

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

LOCATION BASED TECHNOLOGIES, INC.

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Irvine, CA 92618

(866) 726-7543

www.locationbasedtech.com

www.pocketfinder.com

517919

Quarterly Report

For the period ending May 31, 2024
(the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

443,784,483 as of **June 28, 2024**

443,784,483 as of **August 31, 2023**

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

Yes: No:

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Location Based Technologies, Inc. (formerly known as Springbank Resources, Inc.) (the “Company,” “our,” or “LBT”) was incorporated under the laws of the State of Nevada on April 10, 2006.

Location Based Technologies, Corp. (formerly known as PocketFinder, Inc.) was incorporated under the laws of the State of California on September 16, 2005. On July 7, 2006, it established PocketFinder, LLC (“LLC”), a California Limited Liability Company. On May 29, 2007, PocketFinder, Inc. filed amended articles with the Secretary of State to change its name to Location Based Technologies, Corp.

Merger

On August 24, 2007, Location Based Technologies, Corp. merged with PocketFinder, LLC. The merger was approved by the shareholders of Location Based Technologies, Corp. and PocketFinder, LLC by unanimous written consent. Location Based Technologies, Corp. was the survivor of the merger with PocketFinder, LLC.

Each Class A Membership Unit of the LLC was converted into 150,000 shares of common stock of the Company or fraction thereof and each Class C Membership Unit of the LLC was cancelled. Upon consummation of the merger, 10.9 Class A Membership Units of the LLC were converted into 1,635,000 shares of common stock of the Company.

Stock Exchange Agreement

On October 11, 2007, Location Based Technologies, Corp. effected a stock exchange agreement and plan of reorganization (the “Agreement”) with Springbank Resources, Inc. (“SRI”) whereby SRI acquired all of the issued and outstanding shares of Location Based Technologies, Corp. in exchange for shares of SRI’s common stock.

Subject to the terms and conditions of the Agreement, SRI issued, and the stockholders of Location Based Technologies, Corp. accepted, 55,153,500 shares of SRI’s common stock in consideration for all of the issued and outstanding shares of Location Based Technologies, Corp. The shares of SRI’s common stock were allocated to the shareholders of Location Based Technologies, Corp. in accordance with the Agreement.

The former shareholders of Location Based Technologies, Corp. acquired control of SRI upon the closing of the stock exchange transaction. The exchange was accounted for as a reverse acquisition. Accordingly, for financial statement purposes, Location Based Technologies, Corp. was considered the accounting acquiror, and the related business combination was considered a recapitalization of Location Based Technologies, Corp. rather than an acquisition by SRI. The historical financial statements prior to the Agreement are those of Location Based Technologies, Corp., and the name of the consolidated company was changed to Location Based Technologies, Inc.

Consolidation Policy

The accompanying financial statements include the operations of the Company and its wholly owned subsidiary. Intercompany balances and transactions have been eliminated in consolidation.

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Stock Split

All share and per-share amounts in the accompanying financial statements, unless otherwise indicated, have been retroactively restated to reflect a 3 for 1 stock split approved by the Board in October 2008, as if the split had been in effect since inception.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Location Based Technologies, Inc. is incorporated in the State of Nevada and has an Active Status as of the date of this report.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

**7545 Irvine Center Dr. Ste 200
Irvine, CA 92618**

The address(es) of the issuer's principal place of business:

X Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: Yes: If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: **Broadridge Financial Solutions, Inc.**

Phone: **(631) 257-4154**

Email: **Christina.Sotiriou@broadridge.com**

Address: **2 Gateway Center| 283 -299 Market Street, 15th Floor | Newark, NJ 07102**_____

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	<u>LBAS</u>
Exact title and class of securities outstanding:	<u>Common Stock</u>
CUSIP:	<u>539573105</u>
Par or stated value:	<u>\$0.001</u>
Total shares authorized:	<u>450,000,000</u> as of date: <u>June 28, 2024</u>
Total shares outstanding:	<u>443,784,483</u> as of date: <u>June 28, 2024</u>
Total number of shareholders of record:	<u>165</u> as of date: <u>June 28, 2024</u>

All additional class(es) of publicly quoted or traded securities (if any): **None**

Other classes of authorized or outstanding equity securities: None

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

dividend and voting rights

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

NA

3. Describe any other material rights of common or preferred stockholders.

None

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End:			*Right-click the rows below and select "Insert" to add rows as needed.						
Opening Balance									
Date <u>August 31, 2022</u> Common:									
<u>443,784,483</u>									
Preferred: <u>0</u>									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
May 24 2022	New	4750000	Common	\$0.02	No	Desiree Mejia	Debt & Board Service	Restricted	Rule 144
May 24 2022	New	325000	Common	\$0.02	No	David Morse Sr.	Board Awarded Compensation	Restricted	Rule 144
May 24 2022	New	2511827	Common	\$0.02	No	David Morse Jr.	Debt & Performance	Restricted	Rule 144
May 24 2022	New	3919875	Common	\$0.05	No	Atlantic Capital Partners. Note A	Secured Debt Conversion	Restricted	Rule 144
May 24 2022	New	7839750	Common	\$0.05	No	Bridge Loans LLC. Note B	Secured Debt Conversion	Restricted	Rule 144
May 24 2022	New	940770	Common	\$0.05	No	Chuck Smith	Secured Debt Conversion	Restricted	Rule 144
May 24 2022	New	3527888	Common	\$0.05	No	ECPC Capital II LLC Note C	Secured Debt Conversion	Restricted	Rule 144
May 24 2022	New	28554674	Common	\$0.05	No	Greggory Haugen	Secured Debt Conversion	Restricted	Rule 144

May 24 2022	New	11759625	Common	\$0.05	No	RBC Capital Markets LLC Note D	Secured Debt Conversion	Restricted	Rule 144
May 24 2022	New	2743913	Common	\$0.05	No	Jeffrey Leu	Secured Debt Conversion	Restricted	Rule 144
May 24 2022	New	599363	Common	\$0.05	No	Adam Marcotte	Secured Debt Conversion	Restricted	Rule 144
May 24 2022	New	5487825	Common	\$0.05	No	David Meyers	Secured Debt Conversion	Restricted	Rule 144
May 24 2022	New	940770	Common	\$0.05	No	Rolf Haugen	Secured Debt Conversion	Restricted	Rule 144
May 24 2022	New	352789	Common	\$0.05	No	Scott Monico	Secured Debt Conversion	Restricted	Rule 144
May 24 2022	New	156795	Common	\$0.05	No	Michael Monico	Secured Debt Conversion	Restricted	Rule 144
Shares Outstanding on Date of This Report:									
		<u>Ending</u>	<u>Balance</u>						
<u>Ending Balance:</u>									
Date <u>Jul 12, 2024</u>		Common:							
<u>443,784,483</u>		Preferred: <u>0</u>							

Use the space below to provide any additional details, including footnotes to the table above:

Note A: The Manager of Atlantic Capital Partners is Richard Woolwine.

