,150)	$ 38,884	$ 28,639,443		$ 28,681,736
Net Loss and Comprehensive Loss	$ 776,281	$ 1,505,657	$ 4,207,848	$ 28,869,140		$ 35,358,926
Loss Per Share – Basic and Diluted	$ 0.12	$ 0.13	$ 0.53			$ $0.32
Weighted Average number of shares outstanding	6,729,834	11,351,676	7,959,401			111,843,490

The accompanying notes are an integral part of the pro forma consolidated financial statements

Light AI Inc. (formerly Mojave Brands Inc.)
Pro Forma Consolidated Statement of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)
For the year ended August 31, 2023

	Mojave Brands, Inc. Audited – Year ended August 31, 2023	LAI SPV Corp. Reconstruction Not Applicable	Light AI Inc. Reconstructed 12 months June 30, 2023	Pro Forma Adjustments	Notes	Pro Forma
Research and Development Expenses						
Research and prototype development	$ -	$ -	$ 598,543	$ -		$ 598,543
Clinical trials	-	-	1,383	-		1,383
Product development	-	-	12,831	-		12,831
	-	-	612,757	-		612,757
General and Administrative Expenses						
Accounting and audit	$ 24,656	$ -	$ 69,825	$ -		$ 94,481
Consulting	33,000	-	-	-		33,000
Depreciation	-	-	7,667	-		7,667
Interest on short-term debt and bank charges	-	-	39,432	1,018	B	40,450
Investor relations services	-	-	15,848	-		15,848
Legal	27,323	-	9,843	-		37,166
Marketing	-	-	1,426	-		1,426
Regulatory and transfer agent	19,833	-	-	-		19,833
Salaries and office administration	113,454	-	42,624	-		156,078
Share-based payments	-	-	368,921	106,083	E	475,004
Travel	-	-	6,143	-		6,143
	$ 218,266	$ -	$ 561,729	$ 107,101		$ 887,096
Other items						
Doubtful accounts provision	$ 1,465	$ -	$ -	$ -		$ 1,465
Foreign exchange	(15,708)	-	30,349	-		14,641
Forgiveness of loans	(10,000)	-	-	-		(10,000)
Gain on extinguishment of payables	(103,869)	-	-	-		(103,869)
Interest income	(21,296)	-	-	-		(21,296)
Investment tax credits recovered	-	-	(427,275)	-		(427,275)
Listing expense	-	-	-	28,639,443	C	28,639,443
	$ (149,408)	$ -	$ (396,926)	$ 28,639,443		$ 28,093,109
Net Loss and Comprehensive Loss	$ 68,858	$ -	$ 777,560	$ 28,746,544		$ 29,592,962
Loss Per Share – Basic and Diluted	$ 0.03	$ -	$ 0.10			$ 0.26
Weighted Average number of shares outstanding	2,560,614	-	7,801,362			111,843,490

The accompanying notes are an integral part of the pro forma consolidated financial statements

1. DESCRIPTION OF THE TRANSACTION

These unaudited pro forma consolidated financial statements have been prepared for the purposes of inclusion in the Prospectus for the proposed business combination of Light AI Inc. ("Light AI" or the "Company"), Mojave Brands Inc. ("Mojave", "Public Shell") and LAI SPV Corp. ("LAI SPV", "Finco"). A Business Combination Agreement was signed on June 19, 2024 and amended on September 9, 2024 and October 24, 2024 (the "Definitive Agreement"). Pursuant to the Definitive Agreement, Light AI, Mojave and LAI SPV will combine their respective businesses and shall result in a reverse takeover ("RTO") of Mojave by the Company (the "Transaction").

