

TURNIUM TECHNOLOGY GROUP INC.

Condensed Interim Consolidated Financial Statements

March 31, 2025

(Expressed in Canadian dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed interim consolidated financial statements of Turnium Technology Group Inc. (the "Company") are the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting under International Financial Reporting Standards as issued by the International Accounting Standards Board, and reflect management's best estimates and judgments based on information currently available.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee reviews the results of the annual audit and reviews the condensed consolidated interim financial statements prior to their submission to the Board of Directors for approval.

The condensed interim consolidated financial statements as at March 31, 2025, and for the periods ended March 31, 2025 and 2024, have not been reviewed or audited by the Company's independent auditors.

"DOUG CHILDRESS"

Doug Childress, Director

"ERIN CAMPBELL"

Erin Campbell, Director

TURNIUM TECHNOLOGY GROUP INC.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	March 31, 2025 (Unaudited)	September 30, 2024 (Audited)
Assets		
Current assets		
Cash	463,693	145,149
Amounts receivable (Note 6)	458,861	476,540
Prepaid expenses	87,824	16,435
Inventory	20,953	21,993
Total current assets	1,031,331	660,117
Non-current assets		
Prepaid expenses	31,847	22,086
Right-of-use assets (Note 7)	292,889	372,091
Property and equipment (Note 8)	81,993	100,349
Intangible assets (Note 9)	3,542,300	3,880,381
Goodwill (Note 11)	6,315,805	6,321,401
Total assets	11,296,165	11,356,425
Liabilities and Deficiency		
Current liabilities		
Accounts payable and accrued liabilities	4,518,409	4,896,245
Deferred revenue (Note 4(h))	77,998	61,800
Due to related parties (Note 14)	893,248	843,826
Loans payable (Note 12)	2,929,736	2,926,605
Lease liabilities (Note 10)	222,794	166,352
Subscriptions received (Note 13)	-	41,997
Total current liabilities	8,642,185	8,936,825
Non-current liabilities		
Loans payable (Note 12)	4,193,810	2,342,203
Deferred revenue (Note 4(h))	126,395	-
Lease liabilities (Note 10)	139,809	279,214
Derivative warrant liabilities (Note 15)	568,540	-
Total liabilities	13,670,739	11,558,242
Deficiency		
Common shares (Note 16)	18,305,177	18,305,177
Other reserve	632,483	632,483
Warrant reserve (Note 17)	1,728,212	1,728,212
Share-based payment reserve (Note 18)	5,685,814	5,652,974
Accumulated Other Comprehensive Loss	21,981	(86,806)
Deficit	(28,748,241)	(26,433,857)
Total deficiency	(2,374,574)	(201,817)
Total liabilities and deficiency	11,296,165	11,356,425
Nature of operations and going concern (Note 1)		
Commitments and contingencies (Note 20)		
Subsequent events (Note 26)		

Approved and authorized for issuance by the Board of Directors on May 20, 2025:

"DOUG CHILDRESS"

"ERIN CAMPBELL"

(The accompanying notes are an integral part of these consolidated financial statements)

TURNIUM TECHNOLOGY GROUP INC.

Condensed Interim Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars except share amounts) - Unaudited

	Three months Ended March 31, 2025 \$	Three months Ended March 31, 2024 \$	Six months Ended March 31, 2025 \$	Six months Ended March 31, 2024 \$
Revenue (Notes 4(h), 25)	2,189,664	1,367,623	4,163,361	2,651,833
Cost of goods sold	(909,865)	(377,371)	(1,539,346)	(771,399)
Gross profit	1,279,799	990,252	2,624,015	1,880,434
Expenses				
Amortization (Notes 8, 9)	131,744	14,289	266,939	28,577
Amortization of right-of-use assets (Note 7)	40,484	37,686	78,842	81,824
General and administrative (Note 22)	465,371	539,096	2,424,588	1,243,612
Research and development (Note 22)	348,906	228,639	598,529	476,814
Sales and marketing (Note 22)	369,856	264,716	787,860	554,009
Share-based compensation (Note 18)	9,175	281,333	32,839	476,863
Total operating expenses	1,365,536	1,365,759	4,189,597	2,861,699
Loss before other income	(85,737)	(375,507)	(1,565,582)	(981,265)
Other income (loss)				
Gain (loss) on change in fair value of derivatives (Note 15)	(27,744)	73	(39,253)	5,668
Loss on debt settlement	-	-	-	(27,005)
Government grant (Note 4(q))	-	-	-	32,056
Foreign exchange gain (loss)	51,450	18,606	52,852	33,866
Interest and accretion expense (Note 23)	(382,511)	(46,417)	(772,418)	(91,407)
Net loss before income taxes	(444,542)	(403,245)	(2,324,401)	(1,028,087)
Income tax recovery	-	-	10,017	-
Net loss for the period	(444,542)	(403,245)	(2,314,384)	(1,028,087)
Other comprehensive income (loss)				
Foreign currency translation gain (loss)	(49,342)	-	108,788	-
Net loss and comprehensive loss for the period	(493,884)	(403,245)	(2,205,596)	(1,028,087)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding	164,962,446	104,605,243	164,962,446	104,605,243

(The accompanying notes are an integral part of these consolidated financial statements)

TURNIUM TECHNOLOGY GROUP INC.

Condensed Interim Consolidated Statements of Changes in Deficiency
(Expressed in Canadian dollars except share amounts) - Unaudited

	Common Shares		Other	Warrant	Share-based	Accumulated		Total
	Number	Amount	Reserve	Reserve	Payment	Other	Deficit	Deficiency
	#	\$	\$	\$	Reserve	Comprehensive	\$	\$
					\$	Loss		
Balance, September 30, 2023	104,605,243	14,925,863	632,483	1,637,325	5,066,489	-	(23,451,166)	(1,189,006)
Share-based compensation	-	-	-	-	476,863	-	-	476,863
Net loss and comprehensive loss	-	-	-	-	-	-	(1,028,087)	(1,028,087)
Balance, March 31, 2024	104,605,243	14,925,863	632,483	1,637,325	5,543,352	-	(24,479,253)	(1,740,230)
Balance, September 30, 2024	164,962,446	18,305,177	632,483	1,728,212	5,652,974	(86,806)	(26,433,857)	(201,817)
Share-based compensation	-	-	-	-	32,839	-	-	32,839
Net loss and comprehensive loss	-	-	-	-	-	108,788	(2,314,384)	(2,205,596)
Balance, March 31, 2025	164,962,446	18,305,177	632,483	1,728,212	5,685,813	21,982	(28,748,241)	(2,374,574)

(The accompanying notes are an integral part of these consolidated financial statements)

TURNIUM TECHNOLOGY GROUP INC.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars) - Unaudited

	Three months Ended March 31, 2025	Three months Ended March 31, 2024	Six months Ended March 31, 2025	Six months Ended March 31, 2024
	\$	\$	\$	\$
Operating activities				
Net loss for the period	(444,542)	(403,245)	(2,314,384)	(1,028,087)
Items not affecting cash:				
Accretion	236,985	23,500	584,327	50,984
Foreign exchange loss (gain)	(57,400)	-	123,444	-
Depreciation and amortization	130,511	14,289	265,706	28,577
Amortization of right-of-use assets	40,484	37,686	78,842	81,824
Recalculation of right-of-use assets (Note 7)	-	-	-	141,936
Recalculation lease liability (Note 10)	-	-	-	(156,410)
Loss (gain) on change in fair value of derivatives (Note 15)	27,744	(73)	39,253	(5,668)
Loss (gain) on debt settlement	-	-	-	(27,005)
Share-based compensation (Note 18)	9,176	281,333	32,840	476,863
Changes in non-cash operating working capital:				
Amounts receivable	26,802	6,067	17,679	1,362
Prepaid expenses	(29,197)	44,958	(81,150)	130,243
Inventory	(15,199)	5,327	1,040	12,262
Accounts payable and accrued liabilities	(688,957)	(356,480)	(362,112)	(207,331)
Deferred revenue	137,463	11,297	142,593	(55,324)
Net cash used in operating activities	(626,130)	(335,341)	(1,471,922)	(555,774)
Investing activities				
Purchase of property and equipment	(1,162)	-	(6,597)	-
Purchase of intangible assets	-	-	(48,300)	-
Net cash used in investing activities	(1,162)	-	(54,897)	-
Financing activities				
Proceeds from (repayments to) related parties (Note 14)	154,512	360,005	49,422	416,735
Loan proceeds (Note 12)	583,612	-	1,677,995	250,000
Proceeds from convertible notes (Note 12)	449,000	-	1,173,750	-
Lease payments (Note 10)	(55,714)	(52,744)	(111,869)	(111,193)
Loan repayments (Note 12)	(189,285)	-	(901,938)	-
Subscriptions received	-	-	(41,997)	-
Net cash provided by (used in) financing activities	942,125	307,261	1,845,363	555,542
Increase (decrease) in cash	314,832	(28,080)	318,544	(232)
Cash beginning of the period	148,861	180,730	145,149	152,882
Cash end of the period	463,693	152,650	463,693	152,650
Supplemental cash flow information (Note 24)				

(The accompanying notes are an integral part of these consolidated financial statements)

TURNIUM TECHNOLOGY GROUP INC.