Note B: The Manager of Bridge Loans is Alfred G. Allen III,

Note C: The Manager for ECPC Loans LLC is Alfred G. Allen III,

Note D: The Manager for RBC Capital Markets LLC is Gregory S. Haugen.

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities :

No: Yes: (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
6/28/2012	\$658,027	\$300,000	\$358,027	Note A	\$0.20/share	Cody Evans Estate	Working Capital
7/9/2012	\$109,521	\$50,000	\$59,521	Note A	\$0.20/share	David Alampi	Working Capital
7/9/2012	\$54,760	\$25,000	\$29,760	Note A	\$0.20/share	James Heer	Working Capital

7/13/2012	\$218,932	\$100,000	\$118,932	Note A	\$0.20/share	David Kuennan	Working Capital
3/25/2013	\$1,059,726	\$500,000	\$559,726	Note A	\$0.20/share	Marty Davis	Working Capital
4/10/2013	\$52,877	\$25,000	\$27,877	Note A	\$0.20/share	Horner	Working Capital
4/10/2013	\$52,877	\$25,000	\$27,877	Note A	\$0.20/share	Webb	Working Capital
							Total Unsecured Notes: \$2,206,720
5/30/2019	\$56,035	\$35,000	\$21,035	Note A	\$0.05/share	LBT IP LLC Note B	Working Capital
6/21/2019	\$84,469	\$53,000	\$31,469	Note A	\$0.05/share	LBT IP LLC Note B	Working Capital
6/27/2019	\$39,795	\$25,000	\$14,795	Note A	\$0.05/share	LBT IP LLC Note B	Working Capital
8/5/2019	\$10,263	\$6,500	\$3,763	Note A	\$0.05/share	LBT IP LLC Note B	Working Capital
8/12/2019	\$5,518	\$3,500	\$2,018	Note A	\$0.05/share	LBT IP LLC Note B	Working Capital
8/19/2019	\$2,047	\$1,300	\$747	Note A	\$0.05/share	LBT IP LLC Note B	Working Capital
8/29/2019	\$31,421	\$20,000	\$11,421	Note A	\$0.05/share	LBT IP LLC Note B	Working Capital
9/30/2019	\$15,605	\$10,000	\$5,605	Note A	\$0.05/share	LBT IP LLC Note B	Working Capital
10/3/2019	\$10,717	\$7,000	\$3,917	Note A	\$0.05/share	LBT IP LLC Note B	Working Capital
10/30/2019	\$31,014	\$20,000	\$11,014	Note A	\$0.05/share	LBT IP LLC Note B	Working Capital
11/27/2019	\$24,664	\$16,000	\$8,664	Note A	\$0.05/share	LBT IP LLC Note B	Working Capital
4/21/2023	\$22,670	20,000	\$2,670	4/20/2025	\$0.05/share	LBT IP LLC Note B	Working Capital
10/4/2023	\$43,156	\$40,000	\$3,156	10/11/2024	\$0.05/share	LBT IP LLC Note B	Working Capital
2/13/2024	\$10,355	\$10,000	\$355	2/13/2025	\$0.05/share	LBT IP LLC Note B	Working Capital
3/8/2024	\$20,552	\$20,000	\$552	3/9/2025	\$0.05/share	LBT IP LLC Note B	Working Capital
3/11/2024	\$5,133	\$5,000	\$133	3/11/2025	\$0.05/share	LBT IP LLC Note B	Working Capital
4/18/2024	\$10,141	\$10,000	\$141	4/18.2025	\$0.05/share	LBT IP LLC Note B	Working Capital
5/28/2024	\$3,924	\$3,920	\$4	5/28/2025	\$0.05/share	LBT IP LLC Note B	Working Capital

							Total Secured Notes: \$427,479
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Use the space below to provide any additional details, including footnotes to the table above:

Note A: These notes have all matured and have been converted to demand Notes.

Note B: The Managing Member of LBT IP LLC is Gregory S. Haugen.

4) Issuer’s Business, Products and Services

(Please ensure that these descriptions are updated on the Company’s Profile on www.otcm Markets.com).

A. Summarize the issuer’s business operations (If the issuer does not have current operations, state “no operations”)

Founded in 2005 with Headquarters in Irvine, CA, Location Based Technologies Inc. (LBT) (OTCPink:LBAS) is a leading-edge service provider of Commercial vehicle, asset and personnel tracking devices along with Consumer vehicle, child/elderly and pet tracking solutions. A key focus for the Company has been on intellectual property (IP) which resulted in the Company’s 28 issued patents. We have also partnered with best-in-class service providers such as Rackspace for data services, AT&T for our USA network provider, Google for our mapping, Twilio for messaging services and STAXbill as our subscription billing service. Our newest vehicle tracking devices operate on AT&T’s network and are provided by ATrack Technology Inc. out of Taipei City, Taiwan. LBAS products help individuals to enhance their safety and help companies enhance the safety of employees and to achieve their goals to cut greenhouse gas emissions by minimizing out-of-route mileage, high speed driving, long idle times and allowing for better routing logistics of people and vehicles. Studies have shown a 20% decrease in fuel consumption when trackers are installed.

B. List any subsidiaries, parent company, or affiliated companies.

None.

