



BEACN

BEACN WIZARDRY AND MAGIC INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

For the three months ended March 31, 2024 and 2023

BEACN WIZARDRY AND MAGIC INC.

Contents

	Page
Notice of No Auditor Review of Interim Financial Statements	3
Condensed Consolidated Interim Statements of Financial Position	4
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss	5
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity	6
Condensed Consolidated Interim Statements of Cash Flows	7
Notes to the Condensed Consolidated Interim Financial Statements	8-16

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

BEACN WIZARDRY AND MAGIC INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited: Presented in Canadian Dollars)

	Note	March 31, 2024	December 31, 2023
Assets			
Current			
Cash		\$ 237,405	\$ 226,230
Accounts receivable	5	276,285	217,888
Taxes receivable		127,104	122,600
Inventory	6	759,095	884,145
Prepaid and inventory deposits	7	931,483	1,101,024
		2,331,372	2,551,887
Non-current			
Property and equipment, net	8	233,250	257,686
Right-of-use asset	11	29,543	35,873
		262,793	293,559
		\$ 2,594,165	\$ 2,845,446
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 236,143	\$ 278,783
Due to related parties	13	10,000	59,721
Convertible loan	9, 16	-	-
Promissory note	10, 16	381,500	277,750
Current portion of lease liability	11, 16	27,233	26,695
		654,876	642,949
Non-current			
Lease liability	11, 16	4,111	11,125
		4,111	11,125
		\$ 658,987	\$ 654,074
Shareholders' equity			
Share capital	12	7,141,325	7,141,325
Reserves	12	1,245,109	1,240,030
Deficit		(6,451,256)	(6,189,983)
		1,935,178	2,191,372
		\$ 2,594,165	\$ 2,845,446

These consolidated financial statements are approved by the Board on May 30, 2024

Approved by the Board of Directors:

"Sarah Weber"

Sarah Weber

"Scott Christopher"

Scott Christopher

See the notes to the condensed consolidated interim financial statements

BEACN WIZARDRY AND MAGIC INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited: Presented in Canadian Dollars)

		Three months ended	
		March 31	
	Note	2024	2023
Sales, net	14	\$ 1,002,415	\$ 600,044
Cost of sales		597,102	332,214
Gross profit		405,313	267,830
Expenses			
Advertising and marketing		100,971	163,722
Consulting fees		35,809	63,635
Depreciation of property and equipment	8	24,436	22,623
Depreciation of right-of-use asset	11	6,331	6,331
Office, supplies, and miscellaneous		38,805	67,389
Professional fees	13	30,870	33,234
Prototype and pre-production costs		10,072	31,770
Research and development		-	-
Rent and operating costs	11	11,270	11,271
Salaries and benefits	13	376,285	370,917
Share-based payments	12(c)	5,079	-
Transfer agent, filing fees and shareholder communications		8,875	10,864
Travel and related costs		7,046	1,847
Total expenses		655,849	783,603
Operating loss		(250,536)	(515,773)
Other items			
Foreign exchange loss		(6,321)	(1,924)
Interest and accretion expense	9,10,11,16	(4,416)	(12,648)
		(10,737)	(14,572)
Net loss and comprehensive loss for the period		(261,273)	(530,345)
Basic and diluted loss per share		\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted		52,946,836	42,784,336

See the notes to the condensed consolidated interim financial statements

BEACN WIZARDRY AND MAGIC INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Presented in Canadian Dollars)