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Reconciliation of changes in liabilities to cash flows arising from financing activities, including changes arising from both cash and non-cash changes:

	Loans payable	Due to related parties	Lease liabilities	Subscriptions received	Total
	\$	\$	\$	\$	\$
Balance as at September 30, 2024	5,268,808	843,826	445,566	41,997	6,600,197
Loan proceeds	2,851,745	49,422	-	-	2,901,167
Derivative	(529,287)	-	-	-	(529,287)
Subscriptions received	-	-	-	(41,997)	(41,997)
Repayment of principal and interest	(1,074,305)	-	(111,869)	-	(1,186,174)
Total changes from financing cash flows	1,248,153	49,422	(111,869)	(41,997)	1,143,709
Other changes					
Interest and accretion	705,614	-	-	-	705,614
Finance costs	37,480	-	-	-	37,480
Foreign currency translation	(136,508)	-	(418)	-	(136,926)
Interest on lease liabilities	-	-	29,324	-	29,324
Total other changes	606,586	-	28,906	-	635,492
Balance as at December 31, 2024	7,123,547	893,248	362,603	-	8,379,398

TURNIUM TECHNOLOGY GROUP INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2025 and 2024

(Expressed in Canadian dollars) - Unaudited

1. Nature of Operations and Going Concern

Turnium Technology Group Inc. (the “Company”) (together with its subsidiaries, the “Group”) was incorporated on October 17, 2017, pursuant to the provisions of the Business Corporations Act (British Columbia). The head office and registered and records office of the Company is located at 3355 Grandview Hwy, Vancouver, British Columbia, V5M 1Z5. The Company is classified as a technology company and is listed as a Tier 2 issuer on the TSX Venture Exchange (the “TSX-V”) under the trading symbol “TTGI”.

The Company’s subsidiary, Turnium Network Solutions Inc. (“TNSI”), was formed by way of amalgamation on October 1, 2020 under the Business Corporations Act (British Columbia). TNSI in turn has a wholly-owned subsidiary Tenacious Networks Inc. (“TNET”), a company also incorporated in the province of British Columbia in 2019. TNSI and its subsidiary are engaged in the provision of an SD-WAN business platform, professional IT services and support, hardware sales and the resale of third-party services targeted at corporate clients.

On February 28, 2024, the Company entered into a non-binding letter of intent to acquire Claratti Ltd. (“Claratti”), a provider of managed information technology solutions for enterprises covering areas such as Internet and telecommunications services, remote work and connectivity, cybersecurity, and high-quality hardware and software. Claratti is headquartered in Perth, Australia, and serves hundreds of clients across Australia. On May 30, 2024, the Company entered into a definitive share purchase agreement with Claratti (which converted to Claratti Pty. Ltd. on June 28, 2024), ACN 642 169 337 (Claratti) and each of the securityholders of Claratti (the “Claratti Vendors”) in connection with the proposed acquisition of 100 per cent of the issued and outstanding ordinary shares in the capital of Claratti, which ultimately resulted in Claratti becoming a wholly owned subsidiary of the Company. Certain non-material terms of the share purchase agreement were amended pursuant to an amending agreement between the Company and Claratti dated July 26, 2024, and a second amending agreement between the Company and Claratti dated as of August 22, 2024. On August 22, 2024, the Company completed its acquisition of 100 per cent of the issued and outstanding securities of Claratti. As a result of the acquisition, Claratti is now a wholly owned subsidiary of the Company.

The condensed interim consolidated financial statements for the six months ended March 31, 2025 include the results of operations of Claratti from August 22, 2024, and the Company, TNSI and TNET from October 1, 2023. The condensed interim consolidated financial statements for the six months ended March 31, 2025 include the results of operations of TNSI and TNET and the Company from October 1, 2022.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business. As of March 31, 2025, the Group had a working capital deficiency of \$7,610,854 (September 30, 2024 - \$8,276,708), and accumulated deficit of \$28,748,241 (September 30, 2024 - \$26,433,857), and for the six months ended March 31, 2025, the Group incurred a net loss of \$2,314,384 (2024 - \$1,028,087). These factors, among others, indicate there are material uncertainties that may cast significant doubt as to the ability of the Group to continue as a going concern. There can be no assurances that sufficient equity can be raised on acceptable terms on a timely basis. Although the Group 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 advantageous to the Group. These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Group be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements. Such adjustments could be material.

TURNIUM TECHNOLOGY GROUP INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended March 31, 2025 and 2024
(Expressed in Canadian dollars) - Unaudited

2. Basis of Presentation

(a) Statement of Compliance and Principles of Consolidation

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") on a going concern basis.

The condensed interim consolidated financial statements include the accounts of the Group:

Name of Entity	Place of Incorporation	Ownership
The Company	British Columbia, Canada	Parent
TNET	British Columbia, Canada	100%
TNSI	British Columbia, Canada	100%
Claratti PTY Ltd*	Australia	100%
Intelligent IP Hosting Pty Ltd*	Australia	100%
StormIS Pty Ltd*	Australia	100%
Commulynx Pty Ltd*	Australia	100%
Claratti Telecom Technologies India Private Limited*	India	99%
Claratti SA*	South Africa	100%
Biometrics Healthcare Solutions Pty Ltd*	Australia	100%

*From August 22, 2024

Subsidiaries are entities that the Company controls, either directly or indirectly. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated upon consolidation.

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on May 20, 2025.

(b) Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as fair value through profit or loss, which are stated at their fair value, and are presented in Canadian dollars, which is also the functional currency of the Company, TNET and TNSI. The functional currency of Claratti is the Australian dollar. Additionally, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information and refundable tax credits (Note 4(o)).

3. Critical Accounting Estimates and Judgments

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses for the period.

These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated 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 and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities include the following:

TURNIUM TECHNOLOGY GROUP INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended March 31, 2025 and 2024
(Expressed in Canadian dollars) - Unaudited

3. Critical Accounting Estimates and Judgments (continued)

Significant accounting estimates:

a) The useful life and recoverability of long-lived assets:

Management estimates the useful life of long-lived assets based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of technical or commercial obsolescence, and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's long-lived assets in the future.

The assessment of impairment of long-lived assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions, timing of cash flows, the useful lives of assets, and their related salvage values.

The Group estimates the useful lives and selects methods used to allocate depreciation amounts of property, equipment, and furniture on a systematic basis. Technical obsolescence of tangible assets could significantly impact estimated residual useful lives and, in turn, carrying values being over or understated. Where impairment is indicated, the Group estimates the fair value of the assets and charges the difference between the fair value and the carrying amount, if any, to impairment expense. The estimates of the useful lives of property and equipment are reviewed on an annual basis. Depreciation is adjusted on a prospective basis, if and when required.

b) Convertible debt:

Convertible debts is separated into their liability and equity components on the condensed interim consolidated statements of financial position. The liability component is initially recognized at fair value, calculated at the net present value of the liability based upon non-convertible debt issued by comparable issuers and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for non-convertible debt with similar terms at the time of issue. The determination of the fair value of the liability and equity components are based on a number of assumptions including contractual future cash flows, discount factors, and the presence of any derivative instruments.

c) Valuation of intangibles and goodwill:

The impairment test for cash generating units ("CGUs") to which goodwill is allocated based on the value in use of the CGU, determined in accordance with the expected cash flow approach. The calculation is based on assumptions used to estimate future cash flows, the cash flow growth rate and the discount rates. The Company exercises significant judgement in determining CGUs.

d) The inputs used in the valuation of share-based compensation:

The fair value of stock options granted and finders' warrants are measured using a Black-Scholes option pricing model. Measurement inputs include share price on measure date, exercise price of the option, expected volatility, actual and expected life of the option, expected dividends based on the dividend yield at the date of the grant, anticipated forfeiture rate, and the risk-free interest rate. In order to estimate volatility, the Company uses companies with similar characteristics that have prices quoted on an active exchange. The expected life of the options is based on historical experience and general option holder behavior. The Company also makes an estimate of the number of options that will be forfeited and the rate is adjusted to reflect the actual number of options that vest. Consequently, the actual share-based compensation expense may vary from the amount estimated.

e) Revenue recognition for special contracts and projects:

The Company has projects with multiple performance obligations that generally include subscriptions for software and services. Estimates are required to determine the status of a project at each period-end. The Company's revenue recognition policy is described in Note 4(h).

TURNIUM TECHNOLOGY GROUP INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2025 and 2024

(Expressed in Canadian dollars) - Unaudited

3. Critical Accounting Estimates and Judgments (continued)

f) Incremental borrowing rate:

The Company uses estimation in determining the incremental borrowing rate used to measure the loan liabilities. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in similar economic environment.

g) Allowance for credit losses:

The Company provides for doubtful debts by analyzing the historical default experience and current information available about a customer's credit worthiness on an account-by-account basis. Uncertainty relates to the actual collectability of customer balances that can vary from the Company's estimation. At March 31, 2025, the Company has an allowance for doubtful accounts of \$Nil (September 30, 2024 - \$Nil).

h) Inventory:

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. Inventory currently consists of sellable hardware. All inventories are periodically reviewed for impairment due to slow-moving and obsolete inventory. Provisions for obsolete, slow-moving or defective inventories are recognized in profit or loss. Previous write-downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventories.