C. Describe the issuers’ principal products or services.

LBT launched its newly created *PocketFinder Teen Driver* solution in mid-2023. We anticipated great demand as this new product literally puts power in the hands of parents to educate and protect their new drivers. Our joint goal, with parents and new drivers, was to reverse the trend of teen driver-related deaths and injuries that occur each year. Parents and new drivers need tools that not only alert them to troublesome driving behaviors but that also coach young drivers in real-time. *The PocketFinder Teen Driver* is a compact, simple-to-use device providing real-time driver behavior feedback—allowing a teen driver to continue honing their safe driving skills. Our hope was that this tool would play a significant role in improving teen users’ driving habits and safety on the road – as well as be useful for monitoring driving behaviors of elderly parents. Unfortunately, sales have not materialized despite significant outreach supported by minimal advertising – due to the cost and the company’s restricted cash flows. We have seen weak sales for the Teen Driver product.

The company has re-oriented its outreach and focused on our traditional vehicle tracking services. The company has reviewed every expense and has eliminated every cost that is non-essential for the delivery and support of our customers.

LBT’s tracking solution removes the complexities of merging GPS and wireless technologies and delivers simple, easy-to-use solutions that will increase the ability to stay connected while enhancing your ability to coordinate with your mobile business - or with an active family. LBT developed products are easy to use for both consumer and commercial customers. Our lines of products are submersible waterproof, virtually indestructible GPS devices that provide customers with easy to manage, customizable location information accessed from almost anywhere and at any time, through the Internet, and the company’s newly updated and proprietary iOS and Android apps.

Device sales in 3rd QTR FY 2024 versus 3rd QTR FY 2023 show a significant decrease as FY 2022/2023 was the height of LBT's efforts to replace older 3G models of devices as Telco's shut down their 3G networks across the country. The current Quarter's sales are negatively impacted within an environment of high inflation and persistent risks of staying in business for many small businesses (\$2,079 versus \$10,480). 3rd QTR FY 2024 sales were based predominantly on vehicle devices sold. Monthly Recurring Revenues in 3rd QTR 2024 versus 3rd QTR FY 2023 shows a decrease of 11% recurring Service revenues (\$38,618 in Q3 2024 versus \$49,099 in 2023) primarily due to lack of availability of personal trackers to sell. Small business customers have continued to be hardest hit by inflationary and other economic pressures. The company's ongoing sales of LTE Cat M1 vehicle tracker devices are focused on rebuilding the customer base and thereby growing Monthly Recurring Revenues. The company continues to reach out to, and work with, all impacted customers that were unable to afford replacement tracking devices in hopes that their companies have recovered. Many small businesses have not.

Operating expenses continue to drop in 3rd QTR FY 2024 vs. 3rd QTR FY 2023 (\$71,073 versus \$207,971) with a 66% decrease in operating costs. The company is seeing a normalization of costs for hosted services and device costs – most likely due to more controlled inflationary conditions and better supply chain performance. Significant system streamlining and replacement of 3rd Party service support systems have been brought in-house and have resulted in measurable decreases in operating expenses that began in April of 2023.

LBT's business solutions continue to focus on selling fleet trackers that are small, affordable, and are environmentally sealed vehicle tracking devices with a proprietary tracking system designed to display each vehicle's location, speed, altitude, direction and soon, an option for driver behavior alerts. Devices are designed to be quick and easy to install and provide rich features/data on easy-to-use user interfaces/apps in real time. This allows businesses to minimize their impact on the environment through more precise routing and re-routing of vehicles, to minimize time delays and engine idle time, and to maximize fuel efficiency while minimizing carbon waste.

LBT's Consumer solutions include the newest Teen Driver solution and two versions of our vehicle trackers. These devices will help you know where your valuable mobile assets are with zone alerts to notify you if they go too far from where you expect them to be - right from your smart phone, tablet, or computer - no matter where you are in the world yet have Internet connectivity!

5) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The company is committed to the safety, wellbeing, and mental health of all employees. Prior to COVID-19 work flexible rules, including work from home, were offered on a case-by-case basis. During COVID-19 and California's mandatory shut down of all non-essential work, employees desired to work virtually from their homes due to the dispersed locations of our employees and health concerns. Performance and productivity continue to be highly reliable as LBAS utilizes new workflow tools and technology while allowing employees to remain safe and to benefit by eliminating work commutes/carbon impact of commuting. LBAS does not own any properties or facilities but does have an annual lease for its Irvine location.

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuer's securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
David M Morse	CEO	Wilsonville, OR	21,544,111	Common	4.9	
Desiree C Mejia	Advisory Board Member	Yorba Linda, CA	22,240,000	Common	5.0	
Greggory S Haugen	Advisory Board Member and more than 5%	Orono, MN	72,976,045	Common	16.4	
Joseph F Scalisi	Owner of more than 5%	Austin, TX	34,719,256	Common	7.8	

7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

1. The Apple, Inc. complaint for infringement of existing patents was filed in November 2019 by LBT IP I LLC in the U.S. District Court for the District of Delaware claiming infringement by Apple of five of LBT's early patents (US Patent Nos. 8,497,774; 8,542,113; 8,102,256; 8,421,618; and 8,421,618). The initial Patent Trial and Appeal Board (PTAB) ruled against LBAS and that decision was appealed at the U.S. Court of Appeals for the Third Circuit.

On June 9, 2023, the U.S. Court of Appeals for the Federal Circuit issued its opinion, resulting in a significant win for LBT IP I LLC ("LBT"). The three-judge panel unanimously reversed the PTAB's decisions with regard to three patents and remanded a fourth patent back to the PTAB for further consideration. On December 15, 2023, the PTAB issued a Final Written Decision upholding the claims of that fourth patent and Apple filed its Notice of Appeal on February 15, 2024. The appeal could run until mid-2025 and we remain confident that, once all appeal opportunities are exhausted, we will return to the U.S. District Court for the District of Delaware with multiple patents and claims surviving.