On October 29, 2024, Mojave filed its preliminary prospectus with CBOE Canada Inc. and applicable securities commissions relating to the Transaction. Upon completion, the resulting entity (the "Resulting Issuer") will be named Light AI Inc. and its common shares listed on CBOE Canada. The Resulting Issuer will continue to carry on the business of the Company. The substance of the Transaction is an RTO of the non-operating company and the Transaction does not constitute a business combination as Mojave does not meet the definition of a business under IFRS 3. As a result, the Transaction is recognized by a listing expense which is represented by the difference between the fair value of consideration paid and the fair value of net assets acquired. Concurrent with completing the business combination, the Company will complete a private placement unit financing raising gross proceeds of a minimum of $10,000,000 up to a maximum of $16,086,400 (the "Offering"). Closing costs for legal and professional fees are estimated to be approximately $450,000.

Light AI Inc. is focused on developing artificial intelligence ("AI") health diagnostic applications utilizing data sets and the substantial worldwide smartphone footprint to empower individuals and healthcare professionals to differentiate between bacterial and viral infections at point-of-care.

Under the terms of the Transaction, the securities exchange ratio will be as follows:

1) 1 common share, option and warrant in the capital of the Company for each common share, option and warrant held by former Mojave and LAI SPV security holders; and
2) 3.89 common shares, options and warrants in the capital of the Company for each common share, option and warrant held by former Light AI security holders.

Upon completion of the share exchange and conversion of convertible securities, the Company will:

1) issue a total of 9,360,414 common shares and 4,837,400 warrants of the Company to the former security holders of Mojave;
2) issue a total of 39,972,512 common shares, 2,055,000 stock options and 2,039,140 warrants of the Company to the former security holders of LAI SPV; and
3) issue a total of 33,262,564 common shares, 5,058,945 stock options and 916,095 warrants of the Company to the former shareholders of Light AI.

2. BASIS OF PRESENTATION

The unaudited pro forma consolidated financial statements have been prepared by Management in accordance with International Financial Reporting Standards ("IFRS") and have been compiled using the significant accounting policies as set out in the audited financial statements of Light AI for the years ended December 31, 2023 and 2022.

It is management's opinion that there are no material differences between the accounting policies of the Company, Mojave and LAI SPV. It is management's opinion that these pro forma consolidated financial statements include all adjustments necessary for the fair presentation, in all material respects, of the proposed Transaction described above. No adjustments have been made to reflect potential cost savings that may occur subsequent to completion of the Transaction. The unaudited pro forma consolidated financial statements are not intended to reflect the results of operations or the financial position of the Company which would have actually resulted had the proposed Transaction been effected on the dates indicated. Further, the unaudited pro forma consolidated financial information is not necessarily indicative of the results of operations that may be obtained in the future. The actual pro forma adjustments will depend on a number of factors, and could result in a change to the unaudited pro forma consolidated financial statements. The unaudited pro forma consolidated financial statements include:

A. The unaudited pro forma consolidated statement of financial position as at May 31, 2024 gives effect as if the Transaction completed on May 31, 2024 and was prepared from the following:

    i. unaudited statement of financial position of Mojave as at May 31, 2024;
    ii. audited statement of financial position of LAI SPV as at September 30, 2024; and
    iii. unaudited statement of financial position of Light AI as at September 30, 2024.

B. The unaudited pro forma consolidated statement of loss and comprehensive loss for the nine months ended May 31, 2024 gives effect as if the Transaction completed on September 1, 2023 and was prepared from the following:

    i. unaudited statement of loss and comprehensive loss of Mojave for the nine months ended May 31, 2024;
    ii. audited statement of loss and comprehensive loss of LAI SPV for the period from date of incorporation on December 28, 2023 to September 30, 2024; and
    iii. unaudited statement of loss and comprehensive loss of Light AI for the nine months ended September 30, 2024.

C. The unaudited pro forma consolidated statement of loss and comprehensive loss for the year ended August 31, 2023 gives effect as if the Transaction completed on September 1, 2022 and was prepared from the following:

    i. audited statement of loss and comprehensive loss of Mojave for the year ended August 31, 2023; and

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (cont'd)

ii. unaudited reconstructed statement of loss and comprehensive loss of Light AI for a 12 month period (the "Reconstructed 12 Month Statement") was constructed using the following:

a. Audited statement of loss and comprehensive loss of Light AI for the year ended December 31, 2022;
b. Less: the unaudited statement of loss and comprehensive loss of Light AI for the six months ended June 30, 2022; and
c. Add: the unaudited statement of loss and comprehensive loss of Light AI for the six months ended June 30, 2023.