Significant areas of judgment include:

i) Application of the going concern assumption:

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern. As discussed in Note 1, these condensed interim consolidated financial statements have been prepared under the assumptions applicable to a going concern.

ii) Business combinations:

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. Assets are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

TURNIUM TECHNOLOGY GROUP INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2025 and 2024

(Expressed in Canadian dollars) - Unaudited

3. Critical Accounting Estimates and Judgments (continued)

iii) Revenue Recognition

With sales through third parties the Company determines whether the third party is acting as an agent or a principal under these agreements. When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Company and its business partners are reviewed to determine each party's respective role in the transaction. Where the Company's role in a transaction is that of principal, revenue is recognized on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related expenses of the third party charged as an operating cost. Where the Company's role in a transaction is that of an agent, revenue is recognized on a net basis with revenue representing the margin earned.

iv) Leases:

The Company applies judgment in determining whether the contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options. Right-of-use ("ROU") assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company uses an implicit rate of interest to determine the present value of lease payments utilizing its incremental borrowing rate, as the implicit rate of interest in the respective leases is not readily determinable. The Company's incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

v) Deferred tax assets:

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company generating future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in classifying transactions and assessing probable outcomes of tax positions taken, and in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

vi) Allowance for uncollectible trade receivables:

The valuation of allowances for uncollectible trade receivables requires judgement involving estimated credit losses based on customer, industry concentrations and the Company's knowledge of the financial conditions of its customers. Uncertainty relates to the actual collectability of customer balances that can vary from management's estimates and judgment.

4. Material Accounting Policy Information

(a) Cash and cash equivalents

The Company considers cash, cash held with financial institutions, and all highly liquid instruments with an original maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value, to be cash equivalents.

(b) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss.

TURNIUM TECHNOLOGY GROUP INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended March 31, 2025 and 2024

(Expressed in Canadian dollars) - Unaudited

4. Material Accounting Policy Information (continued)

(b) Foreign currency translation (continued)

The assets and liabilities of foreign operations are translated into Canadian dollars at period-end exchange rates. Income and expenses, and cash flows of foreign operation are translated into Canadian dollars using average exchange rates. Exchange differences from translating foreign operations are recognized in other comprehensive income (loss) and accumulated separately in shareholders' equity (deficiency).

Foreign currency translation gains or losses arising from a monetary item receivable or payable to a foreign options, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income (loss) in the translation reserve.

(c) Financial instruments

(i) Recognition and initial measurement

The Company's financial instruments consist of cash, amounts receivable, accounts payable, due to related parties, promissory notes, loans payable, lease liabilities and derivative warrant liabilities.

Amounts receivables are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI - equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. The Company does not have any financial assets classified as FVTPL except cash, or any financial assets classified as FVTOCI, but only those classified at amortized cost.

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the condensed interim consolidated statements of comprehensive loss. Any gain or loss on derecognition is recognized in the condensed interim consolidated statements of comprehensive loss.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the condensed interim consolidated statements of comprehensive loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the condensed interim consolidated statements of comprehensive loss. Any gain or loss on derecognition is also recognized in the condensed interim consolidated statements of comprehensive loss.

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4. Material Accounting Policy Information (continued)

(c) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

The Company's financial liabilities of accounts payable, due to related parties, promissory notes, loan payable, and lease liabilities are classified as measured at amortized cost, and derivative warrant liabilities are classified as FVTPL.

(iii) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its condensed interim consolidated statements of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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 its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the condensed interim consolidated statements of comprehensive loss.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(d) 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 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 12-month expected credit losses.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track the changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company considers historical credit loss experience, adjusted for forward-looking factors specific to the debtors, and the economic environment.

The Company recognizes in the condensed interim consolidated statements of comprehensive loss, 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.

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4. Material Accounting Policy Information (continued)

(e) Property and equipment

Property and equipment consist of furniture and fixtures, and computer equipment and is recorded at cost, including all costs directly attributable to bringing the asset to working condition, and amortized annually at following rates calculated to amortize the assets over their estimated useful lives:

Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication those assets have suffered an impairment loss.

(f) Intangible Assets

Intangible assets consist of customer lists acquired recorded at cost and amortized annually on a straight-line basis over 15 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. In addition, the Company has goodwill as an intangible asset with an indefinite useful life.

(g) Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12, *Income Taxes*. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement year adjustments. The measurement year is the year between the date of acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration.

In certain situations, goodwill or a bargain purchase gain may result from a business combination. Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognized immediately in the consolidated statements of comprehensive loss as a bargain purchase gain. Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred. Goodwill is assessed for indicators of impairment at each reporting date and is tested annually or whenever events or changes in circumstances indicate that the carrying amount of goodwill exceeds its recoverable amount.

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4. Material Accounting Policy Information (continued)

(h) Revenue

The Company accounts for revenue under IFRS 15, *Revenue from Contracts with Customers*, which establishes a five-step model to account for revenue arising from contracts with customers:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price, which is the total consideration provided by the customer;
- allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
- recognize revenue when the relevant criteria are met for each performance obligation.

The Company has several sources of revenue. Revenue is earned from the grant of non-exclusive, non-transferrable licenses to service providers to use the Company's SD-WAN business platform (the "Platform"). Pursuant to the licensing agreements, the Company charges an initial start-up fee and a license fee for software license units that covers the licensing of all of the software comprised in the Platform. Revenue from license fees is generally earned over time and is recognized on a straight-line basis over the term of the contract. Revenue from initial start-up fees is recognized when the set-up process is complete and the customer has full access to the software.

Revenue is also earned through the sale of onsite and remote support, host/cloud services, and the resale of both hardware and software. Revenue from onsite and remote support are generally earned at a point in time and are recognized at the point in time when the support services have been completed. Certain onsite and remote support is sold on a block of hours basis and is recognized proportionately between the number of hours provided out of the pre-purchased block of hours.

Revenue from host/cloud services is generally earned over time and is recognized using the output method based on time elapsed. Revenue from the resale of hardware and software is generally earned at a point in time and is recognized when the product has been delivered to the customer. Revenue from the resale of software licenses is recognized at a point in time on a net amount basis, which is the amount billed to a customer less the amount paid to the software license provider, as inventory risk, credit risk and control is directly transferred. During the six months ended March 31, 2025, the Company recognized \$16,610 as agent revenues (2023 – \$19,403) (Note 3(iii)).

Payments received in advance are recorded as deferred revenue and brought into revenue at the beginning of each month as subscription time elapses or as services are delivered. At March 31, 2025, the Company recognized \$204,393 (September 30, 2024 - \$61,800) in deferred revenue represented by the pre-purchase of block hours for onsite and remote support not utilized by the end of the period along with the sale of hardware not delivered to the customer by the end of the period.

(i) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that they may be impaired.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU").

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4. Material Accounting Policy Information (continued)

(i) Impairment of non-financial assets (continued)

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than intangible assets that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(j) Leases

For contracts entered into subsequent to October 1, 2019 at inception of the contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*.

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the condensed interim consolidated statements of comprehensive loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and for low value leases and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, as permitted by IFRS 16.

(k) Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as a share-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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4. Material Accounting Policy Information (continued)

(k) Share-based payments (continued)

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credit to share capital, adjusted for any consideration paid.

(l) Research and development

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No development costs have been capitalized to date.

(m) Income Taxes

Income tax comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in the other comprehensive loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustments to income tax payable in respect of previous years. Current income taxes are determined using tax rates and laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amounts of an asset or liability differs from its tax base, except for the taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company re-assesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(n) Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, the exercise of stock options and share purchase warrants is considered to be anti-dilutive and basic and diluted loss per share are the same. As at March 31, 2025, the Company has 76,350,854 (September 30, 2024 – 66,477,354) potentially dilutive shares which were anti-dilutive.

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4. Material Accounting Policy Information (continued)

(o) Convertible debts

Convertible loans are separated into their liability and equity components on the condensed interim consolidated financial statements of financial position. The liability component is initially recognized at fair value, determined as the net present value of future payments of interest and principal, discounted at the market rate for similar non-convertible liabilities at the time of issue. The liability component is recognized at amortized cost, using the effective interest method, until extinguished upon conversion or maturity. If a security or instrument becomes convertible only upon the occurrence of a future event outside the control of the Company, or, is convertible from inception, but contains conversion terms that change upon the occurrence of a future event, then any contingent beneficial conversion feature is measured and recognized when the triggering event occurs and contingency has been resolved. The fair value of the equity component of the convertible loan is estimated using the residual method in which the difference between the face value of the instrument and the fair value of the debt component is allocated as the fair value of the equity component.

(p) Accounting for Government Grants and Disclosure of Government Assistance

The Company classifies forgivable loans, or the forgivable portion thereof, from the government as government assistance when there is a reasonable assurance that the Company will meet the terms for forgiveness on the loan. If this threshold is not met, the Company classifies forgivable loans as loan payable, measured initially at fair value in accordance with IFRS 9, *Financial Instruments*.

(q) Warrants

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in a private placement is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the day prior to the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share-based payments reserve.

In accordance with IFRS, a contract to issue a variable number of shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the condensed interim consolidated statements of comprehensive loss at each period-end. The derivative liabilities will ultimately be converted into the Company's equity (common shares) when the warrants are exercised, or will be extinguished on the expiry of the outstanding warrants, and will not result in the outlay of any cash by the Company. Immediately prior to exercise, the warrants are remeasured at their estimated fair value. Upon exercise, the intrinsic value is transferred to share capital (the intrinsic value is the share price at the date the warrant is exercised less the exercise price of the warrant). Any remaining fair value is recorded through the condensed interim consolidated statements of comprehensive loss as part of the change in estimated fair value of derivative warrant liabilities.