2. The Uber Technologies, Inc. complaint was filed in November 2021 by LBT IP II LLC ("the Company") in the U.S. District Court for the Western District of Texas, Waco Division. The case was assigned to Judge Alan D. Albright. In general terms, the Complaint alleges infringement of U.S. Patent Nos. 7,728,724 (titled "System for Locating Individuals and Objects"); 7,598,855 (titled "Apparatus and Method for Locating Individuals and Objects Using Tracking Devices"); 8,531,289 (titled "Adaptable User Interface for Monitoring Location Tracking Devices Out of GPS Monitoring Range"); and 8,224,355 (titled "System and Method for Improved Communication Bandwidth Utilization When Monitoring Location Information") by Uber through use of its Uber Platform in providing its ride hailing and food delivery services.

Uber Technologies, Inc. ("Uber") filed a Motion to Dismiss on January 27, 2022. That motion was fully briefed, and on June 28, 2022, the Court denied the motion, in part. Uber thereafter answered the Complaint on July 12, 2022. Uber also filed a motion on February 25, 2022, seeking to have the case transferred to the U.S. District Court for the Northern District of California. That motion was granted on July 6, 2022, and the case has been transferred to the U.S. District Court for the Northern District of California. The case has been assigned to U.S. District Judge William H. Orrick, located in San Francisco. On September 23, 2022, the parties met and conferred regarding (1) initial disclosures, (2) early settlement, (3) ADR (alternative dispute resolution), and (4) a discovery plan, filed their Joint Case Management Statement, and served discovery requests on each other. Responses to those requests were served on October 24, 2022. In the meantime, the Court set October 4, 2022, for an Initial Case Management Conference with the Court. At that conference the Court set a claim construction hearing for February 24, 2023.

In addition to the foregoing activities, Uber filed with the Patent Trial and Appeal Board ("PTAB") four petitions seeking to invalidate the four asserted patents. An additional third party (Unified Patents) also filed a petition seeking to invalidate 8,531,289 (titled "Adaptable User Interface for Monitoring Location Tracking Devices Out of GPS Monitoring Range"). The Company filed its Preliminary Responses to those Petitions on September 9 and 14, 2022, and on December 7, 2022, the PTAB issued its Institution Decisions on all of those petitions. The PTAB agreed to institute Inter Partes Review ("IPR") proceedings as to U.S. Patent Nos. 7,598,855 and 8,531,289. The PTAB denied Uber's petitions as to U.S. Patent Nos. 7,728,724 and 8,224,355. Accordingly, the PTAB is not conducting IPRs regarding the validity of those two patents.

In the meantime, the parties continued to engage in fact discovery including exchanging documents responsive to the discovery requests, and the Company's expert continued reviewing Uber's source code. On or around

December 29, 2022, the Company served a document subpoena on Samsung Electronics America, Inc. based on information in Uber's source code.

On December 15, 2022, Uber filed a Motion with the Court seeking to stay (i.e., to place on hold) the district court litigation pending resolution of the review proceedings in the PTAB because two of the four asserted patents are subject to IPR proceedings. On January 5, 2023, the Company filed its Opposition to that Motion, and a hearing on that Motion was set for January 25, 2023. The district court ultimately granted Uber's Motion, and the case was stayed pending conclusion of the IPR proceedings. Since that time, the parties engaged in IPR proceedings before the PTAB.

On December 6, 2023, the PTAB issued its Final Written Decisions in the IPR's for the '855 and '289 Patents, in which the PTAB found the inventions claimed in those patents to be "unpatentable." In view of those decisions, the district court stayed the litigation on January 18, 2024, pending any appeals of those two PTAB decisions. The Company has appealed both of those decisions to the Federal Circuit, with briefing anticipated to be completed by calendar Q3 2024. While oral argument for the appeals has not yet been scheduled, it is anticipated around Q2 2025, with a written order to follow. Should the Federal Circuit reverse the PTAB's patentability decisions, we would proceed in litigation on one or both of the appealed patents, in addition to the '725 and '355 Patents which remain valid and will be litigated once the district court's stay is lifted.

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Claire Brown
Address 1: Tonkon Torp LLP
Address 2: 888 SW 5th Avenue
Suite 1600
Portland, OR 97204
Phone: 503.802.5731
Email: claire.brown@tonkon.com

Accountant or Auditor

Name: J. Gill
Firm: Bookkeeper, employee
Address 1: Laguna Hills, CA 92618
Phone: (949) 357-5151
Email: jgill@locationbasedtech.com

Investor Relations – N/A

All other means of Investor Communication:

Twitter: <https://twitter.com/pocketfinderqps>
Discord: _____
LinkedIn: _____
Facebook: <https://www.facebook.com/PocketFinder/>
YouTube: https://www.youtube.com/channel/UCvSgUqQG_8yu2sBfTvqmXTQ

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

None

9) Financial Statements

A. The following financial statements were prepared in accordance with:

- IFRS
 U.S. GAAP

B. The following financial statements were prepared by (name of individual)²:

Name: **Jeanne Gill**
Title: **Bookkeeper**
Relationship to Issuer: **Employee**

Describe the qualifications of the person or persons who prepared the financial statements: **MBA**

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

Important Notes:

- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- All financial statements for a fiscal period must be published together with the disclosure statement in one Annual or Quarterly Report.

² The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

LOCATION BASED TECHNOLOGIES, INC.
FINANCIAL STATEMENTS
FOR THE 3rd QTR ending May 31, FY 2024
(unaudited)

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Location Based Technologies, Inc.
BALANCE SHEET
(unaudited)