Light AI - Reconstructed 12 Month Statement

	Year Ended December 31, 2022 $	Subtract 6 months ended June 30, 2022 $	Add 6 months ended June 30, 2023 $	**Reconstructed 12 months ended June 30, 2023 $**
R&D	786,227	(427,860)	254,390	**612,757**
G&A	525,522	(90,883)	127,090	**561,729**
Other	(425,388)	81	28,381	**(396,926)**
Net loss	886,361	(518,662)	409,861	**777,560**

Light AI's Reconstructed 12-month Statement was prepared for the purposes of the pro forma financial statements and does not conform to the financial statements of Light AI elsewhere in the prospectus.

As LAI SPV's incorporation date was on December 28, 2023, the pro forma consolidated statement of loss and comprehensive loss for the year ended August 31, 2023 is not applicable.

3. PRO FORMA ASSUMPTIONS

The pro forma consolidated financial statements give effect to the following transactions and assumptions, which are presented in the adjusting entries column:

A. Conversion of Convertible Debentures

LAI SPV

Upon closing of the Transaction, convertible debentures in the principal amount of $4,054,000 will be converted into 16,216,000 common shares of the Company at a conversion price of $0.25. All interest accrued and unpaid as at the date of conversion will be paid out in cash.

(Unaudited - Expressed in Canadian Dollars)

3. PRO FORMA ASSUMPTIONS (cont'd)

A. Conversion of Convertible Debentures (cont'd)

The pro forma consolidated financial statements include interest payable of $176,674 related to these convertible debentures. As the actual date of conversion is unknown, the interest payable of $176,674 was included in accounts payable and accrued liabilities and was calculated based on a conversion date of September 30, 2024.

Light AI

Upon closing of the Transaction, the balance of convertible debentures of $532,248, which includes accrued and unpaid interest that was agreed to by the parties as the final amount on conversion, will be converted into 2,300,494 common shares of the Company at an effective conversion price of $0.23. The remaining balance of $2,625 in accrued and unpaid interest has been included in accounts payable in the event the Transaction does not complete.

B. Elimination of Inter-company loans

On consolidation, all inter-company balances and transactions are eliminated. As a result of incorporating Mojave, Light AI and LAI SPV statements of financial position as of May 31, 2024, September 30, 2024 and September 30, 2024, respectively, into the pro forma consolidated statement of financial position, a reconciliation adjustment for a subsequent advance made between the entities was required. More specifically, LAI SPV advanced funds in the amount of $50,000 to Mojave subsequent to May 31, 2024.

C. Reverse-take over accounting

Fair value of common share consideration:		
Common shares issued to former Mojave shareholders (9,360,414 x $0.55)	$	5,148,228
Common shares issued to former LAI SPV shareholders (23,756,512 x $0.55)		13,066,081
Common shares issued to former LAI SPV debenture holders (16,216,000 x $0.55)		8,918,800
Fair value of stock options and warrants consideration:		
Stock options issued to former LAI SPV option holders		825,884
Warrants issued to former LAI SPV and Mojave warrant holders		2,774,668
		30,733,661
Fair value of net assets acquired:		
Cash and cash equivalents		(2,214,385)
Other assets		(183,236)
Accounts payable and accrued liabilities		303,403
Listing expense	$	28,639,443

D. Offering

The pro forma consolidated financial statements assumes the Company will raise the maximum $16,086,400 by issuing up to 29,248,000 units at $0.55 per unit. Each unit is comprised of one common share of the Company and one half of one common share purchase warrant (a "Unit").

(Unaudited - Expressed in Canadian Dollars)

3. PRO FORMA ASSUMPTIONS (cont'd)

D. Offering (cont'd)

Each whole warrant will entitle the holder to acquire one common share of the Company at an exercise price of $0.80 for a period of 18 months from closing the Transaction.