(r) Related parties

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 operating and financial decisions. This would include the Company's senior management, who are considered to be key management personnel by the Company. Parties are also related if they are subject to common control or significant influence. 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.

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4. Material Accounting Policy Information (continued)

(s) Accounting standards and amendments issued

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

5. Acquisition

On August 22, 2024, the Company completed its acquisition of 100 per cent of the issued and outstanding securities of Claratti.

In connection with the acquisition, the Company issued to the Claratti Vendors 40,000,000 common shares in the capital of the Company at a deemed price of \$0.15 per share for purchase price of \$6,000,000. These shares were subject to a four-month hold period under applicable securities laws that expired on December 23, 2024, along with a contractual resale restriction (the contractual hold period), such that:

1. 25 per cent of the issuable consideration shares were not subject to the contractual hold period as of the completion of the acquisition;
2. 25 per cent of the issuable consideration shares were released from the contractual hold period on February 22, 2025;
3. 25 per cent of the issuable consideration shares are to be released from the contractual hold period on August 22, 2025;
4. The final 25 per cent of the issuable consideration shares are to be released from the contractual hold period on February 22, 2026.

Any shares issued to Claratti Vendors who become directors, officers or shareholders holding 10 per cent or more of the issued and outstanding shares of the Company on a post-acquisition basis were subject to the TSX-V's hold period, which expired on December 23, 2024.

In addition to these shares, the Claratti Vendors are to be issued contingent consideration in the form of additional common shares in the capital of the Company with an aggregate deemed value of up to \$4,000,000, payable through the issuance of up to 26,666,666 common shares upon the achievement of certain EBITDA (earnings before interest, taxes, depreciation and amortization) projections (the "Claratti Contingent Consideration").

The Claratti Contingent Consideration is contingent on The Group achieving the following EBITDA projections (which requires the Group to have positive EBITDA):

1. Upon achievement of an EBITDA of \$1-million for the September 30, 2025 fiscal year, an earnout payment of \$1,000,000 payable through the issuance of up to 6,666,666 Company shares, to be issued September 28, 2025;
2. Upon achievement of an EBITDA of \$3-million for the September 30, 2026 fiscal year, an earnout payment of \$3,000,000 payable through the issuance of up to 20,000,000 Company shares, to be issued September 28, 2026.

The fair value of the Claratti Contingent Consideration was estimated by management to be \$642,475, using a simulation approach with 100,000 iterations, an average share price* of \$0.065, a credit spread of 14.70%, volatility of future EBITDA of 92.3%, a risk-free rate of 3.3% per annum and a discount rate of 40.0% per annum.

**The higher of 1) \$0.15 and 2) the Discounted Market Price as defined in the policies of the TSX Venture Exchange at closing on the date prior to the issuance the applicable Earnout Shares.*

Discounted Market Price is defined as:

- *If the market price is not greater than \$0.05: The Discounted Market Price is equal to the market price, with a minimum price per security of \$0.01.*
- *If the market price is greater than \$0.05 but less than or equal to \$0.50: The Discounted Market Price is the market price less \$0.01*
- *If the market price is greater than \$0.50: The Discounted Market Price is 90% of the market price.*

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5. Acquisition (continued)

The Company engaged an independent third party to assist with the valuation of the Claratti assets (Note 9, 11). The fair value of the Claratti assets was determined primarily by discounting estimated future cash flows over five years, which were determined based on revenue and expense growth assumptions ranging from 2% to 9% per annum, at a weighted average cost of capital (discount rate) of 40.0% per annum

As Claratti meets the IFRS 3, *Business Combinations*, definition of a business, the acquisition has been accounted for as a business combination and measured at the fair value of consideration paid of \$2,657,475. Claratti is engaged in the provision of professional IT services and support, hardware sales and resale of third party services targeted at corporate clients.

In accordance with the acquisition method of accounting, the acquisition cost had been allocated on a preliminary basis to the identifiable underlying assets acquired and liabilities assumed, based upon their estimated fair values at the date of acquisition.

The purchase price allocation at August 22, 2024 was preliminary and the determination of the final working capital adjustment, the identification of any intangible assets and the finalization of the value of goodwill remained provisional. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identified adjustments to these amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition is to be revised.

The provisional purchase price allocation for the acquisition of Claratti is summarized as follows:

Purchase Consideration:	\$, except number of shares
Number of Company shares issued	40,000,000
Closing share price as at the acquisition date	0.065
Share consideration before discount for lack of marketability	2,600,000
Discount for lack of marketability due to hold provisions	(585,000)
Share consideration	2,015,000
Claratti Contingent Consideration	642,475
Total Purchase Consideration	2,657,475
Fair value of Claratti's net assets acquired:	
Cash	91,545
Property and equipment	47,458
Right-of-use assets	9,999
Brand name	505,294
Technology	1,545,675
Customer relationships	1,608,014
Non-cash working capital deficiency	(3,286,955)
Lease liability	(11,443)
Inter-company loan	(66,259)
Borrowings	(2,970,097)
Total fair value of Claratti's net liabilities acquired	(2,526,768)
Resulting goodwill	5,184,243

The resulting goodwill represents the assembled workforce, and sales and growth potential of Claratti and is not to be deductible for tax purposes. The Company tests for impairment annually on September 30, and between annual tests if the Company becomes aware of an event or a change in circumstances that would indicate the carrying value may be impaired. The Company completed its annual impairment test and determined that there were no indications of impairment.

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6. Amounts Receivable

	March 31, 2025 \$	September 30, 2024 \$
Trade receivables	450,733	449,099
Taxes receivable	8,128	27,441
	<u>458,861</u>	<u>476,540</u>

7. Right-of-use Assets

The Company's right-of-use assets consists of two separate lease agreements for office space and an equipment lease. The leases have various escalation clauses. Refer to Note 11 for associated lease liabilities at the reporting date.

	Right-of-use assets \$
Cost:	
September 30, 2023	860,161
Acquired (Note 5)	9,999
Effect of foreign exchange	(142)
Lease amendment	(134,327)
September 30, 2024	<u>735,691</u>
Effect of foreign exchange	(360)
March 31, 2025	<u>735,331</u>

	Right-of-use assets \$
Accumulated amortization:	
September 30, 2023	205,285
Additions	158,315
September 30, 2024	<u>363,600</u>
Additions	78,842
March 31, 2025	<u>442,442</u>
Net book value:	
Balance, September 30, 2024	<u>372,091</u>
Balance, March 31, 2025	<u>292,889</u>

During the six months ended March 31, 2024, the Company amended one of the lease agreements for office space, resulting in a reduction of leased space, along with a reduction in right-of-use assets.

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8. Property and Equipment

	Furniture and Fixtures \$	Computer Equipment \$	Total \$
Cost:			
September 30, 2023	65,402	64,633	130,035
Additions	-	6,790	6,790
Acquired (Note 5)	-	47,458	47,458
September 30, 2024	65,402	118,881	184,283
Additions		6,597	6,597
Effect of foreign exchange		(1,647)	(1,647)
March 31, 2025	65,402	123,831	189,233
Accumulated amortization:			
September 30, 2023	32,013	32,249	64,262
Additions	6,678	12,993	19,671
September 30, 2024	38,691	45,243	83,934
Additions	2,671	20,634	23,305
March 31, 2025	41,362	65,877	107,239
Net book value:			
September 30, 2024	26,711	73,638	100,349
March 31, 2025	24,040	57,954	81,993

9. Intangible Assets

	Customer List \$	Technology \$	Brand Name \$	Customer Relationships \$	Total \$
Cost:					
September 30, 2023	611,000	-	-	-	611,000
Acquired (Note 5)	-	1,545,675	505,294	1,608,014	3,658,983
Effect of foreign exchange	-	34,477	11,271	35,867	81,615
September 30, 2024	611,000	1,580,152	516,565	1,643,881	4,351,598
Additions (Note 14)	48,300	-	-	-	48,300
Effect of foreign exchange	-	(61,239)	(19,714)	(63,027)	(143,980)
March 31, 2025	659,300	1,518,913	496,851	1,580,854	4,255,918
Accumulated amortization:					
September 30, 2023	380,914	-	-	-	380,914
Additions	40,733	24,120	7,885	17,565	90,303
September 30, 2024	421,647	24,120	7,885	17,565	471,217
Additions	20,366	107,559	35,468	79,009	242,402
March 31, 2025	442,013	131,679	43,353	96,574	713,619
Net book value:					
September 30, 2024	189,353	1,556,032	508,680	1,626,316	3,880,381
March 31, 2025	217,287	1,387,235	453,498	1,484,280	3,542,300

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10. Lease Liabilities

The lease liability, which consists of the present value of minimum lease payments for office space and equipment lease, has been discounted using a 12.75% and 15% interest rate, respectively.

	\$
September 30, 2024	445,566
Effect of foreign exchange	(419)
Accretion of interest	29,324
Lease payments	(111,869)
March 31, 2025	362,602

The following is a schedule of future minimum lease payments:

Fiscal year ending September 30:	\$
2025	111,720
2026	206,672
2027	108,276
Net minimum lease payments	426,668
Amount representing interest	(64,065)
Present value of minimum lease payments	362,603
Less: current portion	(222,794)
Long-term portion	139,809

11. Goodwill

	TNET \$	Claratti \$	Total \$
Cost:			
Balance, September 30, 2023	1,137,158	-	1,137,158
Additions (Note 5)	-	5,184,243	5,184,243
Balance, September 30, 2024	1,137,158	5,184,243	6,321,401
Effect of foreign exchange		(5,596)	(5,596)
Balance, March 31, 2025	1,137,158	5,178,647	6,315,805

For purposes of the Company's goodwill impairment testing of TNET, the Company has grouped certain CGUs to test at the lowest level at which management monitors goodwill for internal management purposes, which is the Company wide level.