	May 31, 24	May 31, 23
ASSETS		
Current Assets		
Checking/Savings		
1010 · BofA - 0970	1,327.85	2,248.05
1020 · BofA - 1101	5,516.61	10,994.45
Total Checking/Savings	6,844.46	13,242.50
Other Current Assets		
1080 · Undeposited Funds	0.00	334.36
1200 · Inventory		
1215 · Finished Goods	67,320.27	82,897.50
Total 1200 · Inventory	67,320.27	82,897.50
1400 · Prepaid Expenses		
1410 · Insurance	0.00	-323.43
1415 · License Fees	1,440.00	1,375.01
1422 · Services	711.05	0.00
Total 1400 · Prepaid Expenses	2,151.05	1,051.58
Total Other Current Assets	69,471.32	84,283.44
Total Current Assets	76,315.78	97,525.94
Fixed Assets		
2100 · Property & Equipment		
2105 · Computer and Video Equipment	19,714.69	19,714.69
2110 · Computer Software (Mobile Apps)	183,154.35	183,154.35
2111 · Computer Software (Internal)	27,274.76	27,274.76
2117 · Machinery and Equipment	18,888.56	18,888.56
2120 · Office Furniture and Equipment	4,126.09	4,126.09
Total 2100 · Property & Equipment	253,158.45	253,158.45
2250 · Accumulated Depreciation	-206,418.45	-189,726.45
Total Fixed Assets	46,740.00	63,432.00

Other Assets		
2500 · Intellectual Property		
2510 · Trademarks	52,539.20	52,539.20
Total 2500 · Intellectual Property	<u>52,539.20</u>	<u>52,539.20</u>
Total Other Assets	<u>52,539.20</u>	<u>52,539.20</u>
TOTAL ASSETS	<u>175,594.98</u>	<u>213,497.14</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
3000 · Accounts Payable	135,693.88	151,789.40
Total Accounts Payable	135,693.88	151,789.40
Credit Cards		
3005 · BofA Visa - 2493 / 4355	620.25	2,427.67
3006 · BofA Visa - 1431	7,604.20	6,943.99
Total Credit Cards	8,224.45	9,371.66
Other Current Liabilities		
3100 · Accrued Expenses		
3114 · Payroll	5,190.14	0.00
3115 · Payroll Taxes	5,737.50	3,442.50
3117 · Sales Tax Payable	1,047.61	1,055.58
Total 3100 · Accrued Expenses	11,975.25	4,498.08
3190 · Deferred Compensation		
3191 · Deferred Employee Compensation		
3195 · Dave Morse, Jr.	136,348.18	136,348.18
3196 · Greg Harrison	10,375.00	10,375.00
Total 3191 · Deferred Employee Compensation	146,723.18	146,723.18
3200 · Deferred Officer Compensation		
3205 · Desiree Mejia	113,517.41	113,517.41
3210 · Dave Morse	1,207,724.65	1,177,724.65
Total 3200 · Deferred Officer Compensation	<u>1,321,242.06</u>	<u>1,291,242.06</u>
Total 3190 · Deferred Compensation	1,467,965.24	1,437,965.24

3500 · Convertible Notes Payable		
3501 · Notes Payable		
3701 · Investor	25,000.00	25,000.00
3702 · Investor	100,000.00	100,000.00
3703 · Investor	50,000.00	50,000.00
3704 · Investor	300,000.00	300,000.00
3709 · Investor	500,000.00	500,000.00
3716 · Investor	25,000.00	25,000.00
3717 · Investor	25,000.00	25,000.00
3718 · Investor	500,000.00	500,000.00
Total 3501 · Notes Payable	<u>1,525,000.00</u>	<u>1,525,000.00</u>
4115 · Advances From Officer	298,000.00	298,000.00
4131 · Notes Due on Demand	<u>1,138,987.00</u>	<u>1,138,987.00</u>
Total 3500 · Convertible Notes Payable	<u>2,961,987.00</u>	<u>2,961,987.00</u>
3900 · Accrued Interest		
3463 · Investor	358,027.36	327,945.17
3464 · Investor	59,520.56	54,506.86
3465 · Investor	118,931.54	108,904.14
3466 · Investor	29,760.28	27,253.43
3472 · Investor	559,726.00	509,589.02
3473 · Investor	27,876.72	25,369.87
3474 · Investor	27,876.72	25,369.87
3490 · Related Party Accrued Interest		
3430 · Officer Advances	1,830.57	0.00
3491 · Dave Morse, Sr.	655,834.76	592,901.61
3492 · Desiree Mejia	174,060.29	152,067.09
3493 · Senior Manager	85,995.65	77,660.37
3494 · Senior Manager	25,829.63	23,372.92
3495 · Senior Manager	18,642.31	14,326.76
3496 · Florance Accountancy Corp.	10,473.96	9,471.22
Total 3490 · Related Party Accrued Interest	<u>972,667.17</u>	<u>869,799.97</u>
Total 3900 · Accrued Interest	<u>2,154,386.35</u>	<u>1,948,738.33</u>
4550 · LP Equity LLP		
4551 · Convertible Notes	197,300.00	197,300.00
4552 · Accrued Interest	120,860.41	90,384.00
4550 · LP Equity LLP - Other	<u>108,920.00</u>	<u>20,000.00</u>
Total 4550 · LP Equity LLP	<u>427,080.41</u>	<u>307,684.00</u>

	<u>7,023,394.25</u>	<u>6,660,872.65</u>
Total Other Current Liabilities		
	<u>7,167,312.58</u>	<u>6,822,033.71</u>
Total Current Liabilities		
Total Liabilities	7,167,312.58	6,822,033.71
Equity		
5020 · Common Stock	443,784.48	443,784.48
5025 · Common Stock To Be Issued	2,000.00	2,000.00
5030 · Additional Paid-In Capital		
5040 · Offering Costs	-1,884,087.83	-1,884,087.83
5030 · Additional Paid-In Capital - Other	<u>57,915,303.78</u>	<u>57,915,303.78</u>
Total 5030 · Additional Paid-In Capital	56,031,215.95	56,031,215.95
	-	-
5500 · Retained Earnings	63,139,400.53	62,693,150.57
Net Income	<u>-329,317.50</u>	<u>-392,386.43</u>
Total Equity	<u>-6,991,717.60</u>	<u>-6,608,536.57</u>
TOTAL LIABILITIES & EQUITY	<u>175,594.98</u>	<u>213,497.14</u>

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

Location Based Technologies, Inc.
STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited)