	Note	Share Capital		Reserves				Deficit	Total Shareholders' Equity
		Number of shares	Amount	Share-based payments	Warrants	Finders' Warrants	Conversion rights		
Balance, December 31, 2022 (audited)		48,496,836	6,549,672	316,638	554,193	42,697	36,040	(3,944,106)	3,555,134
Net loss and comprehensive loss for the period		-	-	-	-	-	-	(530,345)	(530,345)
Balance, March 31, 2023 (unaudited)		48,496,836	6,549,672	316,638	554,193	42,697	36,040	(4,474,451)	3,024,789
Shares issued on private placement		4,450,000	607,516	-	282,484	-	-	-	890,000
Share issuance costs		-	(15,863)	-	-	-	-	-	(15,863)
Share-based payments		-	-	44,018	-	-	-	-	44,018
Convertible loan - Conversion rights		-	-	-	-	-	(36,040)	36,040	-
Net loss and comprehensive loss for the period		-	-	-	-	-	-	(1,751,572)	(1,751,572)
Balance, December 31, 2023 (audited)		52,946,836	7,141,325	360,656	836,677	42,697	-	(6,189,983)	2,191,372
Share-based payments		-	-	5,079	-	-	-	-	5,079
Net loss and comprehensive loss for the period		-	-	-	-	-	-	(261,273)	(261,273)
Balance, March 31, 2024 (unaudited)		52,946,836	\$ 7,141,325	\$ 365,735	\$ 836,677	\$ 42,697	\$ -	\$ (6,451,256)	\$ 1,935,178

See the notes to the condensed consolidated interim financial statements

BEACN WIZARDRY AND MAGIC INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited: Presented in Canadian Dollars)

		Three months ended	
		March 31	
	Note	2024	2023
Cash provided by (used in):			
Operating activities			
Net loss for the period		\$ (261,273)	\$ (530,345)
Items not affecting cash:			
Depreciation property and equipment	8	24,436	22,623
Depreciation of right-of-use asset	11	6,329	6,331
Share-based payments	12(c)	5,079	-
Interest and accretion expense	9,10,11,16	16,917	12,648
Changes in non-cash working capital items:			
Accounts receivables		(58,397)	121,851
Taxes receivable		(4,504)	(25,602)
Prepaid and deposits		169,541	150,300
Inventory		125,050	(196,346)
Accounts payable and accrued liabilities		(76,108)	(267,222)
Due to related parties		(49,721)	(11,186)
Net cash used in operating activities		(102,651)	(716,948)
Investing activities			
Property and equipment		33,468	(17,405)
Net cash used in investing activities		33,468	(17,405)
Financing activities			
Proceeds from promissory note	10,16	100,000	-
Payment of lease liability	11,16	(6,476)	(7,142)
Interest paid	9,10,11,16	(13,166)	(5,542)
Net cash used in financing activities		80,358	(12,684)
Change in cash		11,175	(747,037)
Cash, beginning of the period		226,230	1,287,295
Cash, end of the period		\$ 237,405	\$ 540,258

See the notes to the condensed consolidated interim financial statements

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023****(Unaudited: Presented in Canadian Dollars)**

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

BEACN Wizardry and Magic Inc. ("BEACN" or the "Company") was incorporated and domiciled in Canada under the Business Corporations Act (British Columbia) as a "Capital Pool Company" as defined in the TSX Venture Exchange's (the "Exchange") Listing Policy 2.4.

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") applicable to a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company incurred a net loss of \$261,273 for the three months ended March 31, 2024. To March 31, 2024, even though the Company has earned revenue from operations, the continuation of the Company as a going concern is dependent upon the ability of the Company to attain sufficient profitable operations and/or obtain necessary equity or other financing to continue operations.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to continue research and development, purchase inventory, establish profitable sales and raise additional funds. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds. The outcome of these matters cannot be predicted at the present time. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION - STATEMENT OF COMPLIANCE

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these unaudited condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

3. MATERIAL ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended December 31, 2023.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2023. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three month period ended March 31, 2024 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 31, 2024.

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023****(Unaudited: Presented in Canadian Dollars)**

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair values of the Company's cash, accounts receivable, accounts payable and accrued liabilities, due to related parties, convertible loan, and promissory note approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and accounts receivable. The Company's bank accounts are held with major banks in Canada and the United States. Accordingly, the Company believes it is not exposed to significant credit risk on its cash. Sales to retail customers are required to be settled using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off where there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

There was no loss allowance as at March 31, 2024 and no change in the loss allowance during the three months ended.

b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations

d) Equity market risk

The Company is exposed to price risk with respect to equity market prices. There is a potential adverse impact on the Company's ability to raise equity financing due to adverse movements in the Company's equity price or general movements in the level of the stock market. The Company monitors the movements of its equity price and the general stock market to determine the most beneficial course of action to be taken by the Company.