The Company performed its annual impairment test of goodwill of TNET at September 30, 2024. The recoverable amount was determined based on value-in-use ("VIU") and considered the cash flows of the group of CGUs based on the current budget and future commercialization plans. In assessing the VIU, estimated future cash flows are discounted to their present value using a discount rate that reflects market assessments of the time value of money and the risks specific to the CGUs. The VIU calculations were performed using an average pre-tax discount rate of 17%. The Company determined the terminal value as an estimate of the present value of future cash flows in the terminal period, applying a terminal growth rate of 2%. Based on the Company's assessment, the recoverable amount is higher than the carrying value and therefore no impairment loss was recorded during the period ended September 30, 2024.

The Company determined that there was no impairment loss for Claratti based on the proximity to the date of acquisition.

The Company did not determine indicators of impairment for the six months ended March 31, 2025.

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12. Loans Payable

	March 31, 2025 \$	September 30, 2024 \$
Canada Emergency Business Account loans payable (a)	177,416	180,000
Unsecured convertible notes (b)	259,560	252,076
Operating loan (c)	228,800	250,000
Financial institution loan (d)	1,912,570	1,140,505
Individual loan (e)	59,017	62,937
Equipment loan (f)	9,902	20,603
Insurance loan (g)	-	10,132
Insurance loan (h)	21,173	-
Financial institution loan (i)	3,882	8,627
Financial institution loan (j)	7,177	12,605
Financial institution loan (k)	11,607	11,381
Equipment loan (l)	-	5,833
Financial institution loan (m)	31,249	63,282
Individual loan (n)	100,647	69,995
Equipment loan (o)	7,593	12,766
Related party loan (p)	1,291,936	1,751,552
Line of credit (q)	42,402	38,842
Line of credit (r)	33,692	35,197
Claratti Contingent Consideration (s) (Note 5)	642,475	642,475
Convertible note (t)	324,848	-
Convertible note (u)	65,775	-
Convertible note (v)	77,979	-
Convertible note (w)	289,422	-
Promissory note (x)	300,000	300,000
Promissory note (y)	155,085	100,000
Promissory note (z)	300,000	300,000
Promissory note (aa) (Note 14)	100,000	-
Individual loan (bb)	169,339	-
Promissory note (cc)	300,000	-
Promissory note (dd)	200,000	-
Balance, net	7,123,546	5,268,808
Less: current portion	2,929,736	2,926,605
Long-term portion	4,193,810	2,342,203

- a) The Company received Canada Emergency Business Account ("CEBA") loans in three equal instalments for an aggregate amount of \$180,000 funded by the Government of Canada. The loans were interest-free until January 18, 2024, at which time, as they were not repaid, the balance converted to a 3-year term loan at an interest rate of 5% per annum. The Company had estimated the initial carrying value of the CEBA loans at \$137,725, using a discount rate of 12.68% per annum, which was the estimated rate for a similar loan without the interest-free component. The total difference of \$42,275 was accreted to other income (loss) on the consolidated statements of loss and comprehensive loss. The Company recognized loan accretion for the six months ended March 31, 2025 of \$Nil (2024 - \$Nil).

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12. Loans Payable (continued)

- b) On May 17, 2023, the Company closed the first tranche of its previously announced non-brokered private placement of unsecured convertible notes for aggregate gross proceeds of up to \$1-million. The first tranche closing of the offering comprised the issuance of unsecured convertible notes in the aggregate principal amount of \$276,500. The notes issued in connection with the first tranche closing will mature on May 16, 2026, and are convertible into units, each consisting of one common share in the capital of the company and one-half of one share purchase warrant at a conversion price of \$0.16 of principal per note. These warrants have a term of 36 months, and entitle the holder to purchase one share at an exercise price of \$0.16 per share. These notes have an interest rate of 12 per cent per annum, with a minimum of four months of interest accrued regardless of the date of repayment or conversion of the notes.

The Company allocated \$41,740 to the equity component of the convertible note, and \$234,760 to the liability component of the convertible note.

During the six months ended March 31, 2025, the Company recognized accretion expense of \$7,484 (2024 - \$6,222) and interest expense of \$16,522 (2024 - \$16,613). As at March 31, 2025, a total of \$259,560 (September 30, 2024 - \$252,076) is outstanding for principal and interest.

- c) On December 11, 2023, the Company entered into a loan agreement with a third party for proceeds of \$250,000. The proceeds will be used for operating purposes. This loan is repayable in 60 monthly payments starting November 2024, carries a floating interest rate, calculated at the third party's floating base rate plus a variance of 3.7% per annum (currently at 9.3% per annum), and is secured by a general security agreement on the Company's assets. During the six months ended March 31, 2025, \$21,200 in principal was repaid.
- d) As a part of the Claratti acquisition (Note 5), the Company assumed a series of seven loans due to a financial institution with a carrying balance of \$1,912,570 as at March 31, 2025 (September 30, 2024 - \$1,140,505). These loans carry interest rates of 18% to 24% per annum, are secured by a personal guarantee, and have a maturity date of December 31, 2025. During the six months ended March 31, 2025, proceeds of \$614,437 (2024 - \$Nil) were drawn from these loans, and financing charges of \$46,462 (2024 - \$Nil) were paid.
- e) As a part of the Claratti acquisition (Note 5), the Company assumed a loan due to an individual with a carrying balance of \$59,017 as at March 31, 2025 (September 30, 2024 - \$62,937). This loan carries an interest rate of 10% per annum, and is unsecured. This loan is due on demand.
- f) As a part of the Claratti acquisition (Note 5), the Company assumed an equipment loan due to financial institution with a carrying balance of \$9,902 as at March 31, 2025 (September 30, 2024 - \$20,603). This loan carries an interest rate of 6.10% per annum, and is secured by equipment. This loan is paid in monthly instalments over 12 months.
- g) As a part of the Claratti acquisition (Note 5), the Company assumed an insurance loan due to financial institution with a carrying balance of \$Nil as at March 31, 2025 (September 30, 2024 - \$10,132). This loan carries an interest rate of 17.96% per annum, and is unsecured. This loan was repaid during the six months ended March 31, 2025.
- h) During the six months ended March 31, 2025, the Company entered into an insurance loan due to financial institution in the amount of \$42,025. This loan has a carrying balance of \$21,173 as at March 31, 2025 (September 30, 2024 - \$Nil). This loan carries a total credit charge of \$2,965, is repayable in monthly instalments over 10 months, and is unsecured.

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12. Loans Payable (continued)

- i) As a part of the Claratti acquisition (Note 5), the Company assumed a loan due to a financial institution with a carrying balance of \$3,882. This loan carries an interest rate of 6.53% per annum, and is secured by a personal guarantee. This loan is paid in monthly instalments over 3 years. The Company recorded the fair value of the loan using an incremental borrowing rate of 12.75% per annum and subsequently measured at amortized cost. The loan was valued at \$3,882 (September 30, 2024 - \$10,092) and accretion of \$416 (2024 - \$Nil) was recorded during the six months ended March 31, 2025.
- j) As a part of the Claratti acquisition (Note 5), the Company assumed a loan due to a financial institution with a carrying balance of \$7,177. As at March 31, 2025, this loan carries an interest rate of 8.61% per annum, and is secured by equipment. This loan is paid in monthly instalments over 5 years. The Company recorded the fair value of the loan using an incremental borrowing rate of 12.75% per annum and subsequently measured at amortized cost. The loan was valued at \$7,177 (September 30, 2024 - \$12,605) and accretion of \$646 (2023 - \$Nil) was recorded during the six months ended March 31, 2025.
- k) As a part of the Claratti acquisition (Note 5), the Company assumed a loan due to financial institution with a carrying balance of \$11,607 as at March 31, 2025 (September 30, 2024 - \$11,381). This loan carries an interest rate of 6.1% per annum, and is secured by equipment. This loan is paid in monthly instalments over 12 months.
- l) As a part of the Claratti acquisition (Note 5), the Company assumed an equipment loan due to financial institution with a carrying balance of \$Nil as at March 31, 2025 (September 30, 2024 - \$5,833). This loan carries an interest rate of 13.3% per annum, and is unsecured. This loan is paid in monthly instalments over 12 months. The loan was fully repaid for the six months ended March 31, 2025.
- m) As a part of the Claratti acquisition (Note 5), the Company assumed a loan due to a financial institution with a carrying balance of \$31,249 as at March 31, 2025 (September 30, 2024 - \$63,282). This loan carries an interest rate of 13.30% per annum, and is unsecured. This loan is paid in monthly instalments over 12 months.
- n) As a part of the Claratti acquisition (Note 5), the Company assumed a working capital loan due to an individual with a carrying balance of \$100,647 as at March 31, 2025 (September 30, 2024 - \$69,995). This loan is due on demand.
- o) As a part of the Claratti acquisition (Note 5), the Company assumed an equipment loan due to financial institution with a carrying balance of \$7,593 as at March 31, 2025 (September 30, 2024 - \$12,766). This loan carries an interest rate of 2.66%, and is secured by equipment. This loan is paid in monthly instalments over 4 years. The Company recorded the fair value of the loan using an incremental borrowing rate of 12.75% and subsequently measured at amortized cost. Accretion of \$182 (2023 - \$Nil) was recorded during the six months ended March 31, 2025.
- p) As a part of the Claratti acquisition (Note 5), the Company assumed a loan due to a Company controlled by the CEO of the Company with a principal balance of \$1,264,106 (September 30, 2024 - \$1,437,926) and \$27,830 in interest as at March 31, 2025 (September 30, 2024 - \$313,626). This loan is secured and due on demand. During the six months ended March 31, 2025, \$519,171 in principal and accrued interest was paid.
- q) As a part of the Claratti acquisition (Note 5), the Company assumed a line of credit due to a financial institution with a carrying balance of \$42,402 as at March 31, 2025 (September 30, 2024 - \$38,842). This loan carries an interest rate of 17.95%, and is secured by personal guarantees. This loan is due on demand.