The Company will pay the agent a cash commission of 7% of the gross proceeds raised and will issue agent broker warrants ("Broker Warrants") equal to 7% of the units sold in the Offering. Each Broker Warrant will be exercisable into one Unit of the Company, under the same terms as the Units issued in connection with the Offering, for a period of 18 months from the closing date of the Transaction.

The fair value of the agent warrants was estimated to be $423,409 using the Black-Scholes options pricing model with the following assumptions: share price on grant date of $0.55, dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 4.2%, and an expected life of 1.5 years. Additionally, the Company will pay the agent a corporate finance fee of $200,000.

Proceeds (maximum)	$ 16,086,400
Agent commission	(1,126,048)
Corporate finance fees	(200,000)
Increase in cash	**$ 14,760,352**

Proceeds (maximum)	$ 16,086,400
Agent commission	(1,126,048)
Finder's warrants	(423,409)
Corporate finance fees	(200,000)
Increase in equity	**$ 14,336,943**

E. Subsequent events

Private Placements

LAI SPV issued 4,237,712 common shares at $0.35 for proceeds of $1,483,200.

Stock Options

LAI SPV granted 300,000 stock options to officers of LAI SPV at $0.35 and expiring two years from change of control. The fair value of the 300,000 stock options was estimated to be $106,083 using the Black-Scholes options pricing model with the following assumptions: share price on grant date of $0.55, dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 4%, and an expected life of 2 years.

(Unaudited - Expressed in Canadian Dollars)

4. LOSS PER SHARE – BASIC AND DILUTED

The calculation of the pro forma consolidated basic and diluted loss per share in the pro forma consolidated statement of loss and comprehensive loss for the nine months ended May 31, 2024 and the year ended August 31, 2023 are based upon the assumption that all shares were issued at the beginning of the period.

All warrants, including agent' warrants and stock options would be anti-dilutive for the period presented, if converted.

5. PRO FORMA STATUTORY INCOME TAX RATE

No provision for loss carry forward and the resulting income tax benefit has been made for the combined entity in the pro forma consolidated financial statements.

The tax rate effective in British Columbia, Canada, is expected to be 27%.

6. PRO FORMA EQUITY STRUCTURE

	Common Shares	Amount
	#	$
Issued common shares of Mojave	9,360,414	56,393,861
Issued common shares of LAI SPV	19,518,800	2,166,452
Issued common shares of Light AI	7,959,401	10,264,578
Pro-forma assumptions:		
Reverse take-over accounting	(27,478,201)	(58,560,313)
Shares issued pursuant to the Transaction	50,480,870	27,133,109
Conversion of convertible debentures of LAI SPV	16,216,000	4,371,403
Conversion of convertible debentures of Light AI	2,300,494	532,248
Subsequent private placements	4,237,712	1,483,200
Offering	29,248,000	14,336,943
Pro forma share capital	**111,843,490**	**58,121,481**

SCHEDULE H

AUDIT COMMITTEE CHARTER

A. ESTABLISHMENT OF THE AUDIT COMMITTEE

The board of directors (the "**Board**") of Light AI Inc. (the "**Company**") has established a committee of the Board to be called the Audit Committee (the "**Committee**").

B. PURPOSE AND AUTHORITY

1. The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities by:

   (a) reviewing the financial reports and other financial information provided by the Company to any governmental body or the public and other relevant documents;

   (b) serving as an independent and objective party to monitor the Company's financial reporting process and internal controls, the Company's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;

   (c) encouraging continuous improvement of, and fostering adherence to, the Company's policies, procedures and practices at all levels;

   (d) overseeing the Company's internal audit function; and

   (e) overseeing related party transactions.

   The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

2. The Committee has the authority to:

   (a) engage independent counsel and other advisors as it determines necessary or advisable to carry out its duties;

   (b) set and pay the compensation for any advisors employed by the Committee with the funding therefor to be paid by the Company;

   (c) communicate directly with the external auditors; and

   (d) delegate to individual members or subcommittees of the Committee.