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

(Unaudited: Presented in Canadian Dollars)

e) Currency risk

The Company operates internationally, resulting in exposure to changes in exchange rates which impact sales and purchases that are denominated in a currency other than the Canadian dollar. The Company currently does not use derivative instruments to hedge its exposure to those risks. The majority of the Company's manufacturing expenses are incurred in United States dollars and the Company establishes its product prices relative to its manufacturing cost, thus mitigating some of its exposure to currency fluctuations.

The Company's risk management is predominantly controlled by Management with oversight by the board of directors.

5. ACCOUNTS RECEIVABLE

	December 31,	
	March 31, 2024	2023
Trade receivables	\$ 276,285	\$ 217,888
	<u>\$ 276,285</u>	<u>\$ 217,888</u>

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional.

6. INVENTORY

	December 31,	
	March 31, 2024	2023
Parts and other	\$ 10,459	\$ 7,233
Finished goods	659,124	792,701
Shipping	89,512	84,211
	<u>\$ 759,095</u>	<u>\$ 884,145</u>

The costs of individual items of inventory are determined using weighted average costs. Inventories recognized as an expense during the three months ended March 31, 2023 amounted to \$433,571 (2023 – \$332,214). These were included in cost of sales.

7. PREPAID EXPENSES

	March 31,	December 31,
	2024	2023
Inventory deposit on purchase order	\$ 920,654	\$ 1,090,195
Promotional	10,829	10,829
	<u>\$ 931,483</u>	<u>\$ 1,101,024</u>

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

(Unaudited: Presented in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

	Computer equipment and software	Moulds for Products	Furniture and Fixtures	Leasehold Improvements	Total
Balance, December 31, 2022	\$ 39,680	\$ 200,791	\$ 5,310	\$ 6,620	\$ 252,400
Additions	9,159	82,417	1,214	2,989	95,780
Depreciation	(20,176)	(66,931)	(1,732)	(1,655)	(90,494)
Balance, December 31, 2023	28,663	216,277	4,792	7,954	257,686
Additions	-	-	-	-	-
Depreciation	(6,650)	(16,733)	(433)	(620)	(24,436)
Balance, March 31, 2024	\$ 22,013	\$ 199,544	\$ 4,359	\$ 7,334	\$ 233,250

9. CONVERTIBLE LOAN

On September 14, 2021, the Company entered into a \$500,000 convertible loan agreement ("Loan") with two parties ("Lenders"). The Loan was convertible, at the option of the Lenders, into the units of the Company. Each unit was convertible into one common share of the Company and one-half of one share purchase warrant ("Warrant") of the Company at a rate of \$0.30 per unit. Each Warrant was exercisable into a common share of the Company at \$0.60 for a period of 2 years. The Loan, if not converted, had a maturity date of April 29, 2023, was subject to an interest rate of 5% per annum, and a one-time setup fee of \$1,250. On October 29, 2021, \$250,000 of the convertible loan was converted into common shares. The equity portion of the remaining convertible loan (\$36,040) was allocated to conversion rights as a residual based on the estimated present value of the loan (\$213,960). During the year ended December 31, 2023, \$9,736 (2022 - \$36,495) in accretion expense was recorded.

On April 14, 2023, pursuant to the second amending agreement, the maturity date of the Loan was amended to August 29, 2023 and a \$6,500 extension fee was paid as consideration. The Company had the right to repay the Loan without penalty prior to the maturity date as extended.

On August 29, 2023, the Company repaid the convertible loan including the accrued interest.

10. PROMISSORY NOTE

During the year ended December 31, 2020, the Company entered into a promissory note (the "Note") with a shareholder of the Company with a maturity date of December 31, 2024. The Note was without interest until December 31, 2020, and thereafter incurs interest at a rate of 4% per annum, payable quarterly. The Company can repay all or part of the Note at any time without penalty. During the year ended December 31, 2022, the Company repaid \$100,000 out of \$275,000. During the year ended December 31, 2023, the Company was advanced an additional amount of \$200,000, repaid \$100,000 and incurred \$9,000 (2022 - \$10,667) in interest expense. During the three months ended March 31, 2024, an additional \$100,000 was advanced on the promissory note and incurred \$3,750 (2023 - \$1,750) in interest expense.