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12. Loans Payable (continued)

- r) As a part of the Claratti acquisition (Note 5), the Company assumed a line of credit due to a financial institution with a carrying balance of \$33,692 as at March 31, 2025 (September 30, 2024 - \$35,197). This loan carries an interest rate of 11.33%, and is unsecured. This loan is due on demand.
- s) As a part of the Claratti acquisition (Note 5), Claratti Vendors are to be issued additional common shares in the capital of the Company with an aggregate deemed value of up to \$4,000,000 upon the achievement of certain EBITDA (earnings before interest, taxes, depreciation and amortization) projections. The fair value of the Claratti Contingent Consideration was estimated to be \$642,475.
- t) On November 4, 2024, the Company closed the first tranche of its previously announced non-brokered private placement of unsecured convertible notes for aggregate gross proceeds of up to \$1-million. The first tranche closing of the offering comprised the issuance of unsecured convertible notes in the aggregate principal amount of \$501,000. The notes issued in connection with the first tranche closing will mature on May 4, 2026, and are convertible into units, each consisting of one common share in the capital of the company and one share purchase warrant at a conversion price of \$0.08 of principal per note for the first 12 months, and \$0.10 for the remaining term. These warrants have a term of 24 months, and entitle the holder to purchase one share at an exercise price of \$0.10 per share. These notes have an interest rate of 15 per cent per annum. The company may, at its option, accelerate the expiry date of the warrants on 30 days of notice if the volume-weighted average trading price (VWAP) of the common shares on the TSX Venture Exchange is greater than \$0.30 for the preceding 10 consecutive trading days. The Company paid finders' fees of \$28,350 and issued 354,375 finders' warrants related to this offering. These warrants have a term of 24 months and an exercise price of \$0.10 per share.

The Company allocated \$237,166 to the derivative liability component of the convertible note, and \$263,834 to the amortized cost liability component of the convertible note.

During the six months ended March 31, 2025, the Company recognized accretion expense of \$42,483 (2024 - \$Nil) and interest expense of \$30,265 (2024 - \$Nil). As at March 31, 2025, a total of \$519,530 (September 30, 2024 - \$Nil) is outstanding for principal and interest.

- u) On November 27, 2024, the Company closed the second tranche of its previously announced non-brokered private placement of unsecured convertible notes for aggregate gross proceeds of up to \$1-million. The second tranche closing of the offering comprised the issuance of unsecured convertible notes in the aggregate principal amount of \$105,000. The notes issued in connection with the second tranche closing will mature on May 27, 2026, and are convertible into units, each consisting of one common share in the capital of the company and one share purchase warrant at a conversion price of \$0.08 of principal per note for the first 12 months, and \$0.10 for the remaining term. These warrants have a term of 24 months, and entitle the holder to purchase one share at an exercise price of \$0.10 per share. These notes have an interest rate of 15 per cent per annum. The company may, at its option, accelerate the expiry date of the warrants on 30 days of notice if the volume-weighted average trading price (VWAP) of the common shares on the TSX Venture Exchange is greater than \$0.30 for the preceding 10 consecutive trading days. The Company paid finders' fees of \$2,800 and issued 35,000 finders' warrants related to this offering. These warrants have a term of 24 months and an exercise price of \$0.10 per share.

The Company allocated \$50,988 to the derivative liability component of the convertible note, and \$54,012 to the amortized cost liability component of the convertible note.

During the six months ended March 31, 2025, the Company recognized accretion expense of \$7,879 (2024 - \$Nil) and interest expense of \$5,350 (2024 - \$Nil). As at March 31, 2025, a total of \$108,884 (September 30, 2024 - \$Nil) is outstanding for principal and interest.

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12. Loans Payable (continued)

- v) On December 17, 2024, the Company closed the third tranche of its previously announced non-brokered private placement of unsecured convertible notes for aggregate gross proceeds of up to \$1-million. The third tranche closing of the offering comprised the issuance of unsecured convertible notes in the aggregate principal amount of \$118,750. The notes issued in connection with the third tranche closing will mature on June 17, 2026, and are convertible into units, each consisting of one common share in the capital of the company and one share purchase warrant at a conversion price of \$0.08 of principal per note for the first 12 months, and \$0.10 for the remaining term. These warrants have a term of 24 months, and entitle the holder to purchase one share at an exercise price of \$0.10 per share. These notes have an interest rate of 15 per cent per annum. The company may, at its option, accelerate the expiry date of the warrants on 30 days of notice if the volume-weighted average trading price (VWAP) of the common shares on the TSX Venture Exchange is greater than \$0.30 for the preceding 10 consecutive trading days. The Company paid finders' fees of \$4,830 related to this offering.

The Company allocated \$52,721 to the derivative liability component of the convertible note, and \$66,029 to the amortized cost liability component of the convertible note.

During the six months ended March 31, 2025, the Company recognized accretion expense of \$7,558 (2024 - \$Nil) and interest expense of \$5,075 (2024 - \$Nil). As at March 31, 2025, a total of \$123,142 (September 30, 2024 - \$Nil) is outstanding for principal and interest.

- w) On January 20, 2025, the Company closed the fourth tranche of its previously announced non-brokered private placement of unsecured convertible notes for aggregate gross proceeds of up to \$1-million. The fourth tranche closing of the offering comprised the issuance of unsecured convertible notes in the aggregate principal amount of \$449,000. The notes issued in connection with the fourth tranche closing will mature on July 20, 2026, and are convertible into units, each consisting of one common share in the capital of the company and one share purchase warrant at a conversion price of \$0.08 of principal per note for the first 12 months, and \$0.10 for the remaining term. These warrants have a term of 24 months, and entitle the holder to purchase one share at an exercise price of \$0.10 per share. These notes have an interest rate of 15 per cent per annum. The company may, at its option, accelerate the expiry date of the warrants on 30 days of notice if the volume-weighted average trading price (VWAP) of the common shares on the TSX Venture Exchange is greater than \$0.30 for the preceding 10 consecutive trading days. The Company paid finders' fees of \$1,500 related to this offering.

The Company allocated \$188,413 to the derivative liability component of the convertible note, and \$260,588 to the amortized cost liability component of the convertible note.

During the six months ended March 31, 2025, the Company recognized accretion expense of \$15,918 (2024 - \$Nil) and interest expense of \$12,916 (2024 - \$Nil). As at March 31, 2025, a total of \$461,916 (September 30, 2024 - \$Nil) is outstanding for principal and interest.

- x) On February 28, 2021, in connection with the acquisition of TNET, the Company entered into a Promissory Note with a company controlled by the former President of TNET, and a company controlled by the previous CEO of the Company for a principal amount of \$300,000. The Promissory Note bears interest at a rate of 6% per annum with interest beginning to accrue on May 1, 2021. The Promissory Note is due on demand and is secured by a General Security Agreement dated February 28, 2021. During the six months ended March 31, 2025, the Company recognized accrued interest of \$5,013 (2024 - \$11,611) and accrued interest in the amount of \$70,625 (September 30, 2024 - \$65,611) is included in accounts payable and accrued liabilities.