C. COMPOSITION AND MEETINGS

1. The Committee shall consist of at least three (3) members of the Board and shall satisfy the "independence" and "financial literacy" requirements imposed by the applicable securities legislation and by the policies of any stock exchange on which any of the Company's capital stock is listed, including any exceptions permitted by such requirements. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

2. The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a chairperson of

the Committee (the "**Chair**") is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

3. The Committee shall meet at least four (4) times annually, or more frequently as circumstances require. The Committee shall meet within forty-five (45) days following the end of the first three (3) financial quarters to review, discuss and recommend for approval by the Board the unaudited financial results for the preceding quarter and the related Management's Discussion & Analysis ("**MD&A**") and shall meet within ninety (90) days following the end of the fiscal year end to review, discuss and recommend for approval by the Board the audited financial results for the year and related MD&A.

4. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their audit related duties, members of the Committee shall have full access to all corporate information and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and independent auditors of the Company.

5. As part of its job to foster open communication, the Committee should meet at least annually with management and the independent auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet with the independent auditor and management quarterly to review the Company's financial statements.

6. Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine.

7. Meetings of the Committee shall be held from time to time and at such place as the Committee or the Chair shall determine upon forty-eight (48) hours notice to each of the members. The notice period may be waived by a quorum of the Committee. Each of the Chair, members of the Committee, Chairperson of the Board, independent auditors, Chief Executive Officer, Chief Financial Officer or Secretary shall be entitled to request that the Chair call a meeting which shall be held within forty-eight (48) hours of receipt of such request.

8. If requested by a member of the Committee, the independent auditor shall attend meetings of the Committee as required during the term of office of the independent auditor.

9. The Committee shall appoint a Secretary to the Committee who need not be a director or officer of the Company. Minutes of meetings of the Committee shall be recorded and maintained by the Secretary to the Committee and shall be subsequently presented to the Committee for review and approval.

10. The Committee will regularly report to the Board on all significant matters it has considered and addressed and with respect to such other matters that are within its responsibilities, including any matters approved by the Committee or recommended by the Committee for approval by the Board. The Committee shall circulate to the Board copies of the minutes of each meeting held.

D. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Committee shall:

1. Create an agenda for the ensuing year.

2. Review and update its Charter at least annually, as conditions dictate.

3. Describe briefly in the Company's annual report and more fully in the Company's Management Information Circular the Committee's composition and responsibilities and how they were discharged.

4. Submit the minutes of all meetings of the Committee to the Board.

Documents/Reports Review

5. Review the Company's annual and interim financial statements, annual and interim MD&A and annual and interim earnings press releases before the Company publicly discloses this information.

6. Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in the preceding section and must periodically assess the adequacy of those procedures.

7. Review any other reports or financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent auditor.

8. Review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the independent auditor, based on terms of reference agreed upon by the independent auditor and the Committee.

9. Review with management and the independent auditor any filings with regulatory bodies such as securities commissions prior to filing or prior to the release of earnings. The Chair of the Committee may represent the entire Committee for purposes of this review.

Independent Auditor

10. Be responsible for the appointment, compensation, retention and oversight of the work of the independent auditor for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, considering independence and effectiveness of the independent auditor. The independent auditor is required to report directly to the Committee.

11. Resolution of disagreements between management and the independent auditor regarding financial reporting.

12. Monitor the relationship between management and the independent auditor including reviewing any management letters or other reports of the independent auditor and discussing any material differences of opinion between management and the independent auditor.

13. Review and discuss, on an annual basis, from the independent auditor a formal written statement delineating all relationships the independent auditor has with the Company and actively engage in dialogue with the auditor about any disclosed relationships or services that may impact the objectivity and independence of the auditor and take appropriate action to oversee their independence.

14. Review and pre-approve requests for any service engagement, including any permitted non-audit services, to be performed by the independent auditor for the Company or its subsidiaries that is beyond the scope of the pre-approved audit engagement letter and related fees.

15. Consider with management and the independent auditor the rationale for employing accounting/auditing firms other than the principal independent auditor.