	Mar - May 24	Mar - May 23
Ordinary Income/Expense		
Income		
6100 · Device Sales Income		
6198 · Sales Discounts	0.00	-3,573.85
6199 · Sales Returns & Allowances	0.00	-708.95
6100 · Device Sales Income - Other	2,079.00	14,762.82
Total 6100 · Device Sales Income	2,079.00	10,480.02
6200 · Service Income		
6255 · Subscription Discounts	0.00	0.00
6200 · Service Income - Other	38,617.58	49,099.47
Total 6200 · Service Income	38,617.58	49,099.47
6700 · Shipping Income	212.45	810.45
Total Income	40,909.03	60,389.94
Cost of Goods Sold		
7100 · Device Purchases	1,813.06	8,169.81
7125 · Service Costs		
7126 · PocketFinder	62.50	0.00
7130 · PocketFinder Vehicle	187.50	0.00
7138 · Teen Driver	0.00	1,600.00
7125 · Service Costs - Other	7,465.16	8,661.62
Total 7125 · Service Costs	7,715.16	10,261.62
7250 · Shipping & Freight Costs	524.89	1,403.77
Total COGS	10,053.11	19,835.20
Gross Profit	30,855.92	40,554.74
Expense		
8010 · Advertising, Marketing and PR	1,247.14	5,320.12
8070 · Bank Service Charges		
8072 · Viewpost	107.97	76.47
8073 · PayPal	180.00	210.00
8074 · Amazon	476.29	0.00

8075 · Merchant Fees	16.46	1,462.48
8076 · Shopify	274.01	237.00
9120 · Credit Card Rebates	<u>-609.44</u>	<u>0.00</u>
Total 8070 · Bank Service Charges	445.29	1,985.95
8090 · Business Gifts	0.00	100.00
8100 · Business License and Fees		
8105 · Filing Fees		
8110 · Corporate	958.00	198.00
8120 · Transfer Agent	1,462.26	1,000.00
8105 · Filing Fees - Other	<u>1,440.00</u>	<u>2,175.00</u>
Total 8105 · Filing Fees	<u>3,860.26</u>	<u>3,373.00</u>
Total 8100 · Business License and Fees	3,860.26	3,373.00
8160 · Compensation Expense (Officer)		
8164 · D. Morse	<u>0.00</u>	<u>45,000.00</u>
Total 8160 · Compensation Expense (Officer)	0.00	45,000.00
8180 · Computer Expense		
8185 · General	537.99	4,192.51
8186 · Apps	1.98	8,731.25
8190 · Web Hosting	21,107.78	0.00
8195 · Website Expense	756.17	21,968.58
8196 · Software	1,359.25	1,788.27
8197 · Smart Tracker/A-Track	93.75	218.75
8180 · Computer Expense - Other	<u>62.50</u>	<u>0.00</u>
Total 8180 · Computer Expense	23,919.42	36,899.36
8210 · Depreciation Expense	4,173.00	4,173.00
8243 · Employee Benefits	9,565.40	14,122.68
8245 · Finance Charge	220.18	189.82
8250 · Insurance		
8260 · General Liab/Umbrella Insurance	141.33	2,844.00
8270 · D&O Professional Liability Ins.	0.00	9,315.00
8280 · Worker's Compensation	<u>200.72</u>	<u>435.73</u>
Total 8250 · Insurance	342.05	12,594.73
8320 · Miscellaneous		
8325 · Reconciliation Discrepancies	<u>0.00</u>	<u>1,126.00</u>
Total 8320 · Miscellaneous	0.00	1,126.00
	50.98	10.79

8340 · Office Expense

8390 · Payroll Expenses	375.25	262.60
8392 · Payroll Taxes	4,387.36	18,737.13
8400 · Postage and Shipping	109.97	401.56
8420 · Printing and Reproduction	0.00	70.40
8460 · Professional Fees		
8470 · Accounting Fees		
8475 · Accounting	0.00	5,000.00
8495 · Payroll Processing Fees	0.00	20.75
Total 8470 · Accounting Fees	0.00	5,020.75
8500 · Consulting Fees		
8506 · Technology	0.00	11,343.75
Total 8500 · Consulting Fees	0.00	11,343.75
8510 · Legal Fees		
8517 · Litigation	5,000.00	0.00
8520 · Patents/Trademarks	4,520.00	1,285.94
8530 · SEC	500.00	2,500.00
Total 8510 · Legal Fees	10,020.00	3,785.94
Total 8460 · Professional Fees	10,020.00	20,150.44
8550 · Rent	378.00	340.53
8610 · Salaries and Wages	15,975.79	42,300.18
8628 · Storage	0.00	291.00
8630 · Telephone Expense		
8640 · Cellular	0.00	261.36
8660 · Office Lines	176.03	260.31
Total 8630 · Telephone Expense	176.03	521.67
Total Expense	<u>75,246.12</u>	<u>207,970.96</u>
Net Ordinary Income	-44,390.20	-167,416.22
Other Income/Expense		
Other Income		
9100 · Other Income		
9110 · Gain (loss) on Asset Disposal	0.00	0.00
Total 9100 · Other Income	0.00	0.00
Total Other Income	0.00	0.00

Other Expense		
9010 · Interest Expense	63,116.70	60,512.34
9075 · Income Taxes	534.00	0.00
Total Other Expense	<u>63,650.70</u>	<u>60,512.34</u>
Net Other Income	<u>-63,650.70</u>	<u>-60,512.34</u>
Net Income	<u>-108,040.90</u>	<u>-227,928.56</u>

Location Based Technologies, Inc.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Common Stock To Be Issued</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity (Deficit)</u>
	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>				
Balance August 30, 2023			443,784,483	\$ 443,784	\$ 2,000	\$ 56,031,216	\$ (63,011,388)	\$ (6,534,288)
Net Loss	-	-	-	-	-	-	\$ (108,041)	\$ (457,430)
Balance May 31, 2024	-	-	443,784,483	\$ 443,784	\$ 2,000	\$ 56,031,216	\$ (63,120,429)	\$ (6,991,718)

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

Location Based Technologies, Inc.
STATEMENT OF CASH FLOWS
(unaudited)