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12. Loans Payable (continued)

- y) On September 30, 2022, the Company entered into a Promissory Note with an arms-length individual for a principal amount of \$100,000. The Promissory Note bears interest at a rate of 1% per month and is due on demand. During the six months ended March 31, 2025, the Company recognized accrued interest of \$55,085 (2024 - \$Nil). As of March 31, 2024, \$155,085 is outstanding for principal and interest (September 30, 2024 - \$100,000).
- z) On March 28, 2024, the Company entered into loan agreements with lenders to borrow a total of \$300,000. The loans bear interest at 14% per annum. The maturity date of the loans was September 28, 2024. The loan was not repaid as of March 31, 2025. On March 28, 2024, in connection with the loan agreements, the Company issued an aggregate of three million share purchase warrants to the lenders (Note 17). Each warrant entitles the holder to purchase one common share of the company at an exercise price of \$0.10 until March 28, 2025. The warrants are subject to acceleration should the shares trade at or \$0.20 per share for any 10 consecutive trading days. One of the lenders is a director of the Company. The director loaned \$25,000, and was issued 250,000 warrants.
- aa) On December 17, 2024, the Company entered into a Promissory Note with a director of the Company for a principal amount of \$100,000. The Promissory Note bears no interest is due on demand. As of March 31, 2025, \$100,000 (September 30, 2024 - \$Nil) is outstanding.
- bb) On October 2, 2024, the Company entered into a loan agreement with an individual in the amount of \$278,790. This loan has a carrying balance of \$169,339 as at March 31, 2025. This loan carries an interest rate of 12% per annum, is unsecured, and is due on demand. The Company issued 30,000 warrants to this individual in relation to this loan. Each warrant entitles the holder to purchase one common share of the company at an exercise price of \$0.10 until October 1, 2025.
- cc) On February 19, 2025, the Company entered into a loan agreement with a director of the Company for a principal amount of \$300,000. The loans bear interest at 1.5% per month, paid at maturity, and the maturity date of the loan is June 30, 2026. No interest was accrued for the six months ended March 31, 2025. In connection with the loan agreement, the Company will issue an aggregate of three million share purchase warrants to the lender. Each warrant entitles the holder to purchase one common share of the company at an exercise price of \$0.10 for a period of up to 36 months from the issue date. The warrants are subject to acceleration should the shares trade at or \$0.30 per share for any 10 consecutive trading days.
- dd) On February 5, 2025, the Company entered into a loan agreement with a director of the Company for a principal amount of \$200,000. The loans bear interest at 1.5% per month, paid at maturity, and the maturity date of the loan is June 30, 2026. No interest was accrued for the six months ended March 31, 2025. In connection with the loan agreement, the Company will issue an aggregate of two million share purchase warrants to the lender. Each warrant entitles the holder to purchase one common share of the company at an exercise price of \$0.10 for a period of up to 36 months from the issue date. The warrants are subject to acceleration should the shares trade at or \$0.30 per share for any 10 consecutive trading days.

The following is a summary of the maturity of loans payable as of March 31, 2025:

Within 1 year	1-3 years	3+ years	Total
2,929,736	2,072,669	2,121,141	7,123,546

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13. Subscriptions Received

On September 30, 2024, the Company received \$41,997 in subscriptions for a non-brokered private placement of unsecured convertible notes. These notes were issued during the six months ended March 31, 2025.

14. Related Party Transactions

The following table summarizes the compensation of the Company's key management:

	Three months Ended March 31, 2025 \$	Three months Ended March 31, 2024 \$	Six months Ended March 31, 2025 \$	Six months Ended March 31, 2024 \$
Consulting*	265,879	256,750	510,540	366,750
Salaries and wages*	104,568	118,750	223,852	312,500
Share-based compensation	385	50,189	2,772	126,653

* Salaries and wages paid to key management personnel are included under general and administrative and research and development expenses on the condensed interim consolidated statement of comprehensive loss.

As at March 31, 2025, \$893,248 (September 30, 2024 - \$843,826) is payable to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

15. Derivative warrant liabilities

	# of warrants	\$
Balance, September 30, 2024	-	-
Unsecured convertible notes (Note 12)	9,473,500	529,287
Fair value change on derivative liability	-	39,253
Balance, March 31, 2025	9,473,500	568,540

From November 4, 2024 to January 20, 2025, the Company closed 4 tranches of its previously announced non-brokered private placement of unsecured convertible notes for total proceeds of \$1,173,750. The notes issued in connection with the 4 tranches closing will mature from May 4, 2026 to July 20, 2026, and are convertible into units, each consisting of one common share in the capital of the company and one share purchase warrant at a conversion price of \$0.08 of principal per note for the first 12 months, and \$0.10 for the remaining term. These warrants have a term of 24 months, and entitle the holder to purchase one share at an exercise price of \$0.10 per share. The company may, at its option, accelerate the expiry date of the warrants on 30 days of notice if the volume-weighted average trading price (VWAP) of the common shares on the TSX Venture Exchange is greater than \$0.30 for the preceding 10 consecutive trading days. These warrants have a term of 24 months and an exercise price of \$0.10 per share.

In total, the Company allocated \$529,287 to the derivative liability component of the convertible notes, and \$644,463 to the amortized cost liability component.

The Company recorded an increase in the estimated fair value of the derivative warrant liability of \$39,253 for the six months ended March 31, 2025 (2024 - \$Nil).

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15. Derivative warrant liabilities (continued)

The following assumptions were used to estimate the fair value of the derivative warrant liabilities during the six months ended March 31, 2025 and 2024:

	2024	2023
Annualized volatility	138% - 169%	60% - 63%
Risk-free interest rate	2.92%	3.91%
Life of warrants in years	1.84 – 1.96	0.44 – 0.92
Dividend rate	-	-
Market price	\$0.05	\$0.06
Fair value per warrant	\$0.0231 - \$0.03	\$0.0000

16. Share Capital

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued Share Capital:

As at March 31, 2025, there were 164,962,446 common shares issued and outstanding (September 30, 2024 – 164,962,446).

c) No shares issued during the six months ended March 31, 2025.

Shares Issued during the year ended September 30, 2024:

- i. On May 17, 2024, the Company entered into a debt settlement agreement with its former auditor to settle the Company's outstanding debt for past services in the amount of \$235,593 by issuing 2,982,190 common shares in the capital of the Company at a deemed price of \$0.079 per share. A gain on debt settlement of \$56,662 has been recorded for this transaction.
- ii. On May 8, 2024, the Company settled outstanding debt in the aggregate amount of approximately \$345,500 owing to certain directors and arm's-length creditors of the Company, by issuing 4,935,710 common shares in the capital of the company at a deemed price of \$0.07 per share. A gain on debt settlement of \$98,714 has been recorded for this transaction.
- iii. On August 22, 2024 the Company completed a non-brokered private placement of 11,139,303 units at a price of seven cents per unit for aggregate proceeds of \$779,751. Each unit comprised one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share in the capital of the company at an exercise price of \$0.105 per share until August 22, 2026. No value was assigned to these warrants based on the residual value approach. Cash in connection with the concurrent private placement, the Company paid certain arm's-length finders a cash commission in the aggregate amount of \$23,171 and issued an aggregate of 331,000 non-transferable finder's warrants of the Company exercisable at any time until August 22, 2026, with each finder's warrant entitling the holder thereof to purchase one common share, at an exercise price equal to \$0.105 per share, subject to adjustment in certain events.
- iv. On August 22, 2024 the Company completed its acquisition of 100 per cent of the issued and outstanding securities of Claratti. In connection with the acquisition, the Company issued to the vendors 40,000,000 common shares in the capital of the Company.
- v. 200,000 shares were issued pursuant to the exercise of 200,000 warrants for gross proceeds of \$28,000.
- vi. 1,100,000 shares were issued pursuant to the exercise of 1,100,000 stock options for gross proceeds of \$120,000.

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16. Share Capital (continued)

d) Escrow Shares:

Pursuant to the acquisition of TNSI (Note 1), 23,389,876 common shares are subject to escrow conditions:

- i. 2,260,771 common shares were released upon closing the RTO and the remainder of 20,346,936 will be released in six equal instalments every six months thereafter.
- ii. 195,542 common shares were released upon closing the RTO and the remainder of 586,627 will be released in three equal instalments every six months thereafter.

17. Share Purchase Warrants

On May 10, 2023, the Company entered into a termination agreement with a consultant, and issued 112,500 warrants. These Warrants issued were exercisable into common shares of the Company with an exercise price of \$0.15 for a period of 12 months. A fair value of \$7,598 was assigned to these warrants, calculated using a share price of \$0.16, exercise price of \$0.15, remaining life of 1.00 years, volatility of 102.36%, dividend rate of 0% and a risk-free rate of 3.68%.

On May 17, 2023, the Company closed the first tranche of its non-brokered private placement of unsecured convertible notes for aggregate gross proceeds of \$276,500. The notes issued in connection with the first tranche closing mature on May 16, 2026, carry a coupon rate of 12%, and were convertible into units, each consisting of one common share in the capital of the Company and one-half of one share purchase warrant at a conversion price of \$0.16 of principal per note. These warrants have a term of 36 months, and entitle the holder to purchase one share at an exercise price of \$0.16 per share. The Company allocated \$41,740 to the equity component of the convertible note, and \$234,760 to the liability component of the convertible note.

During the year ended September 30, 2023, the Company closed 2 tranches of a private placement. A total of 35,000,000 units were issued at a price of \$0.10 per unit for gross proceeds of \$3,500,000. Each unit is composed of one common share of the company and one common share purchase warrant. Each warrant issued entitles the holder thereof to purchase one additional common share at a price of \$0.14 per share, subject to adjustment in certain events, until August 22, 2026. No value was assigned to these warrants based on the residual value approach. Cash commission and disbursements of \$148,877 were paid along with the issuance of 539,395 shares and 539,450 share purchase warrants for finders, and 1,297,750 warrants for brokers.

On March 28, 2024, the Company entered into loan agreements with lenders to borrow a total of \$300,000. The loans bear interest at 14% per annum. The maturity date of the loans is September 28, 2024. One of the lenders is a director of the company, and the other lenders are each arm's-length parties to the company (Note 12 (z)). On March 28, 2024, in connection with the loan agreements, the company has issued an aggregate of three million share purchase warrants to the lenders. Each loan bonus warrant entitles the holder to purchase one common share of the company at an exercise price of 10 cents for a period of 12 months from the issue date. The warrants will be subject to an acceleration clause allowing for the acceleration of the warrants should the shares trade at or above 20 cents for any 10 consecutive trading days. A fair value of \$76,735 was assigned to these warrants, calculated using a share price of \$0.07, exercise price of \$0.10, remaining life of 1.00 years, volatility of 132.46%, dividend rate of 0% and a risk-free rate of 4.17%.