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023****(Unaudited: Presented in Canadian Dollars)**

11. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company leases an office under a non-cancellable lease with a term to May 31, 2025. The unaudited condensed consolidated statements of loss and comprehensive loss disclose the following amounts relating to leases:

- Depreciation charge of right-of-use assets – \$6,331 (2023 – \$6,331);
- Interest expense (included in interest and accretion expense) – \$666 (2023 – \$1,162); and
- Expense relating to short-term leases (included in rent and operating costs) – \$11,270 (2023 – \$11,271).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the Company's incremental borrowing rate is used, being the rate that it would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate (8% per annum), the Company investigated borrowing rates at its Canadian bank at that time.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option and are included in rent and operating costs.

12. SHARE CAPITAL**(a) Authorized:**

As at March 31, 2024, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

As at March 31, 2024, 6,125,550 common shares of the Company were being held in escrow pursuant to two escrow agreements. These shares will be released from escrow on April 29, 2024 (2,062,650), and October 29, 2024 (4,062,900).

(b) Share issuances:**Fiscal 2023**

On October 3, 2023, the Company completed a non-brokered private placement (the "Offering") of 4,450,000 units of the Company (the "Units") at a price of \$0.20 per Unit for gross proceeds of \$890,000. Each Unit is comprised of one common share (a "Share") and one non-transferable common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional share for a period of three years from the closing of the Offering for \$0.45. The warrants were ascribed a value of \$282,484 using a relative fair value approach. In connection with the financing, the Company incurred \$15,863 in share issuance costs.

(c) Stock options

The Company has established a stock option plan for its directors, officers, and technical consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company.

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

(Unaudited: Presented in Canadian Dollars)

12. SHARE CAPITAL, (cont'd)

The continuity of options is as follows:

Expiry date	Exercise price	December 31, 2022	Granted	Expired	December 31, 2023	Granted	Expired	March 31, 2024
October 29, 2026	\$ 0.30	3,100,000	-	(25,000)	3,075,000	-	-	3,075,000
January 22, 2027	\$ 0.32	50,000	-	-	50,000	-	-	50,000
May 2, 2027	\$ 0.32	100,000	-	-	100,000	-	-	100,000
May 17, 2027	\$ 0.35	450,000	-	-	450,000	-	-	450,000
September 27, 2027	\$ 0.265	50,000	-	-	50,000	-	-	50,000
October 17, 2027	\$ 0.26	50,000	-	(50,000)	-	-	-	-
September 23, 2028	\$ 0.20	-	950,000	-	950,000	-	(25,000)	925,000
April 20, 2031	\$ 0.10	337,500	-	-	337,500	-	-	337,500
Outstanding		4,137,500	950,000	(75,000)	5,012,500	-	(25,000)	4,987,500
Weighted average exercise price	\$	0.29	\$ 0.20	\$ 0.27	\$ 0.27	\$ -	\$ 0.20	\$ 0.27

At March 31, 2024, the weighted average remaining life of the outstanding and exercisable options is 3.31 years (December 31, 2023 – 3.56 years).

(d) Warrants

Expiry date	Exercise price	December 31, 2022	Issued	Amended	Expired	December 31, 2023	Issued	March 31, 2024
October 29, 2023	\$ 0.60	2,916,666	-	(2,916,666)	-	-	-	-
October 29, 2023	\$ 0.30	77,475	-	-	(77,475)	-	-	-
November 29, 2024	\$ 0.25	191,100	-	-	-	191,100	-	191,100
November 29, 2025 ^(a)	\$ 0.45	5,600,000	-	2,916,666	-	8,516,666	-	8,516,666
April 20, 2026	\$ 0.10	250,000	-	-	-	250,000	-	250,000
July 25, 2026	\$ 0.45	-	3,950,000	-	-	3,950,000	-	3,950,000
September 29, 2026	\$ 0.45	-	500,000	-	-	500,000	-	500,000
Outstanding		9,035,241	4,450,000	-	(77,475)	13,407,766	-	13,407,766
Weighted average exercise price	\$	0.48	\$ 0.45	\$ -	\$ 0.30	\$ 0.44	\$ -	\$ 0.44

At March 31, 2024, the weighted average remaining life of the outstanding warrants is 1.88 years (December 31, 2023 – 2.13 years).