	Mar - May 24	Mar - May 23
OPERATING ACTIVITIES		
Net Income	\$ (108,040.90)	\$ (227,928.56)
Adjustments to reconcile Net Income		
to net cash provided by operations:		
1200 · Inventory:1215 · Finished Goods	\$ 1,813.06	\$ 8,169.81
1400 · Prepaid Expenses:1415 · License Fees	\$ 1,440.00	\$ 12,348.82
1400 · Prepaid Expenses:1422 · Services	\$ 533.31	\$ 1,375.00
3000 · Accounts Payable	\$ 5,535.34	\$ 12,585.32
3005 · BofA Visa - 2493 / 4355	\$ 59.95	\$ 944.77
3006 · BofA Visa - 1431	\$ (8,010.77)	\$ (1,112.32)
3100 · Accrued Expenses:3114 · Payroll	\$ -	\$ (14,175.27)
3100 · Accrued Expenses:3115 · Payroll Taxes	\$ -	\$ 3,442.50
3100 · Accrued Expenses:3117 · Sales Tax Payable	\$ (1.33)	\$ 1,020.92
3190 · Deferred Comp:3200 · Deferred Officer Compensation:3210 · D. Morse	\$ -	\$ 45,000.00
3900 · Accrued Interest:3463 · Cody Evans	\$ 7,561.63	\$ 7,561.63
3900 · Accrued Interest:3464 · David Alampi	\$ 1,260.28	\$ 1,260.28
3900 · Accrued Interest:3465 · David Kuennan	\$ 2,520.56	\$ 2,520.56
3900 · Accrued Interest:3466 · James Heer	\$ 630.14	\$ 630.14
3900 · Accrued Interest:3472 · Marty Davis	\$ 12,602.73	\$ 12,602.73
3900 · Accrued Interest:3473 · Brian Webb	\$ 630.14	\$ 630.14
3900 · Accrued Interest:3474 · Daniel Horner	\$ 630.14	\$ 630.14
3900 · Accrued Interest:3490 · Related Party Accrued Interest:3491 · D Morse, Sr.	\$ 15,819.27	\$ 15,819.27
3900 · Accrued Interest:3490 · Related Party Accrued Interest:3492 · Desiree Mejia	\$ 7,813.71	\$ 7,813.71
3900 · Accrued Interest:3490 · Related Party Accrued Interest:3493 · Greg Harrison	\$ 2,095.20	\$ 2,095.20
3900 · Accrued Interest:3490 · Related Party Accrued Interest:3494 · Eric Fronk	\$ 617.53	\$ 617.53
3900 · Accrued Interest:3490 · Related Party Accrued Interest:3495 · Dave Morse, Jr.	\$ 2,110.96	\$ 2,110.96
3900 · Accrued Interest:3490 · Related Party Accrd Int:3496 · Florance Acctcy Corp	\$ 252.05	\$ 252.05
4550 · LP Equity LLP	\$ 38,920.00	\$ -
4550 · LP Equity LLP:4552 · Accrued Interest	\$ 8,572.36	\$ 5,968.00
Net cash provided by Operating Activities	\$ (4,634.64)	\$ (97,816.67)

INVESTING ACTIVITIES			
	2250 · Accumulated Depreciation	\$ 4,173.00	\$ 4,173.00
Net cash provided by Investing Activities		\$ 4,173.00	\$ 4,173.00
FINANCING ACTIVITIES			
	4100 · Loans Payable (Long-Term):4106 · LBT IP LLC	\$ -	\$ 20,000.00
Net cash provided by Financing Activities		\$ -	\$ 20,000.00
Net cash increase for period		\$ (461.64)	\$ (73,643.67)
Cash at beginning of period		\$ 7,306.10	\$ 87,220.53
		\$ 6,844.46	\$ 13,576.86

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

LOCATION BASED TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
February 29, 2024

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The company supplies fleet trackers, a small, affordable, fully sealed vehicle tracking system (combined GPS, wireless and WiFi technology) designed to track and display vehicles and other mobile assets on the go. Designed to be quickly installed and features easy-to-use user interfaces including browser and apps. Our devices track vehicle location, speed and direction in near real time. Businesses can quickly and easily coordinate routing and re-routing of shipments, manage time delays and maximize fuel efficiency for company vehicles and both powered and non-powered trailers. PocketFinder's® wearable 4G LTE Cat M1/A-GPS / Wi-Fi / Cell ID smart trackers provide an ideal way for families and caregivers to keep track of people they love. Ideal for children heading to or from school, after school activities on their own or via public transportation and for seniors who value their independence. The PocketFinder® smart tracker can be accessed from a smart phone or computer to easily locate people and be alerted if they go too far.

Organization

Location Based Technologies, Inc. (formerly known as Springbank Resources, Inc.) (the "Company," "our," or "LBT") was incorporated under the laws of the State of Nevada on April 10, 2006. Location Based Technologies, Corp. (formerly known as PocketFinder, Inc.) was incorporated under the laws of the State of California on September 16, 2005. On July 7, 2006, it established PocketFinder, LLC ("LLC"), a California Limited Liability Company. On August 29, 2007, PocketFinder, Inc. filed amended articles with the Secretary of State to change its name to Location Based Technologies, Corp., and in October 2007 was merged into LBT.

Going Concern

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has incurred net losses since inception, and as of May 31, 2024, had an accumulated deficit of \$63,139,401 and negative working capital of \$6,984,877. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management recognizes that the Company must generate additional resources to enable it to continue operations. Management intends to raise additional financing through debt and equity financing or through other means that it deems necessary, with a view to moving forward and sustaining prolonged growth in its strategy phases. However, no assurance can be given that the Company will be successful in raising additional capital. Further, even if the Company raises additional capital, there can be no assurance that the Company will achieve profitability or positive cash flow. If management is unable to raise additional capital and expected significant revenues do not result in positive cash flow, the Company will not be able to meet its obligations and may have to cease operations.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principle ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent gains and losses at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Critical estimates include management's judgments associated with reserves

for sales returns and allowances, allowance for doubtful accounts, inventory reserves, valuation of intangible assets and income taxes. Actual results could differ from those estimates.

Allowance for Sales returns

An allowance for sales returns is recorded as a reduction to revenue and based on management's judgment using historical experience and expectation of future conditions. As of May 31, 2024, there was no allowance for sales returns.