16. Periodically consult with the independent auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the Company's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

17. Arrange for the independent auditor to be available to the Committee and the full Board as needed and meet regularly in camera with the independent auditor.

18. Review the proposed audit scope, focus areas, timing and key decisions (e.g., materiality, reliance on internal audit) underlying the audit plan and the appropriateness and reasonableness of the proposed audit fees.

19. Receive and review an annual report from the external auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditors' final report.

Financial Reporting Processes

20. In consultation with the independent auditor, review the integrity of the Company's financial reporting processes, both internal and external.

21. Consider the independent auditor's judgments about the quality and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices.

22. Consider and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by management with the concurrence of the independent auditor and ensure that the accountants' reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

23. Establish regular and separate systems of reporting to the Committee by each of management and the independent auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

24. Review the scope and plans of the independent auditor's audit and reviews prior to the audit and reviews being conducted. The Committee may authorize the independent auditor to perform supplemental reviews or audits as the Committee may deem desirable.

25. Following completion of the annual audit, review separately with each of management and the independent auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the independent auditor received during the course of the audit.

26. Review any significant disagreements among management and the independent auditor in connection with the preparation of the financial statements.

27. Where there are significant unsettled issues, the Committee shall ensure that there is an agreed course of action for the resolution of such matters.

28. Review with the independent auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This or her review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

29. Review activities, organizational structure, and qualifications of the Chief Financial Officer and the staff in the financial reporting area and see ensure that matters related to succession planning within the Company are raised for consideration with the full Board.

Internal Audit

30. Oversee the Company's internal audit function.

31. Oversee the internal audit budget and staffing.

Ethical and Legal Compliance

32. If deemed necessary, establish and review related party transaction policies and review and approve related-party transactions entered into by the Company.

33. Review management's monitoring of the Company's system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

34. Review, with the Company's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Company's financial statements.

35. Review regular reports from management and others concerning the Company's compliance with financial related laws and regulations, such as:

tax and financial reporting laws and regulations;

legal withholdings requirements;

other matters for which directors face liability exposure.

Risk Management

36. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage.

Submission Systems and Treatment of Complaints

37. Establish procedures for: the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Hiring Policy

38. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former independent auditor of the Company.

General

39. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel, accountants and other professionals to assist it in the conduct of any investigation.

40. Perform any other activities consistent with this Charter, the Company's Articles and governing law, as the Committee or the Board deems necessary or appropriate.

41. Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible to plan or conduct internal or external audits or to determine that the Company's financial statements are in accordance with generally accepted accounting principles as these are the responsibility of management and the independent auditor. Nothing contained in this Charter is intended to require the Committee to ensure the Company's compliance with applicable laws or regulation.

E. FUNDING

The Company must provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of:

1. Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.

2. Compensation to any advisors employed by the Committee under Section II of this Charter; and

3. Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

CERTIFICATE OF THE COMPANY

Dated: December 17, 2024

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of each of the provinces and territories of Canada, other Québec.

"Peter D. Whitehead"	*"Darren Tindale"*
Peter D. Whitehead	Darren Tindale
Chief Executive Officer	Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Steven J. Semmelmayer"	*"Hugh Cleland"*
Steven J. Semmelmayer	Hugh Cleland
Director	Director

CERTIFICATE OF PROMOTER

Dated: December 17, 2024

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of each of the provinces and territories of Canada, other Québec.

"Peter D. Whitehead"
Peter D. Whitehead
Chief Executive Officer

CERTIFICATE OF THE AGENTS

Dated: December 17, 2024

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of each of the provinces and territories of Canada, other than Québec.

VENTUM FINANCIAL CORP.

"Beng Lai"

Per: Beng Lai
Managing Director of Investment Banking

HAYWOOD SECURITIES INC.

"Sean MacGillis"

Per: Sean MacGillis
Managing Director of Investment Banking

BEACON SECURITIES LIMITED

"Justin Gilman"

Per: Justin Gilman
Managing Director of Investment Banking