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

(Unaudited: Presented in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the three months ended March 31, 2024:

	Salaries and benefits	Accounting and management services	Share-based payments	Total
Craig Fraser Chief Executive Officer, Former Director	\$ 37,488	\$ -	\$ -	\$ 37,488
Daniel Davies Chief Technology Officer, Director	\$ 37,488	\$ -	\$ -	\$ 37,488
Pacific Opportunity Capital Ltd. ⁽¹⁾	\$ -	\$ 10,000	\$ -	\$ 10,000
Kevin Alexander, Director	\$ -	\$ 14,296	\$ -	\$ 14,296

For the three months ended March 31, 2023:

	Salaries and benefits	Accounting and management services	Share-based payments	Total
Craig Fraser Chief Executive Officer, Director	\$ 27,231	\$ -	\$ -	\$ 27,231
Daniel Davies Chief Technology Officer, Director	\$ 27,231	\$ -	\$ -	\$ 27,231
Pacific Opportunity Capital Ltd. ⁽¹⁾	\$ -	\$ 20,000	\$ -	\$ 20,000
Kevin Alexander, Director	\$ -	\$ -	\$ -	\$ -

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

(Unaudited: Presented in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS, (cont'd)

Amounts due to:	Service	Three months ended March 31, 2024	Three months ended March 31, 2023	Balance due	
				As at March 31, 2024	As at December 31, 2023
Craig Fraser, officer	Salaries and benefits	\$ 37,488	\$ 27,231	\$ -	\$ -
Daniel Davies, officer and director	Salaries and benefits	37,488	27,231	-	-
Pacific Opportunity Capital Ltd., a company, of which Robert Doyle, former CFO is a shareholder ^(a)	Accounting and management services	10,000	20,000	10,000	59,721
TOTAL:		\$ 84,976	\$ 74,462	\$ 10,000	\$ 59,721

Amounts owing to/from related parties are non-interest bearing, unsecured, and have no fixed terms of repayment. The changes during the period were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

14. SALES

Geographic region:	March 31, 2024		March 31, 2023	
	\$		\$	
North America	\$ 761,835		\$ 422,999	
Other	240,580		177,045	
	<u>\$ 1,002,415</u>		<u>\$ 600,044</u>	

15. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financing is dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

16. DEBT RECONCILIATION

This section sets out an analysis of debt and the movements in debt for each of the periods presented.

	March 31, 2024		December 31, 2023	
	\$		\$	
Promissory note	\$ 381,500		\$ 277,750	
Lease liability	31,344		37,820	
Total debt	<u>\$ 412,844</u>		<u>\$ 315,570</u>	

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

(Unaudited: Presented in Canadian Dollars)

16. DEBT RECONCILIATION (cont'd)

	Convertible Loan	Promissory Note	Lease Liability	Total
Debt as at December 31, 2022	\$ 243,389	\$ 175,000	\$ 62,469	\$ 480,858
Financing cash flows	(250,000)	100,000	(24,649)	(174,649)
Accretion expense	6,611	-	-	6,611
Interest expense	6,250	9,000	3,916	19,166
Interest payments (presented as financing cash flows)	(6,250)	(6,250)	(3,916)	(16,416)
Debt as at December 31, 2023	-	277,750	37,820	315,570
Financing cash flows	-	100,000	(6,476)	93,524
Accretion expense	-	-	-	-
Interest expense	-	3,750	666	4,416
Interest payments (presented as financing cash flows)	-	-	(666)	(666)
Debt as at March 31, 2024	-	\$ 381,500	\$ 31,344	\$ 412,844