Inventory

Inventories are valued at the lower of cost (first-in, first-out) or market and consisted of finished goods for the Company's PocketFinder® products. Packaging costs are expensed as incurred. The Company provides for a lower-of-cost-or-market ("LCM") adjustment against gross inventory values.

Fair Value of Financial Instruments

Pursuant to FASB ASC 820 – Fair Value Measurement and Disclosures, the Company is required to estimate the fair value of all financial instruments included on its balance sheet. The carrying value of cash, accounts receivable, inventory, accounts payable and notes payable approximate their fair value due to the short period to maturity of these instruments.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method and with useful lives used in computing depreciation ranging from 1 to 5 years. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Expenditures for maintenance and repairs are charged to operations as incurred; additions, renewals and betterments are capitalized.

Intangible Assets – Trademarks

The Company capitalizes internally developed assets related to certain costs associated with trademarks. These costs include legal and registration fees needed to apply for and secure trademarks. The intangible assets acquired from other enterprises or individuals in an "arms-length" transaction are recorded at cost. As of November 30, 2023, the Company capitalized \$52,539 for trademark related expenditures.

Revenue Recognition

Revenue is recognized upon transfer of control of products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Device Sales Revenue – Revenue from the sales of PocketFinder® products is recognized upon shipment to website customers and upon delivery to distributors net of an allowance for estimated returns. The allowance for sales returns is estimated based on management's judgment using historical experience and expectation of future conditions.

Service Revenue – Service revenue consists of monthly service fees initiated by the customer upon activation of a PocketFinder® device. Services fees are billed and collected in advance of the service provided for that month. Service revenue is recognized upon billing the customer.

Shipping Costs

Amounts billed to customers related to shipping and handling are classified as revenue, and the Company's shipping and handling costs are included in cost of sales.

Advertising Costs

Advertising costs are expensed as incurred. For the three months ended May 31, 2024, the Company incurred \$1,247 of advertising costs.

Income Taxes

The Company accounts for income taxes under FASB ASC 740 – Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations. The Company has included its \$800 minimum California State income tax in its provision for income taxes for the twelve months ended August 31, 2023.

2. INVENTORY

Inventory is stated at the lower of cost (first-in, first-out) or market and consists of PocketFinder® devices.

3. PROPERTY AND EQUIPMENT

Property and equipment at May 31, 2024, consisted of the following:

Machinery and equipment	\$ 18,889
Computer software (mobile apps)	183,154
Computer software (internal)	27,275
Computer and video equipment	19,715
Office furniture	<u>4,126</u>
	\$253,159
Less: accumulated depreciation	<u>(206,418)</u>
	<u>\$ 46,471</u>

There was \$12,519 in depreciation expense for the nine months ended May 31, 2024.

4. RELATED PARTY TRANSACTIONS

Advances from Officers – From time to time, the Company's officers advance funding to the Company to cover operating expenses. Cash advances from officers do not accrue interest and have no formal repayment terms. During FY 2023 through 3rd QTR FY 2024, there were no advances or repayments. Outstanding advances amounted to \$298,000 as of May 31, 2024.

Related party notes payable – In 2014, the Company converted \$1,138,987 of deferred compensation into notes payable that are due on demand and bear interest at 10% per annum. The related party notes payable balance with accrued interest, that was stopped in 2017, amounted to \$1,436,987 and \$385,669, respectively, at May 31, 2024.

Related party convertible notes payable – In 2019, the Company received various loans totaling \$197,300 from an entity owned by shareholders. These convertible notes are due on September 1, 2022, bear interest at 12% per annum and August be converted into shares of common stock at \$0.05 per share. The convertible notes payable balance and accrued interest amounted to \$1,525,000 and \$1,181,719 respectively at May 31, 2024.

Sale of intangible assets – From 2020 to 2022, the Company sold certain contract-related intangible assets to entities owned by shareholders. The proceeds and gain from these transactions amounted to \$1,624,120 through May 31, 2024. In addition, the Company issued common stock in connection with this sale.

5. CONVERTIBLE NOTES PAYABLE

The Company entered into seven loans in 2012 and 2013 totaling \$1,525,000. These convertible notes are due on demand and bear interest at 10% per annum. The convertible notes payable balance and accrued interest amounted to \$2,961,987 at May 31 2024.

6. PROVISION FOR INCOME TAXES

Deferred income taxes are reported using the liability method. Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences arise from the difference between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and tax rates on the date of enactment. The Company did not provide any current or deferred U.S. federal income taxes or benefits for any of the periods presented because the Company has experienced operating losses since inception. The Company provided a full valuation allowance on the net deferred tax asset, consisting of net operating loss carry forwards, because management has determined that it is more likely than not that we will not earn sufficient income to realize the deferred tax assets during the carry forward period. The components of the Company's deferred tax asset as of August 31, 2023, are as follows:

Net operating loss carry forward and deductible temporary differences	\$54,415,268
Valuation allowance	<u>(54,415,268)</u>
Net deferred tax asset	<u><u>\$ 0 -</u></u>

A reconciliation of the combined federal and state statutory income taxes rate and the effective rate is as follows:

Federal tax at statutory rate	21.00%
State income tax net of federal benefit	6.98%
Valuation allowance	<u>(27.98%)</u>
-	<u><u>-</u></u>

As of May 31, 2024, the Company had federal and state net operating loss carryforwards which can be used to offset future income tax. Deferred tax assets resulting from the net operating losses are reduced by a valuation allowance, when, in the opinion of management, utilization is not reasonably assured. These carryforwards by August may be limited upon a change in ownership or consummation of a business combination under IRC Sections 381 and 382.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, David M. Morse certify that:

1. I have reviewed this Disclosure Statement for 3rd QTR FY 2024 ending May 31, 2024.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

July 12, 2024

/s/ David M. Morse

Principal Financial Officer:

I, David M. Morse certify that:

1. I have reviewed this Disclosure Statement for 3rd QTR FY 2024 ending May 31, 2024.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the comparative financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

July 12, 2024

/s/ David M. Morse