On August 22, 2024 the Company issued 5,569,652 share purchase warrants as a part of a non-brokered private placement (Note 16). Each whole warrant is exercisable into one common share in the capital of the company at an exercise price of \$0.105 per share until August 22, 2026. No value was assigned to these warrants based on the residual value approach. In connection with the concurrent private placement, the Company issued an aggregate of 331,000 non-transferable finder's warrants of the Company exercisable at any time prior to August 22, 2026, with each such finder's warrant entitling the holder thereof to purchase one common share, at an exercise price equal to \$0.105 per share, subject to adjustment in certain events.

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17. Share Purchase Warrants (continued)

From November 4, 2024 to January 20, 2025, the Company closed 4 tranches of its previously announced non-brokered private placement of unsecured convertible notes for total proceeds of \$1,173,750. The notes issued in connection with the 4 tranches closing will mature from May 4, 2026 to July 20, 2026, and are convertible into units, each consisting of one common share in the capital of the company and one share purchase warrant at a conversion price of \$0.08 of principal per note for the first 12 months, and \$0.10 for the remaining term. These warrants have a term of 24 months, and entitle the holder to purchase one share at an exercise price of \$0.10 per share. The company may, at its option, accelerate the expiry date of the warrants on 30 days of notice if the volume-weighted average trading price (VWAP) of the common shares on the TSX Venture Exchange is greater than \$0.30 for the preceding 10 consecutive trading days. These warrants have a term of 24 months and an exercise price of \$0.10 per share. In connection with these unsecured convertible notes, the Company issued 9,050,000 share purchase warrants, and another 423,500 finders' warrants.

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price \$
Outstanding, September 30, 2023	41,401,263	0.20
Issued:		
March 28, 2024: promissory note	3,000,000	0.11
August 22, 2024: private placement	5,900,652	0.11
Outstanding, September 30, 2024	50,301,915	0.14
Issued:		
November 4, 2024 to January 20, 2025: convertible notes	9,473,500	0.10
Outstanding and exercisable, March 31, 2025	59,775,415	0.14

The following table summarizes information about warrants outstanding and exercisable at March 31, 2025:

Warrants Outstanding	Exercise Price \$	Expiry Date
3,000,000	0.11	* March 28, 2025
864,063	0.16	June 27, 2026
31,613,900	0.14	August 1, 2026
5,423,300	0.14	August 22, 2026
5,900,652	0.105	August 22, 2026
6,590,625	0.10	** November 5, 2026
1,347,500	0.10	** November 28, 2026
1,475,000	0.10	** December 18, 2026
60,375	0.10	** January 20, 2027
3,500,000	0.25	* September 14, 2028
59,775,415		

*The warrants are subject to an acceleration clause allowing for the acceleration of the warrants should the shares trade at or above \$0.20 for any 10 consecutive trading days.

**The warrants are subject to an acceleration clause allowing for the acceleration of the warrants should the shares trade at or above \$0.30 for any 10 consecutive trading days.

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18. Stock Options

Options to purchase common shares may be granted to directors, consultants, officers and employees of the Company and its subsidiary for terms up to 10 years at a price at least equal to the market price prevailing on the date of the grant.

On November 26, 2021, the Company granted 8,601,069 options to employees and consultants. These options have an exercise price of \$0.48 per option and an expiry date of November 26, 2026, and vest over three years. A value of \$3,513,517 was assigned to these options, calculated using a share price of \$0.48, remaining life of five years, volatility of 127.45%, dividend rate of 0% and a risk-free rate of 1.37%

On June 16, 2022, the Company granted 204,000 options to consultants. These options have an exercise price of \$0.56 per option and an expiry date of June 16, 2027, and vest over three years. A value of \$53,909 was assigned to these options, calculated using a share price of \$0.48, remaining life of five years, volatility of 125.85%, dividend rate of 0% and a risk-free rate of 3.30%

On July 25, 2022, the Company issued 1,150,000 options to directors and consultants. These options have an exercise price of \$0.56 per option and an expiry date of July 25, 2027. A value of \$301,490 was assigned to these options, calculated using a share price of \$0.56, remaining life of five years, volatility of 124.67%, dividend rate of 0% and a risk-free rate of 2.85%

On April 20, 2023, the Company's board of directors approved the grant of 1,750,000 stock options to directors, officers, employees and consultants. The options have an exercise price of \$0.15, an expiry date of 5 years, and shall vest monthly over a period of 12 months. A value of \$222,035, out of which \$83,009 relates stock options vested during the year, was assigned to these options, calculated using a share price of \$0.155, remaining life of five years, volatility of 114.79%, dividend rate of 0% and a risk-free rate of 3.08%

On October 24, 2023, the Company's board of directors approved the grant of 3,100,000 stock options to directors, officers and employees. The options have an exercise price of \$0.10 per share and an expiry date of 5 years. 600,000 stock options vest immediately, and 2,500,000 stock options and shall vest monthly over a period of 12 months. A value of \$167,083 was assigned to these options, calculated using a share price of \$0.07, remaining life of five years, volatility of 111.17%, dividend rate of 0% and a risk-free rate of 4.16 to 4.52%.

On March 5, 2024, the Company granted 3,800,000 million options to certain consultants at an exercise price of \$0.07 per share. The options are issued pursuant to the company's option plan as approved by the shareholders at the last annual meeting and are exercisable for a period of five years. A value of \$173,635 was assigned to these options, calculated using a share price of \$0.06, remaining life of five years, volatility of 104.99%, dividend rate of 0% and a risk-free rate of 3.43%.

On May 17, 2024, the Company granted an aggregate of 2,000,000 stock options to an officer of the Company, at an exercise price of \$0.11 per common share. The options are exercisable for a five-year period from the date of grant and shall vest immediately on grant. The options are granted pursuant to the company's amended and restated stock option plan, which was most recently approved by shareholders at the company's annual general meeting of shareholders. A value of \$86,536 was assigned to these options, calculated using a share price of \$0.06, remaining life of five years, volatility of 107.86%, dividend rate of 0% and a risk-free rate of 3.69%.

On June 19, 2024, the Company entered into an agreement with I Made It Inc. to provide business consulting and public relations services to the Company. On June 24, 2024, pursuant to the agreement, the Company issued 1,000,000 common share purchase options with an exercise price of \$0.10 per share and a five-year term. The options vested in tranches over a period of 12 months. A value of \$52,264 was assigned to these options, calculated using a share price of \$0.085, remaining life of five years, volatility of 107.13%, dividend rate of 0% and a risk-free rate of 3.31%.

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18. Stock Options (continued)

During the year ended September 30, 2024, 1,100,000 shares were issued pursuant to the exercise of 1,100,000 stock options for gross proceeds of \$120,000.

The continuity of stock options for the six months ended March 31, 2025 is as follows:

	Number of Options	Weighted Average Exercise Price \$
Outstanding, September 30, 2023	7,775,440	0.30
Granted	9,900,000	0.10
Exercised	(1,100,000)	0.11
Outstanding, September 30, 2024	16,575,440	0.19
Exercisable, September 30, 2024	15,573,621	0.18
Outstanding, March 31, 2025	16,575,440	0.19
Exercisable, March 31, 2025	16,292,107	0.19

The following table summarizes information about stock options outstanding as at March 31, 2025:

Exercise Price \$	Expiry Date	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Remaining Contracted Life (Years)
0.10	August 4, 2026	1,467,391	1,467,391	1.35
0.15	August 4, 2026	600,000	600,000	1.35
0.48	November 26, 2026	3,204,049	3,204,049	1.66
0.56	June 16, 2027	204,000	204,000	2.21
0.28	July 26, 2027	550,000	516,667	2.32
0.15	April 13, 2028	1,750,000	1,750,000	3.04
0.10	October 16, 2028	3,000,000	3,000,000	3.55
0.07	March 5, 2029	3,800,000	3,800,000	3.39
0.11	May 17, 2029	1,000,000	1,000,000	4.13
0.10	June 24, 2029	1,000,000	750,000	4.22
		16,575,440	16,292,107	2.96

Share-based compensation expense is determined using the Black-Scholes option pricing model. During six months ended March 31, 2025, the Company recognized share-based compensation expense of \$32,839 (2024 - \$476,863). The Company recognizes compensation expense using the graded vesting method over the requisite service period for each separately vesting tranche of the award.

19. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital, share-based payment reserve, common stock subscribed, loans, and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new equity issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company's overall strategy with respect to capital risk management remains unchanged from the year ended September 30, 2024.

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20. Commitments and Contingencies

The Company is contractually committed to a payroll agreement with the Chief Executive Officer. The Company had no significant commitments or contractual obligations with any parties respecting consulting arrangements. Management services provided are on a month-to-month basis. Refer to Note 10 for minimum lease payments.

The Company is contractually committed to the Claratti Contingent Consideration payments (Note 5).

The Company is also contractually committed to a schedule of loan and interest repayments and requirements under its loans outstanding. Refer to Note 12 for minimum interest and loan payments.

As of March 31, 2025 and the date of these condensed interim consolidated financial statements, the Company is not currently subject to any litigation, indemnities or guarantees.

21. Financial Instruments and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

(a) Fair Values

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial assets and liabilities measured at fair value on a recurring basis are presented on the Company's condensed interim consolidated statement of financial position as of March 31, 2025 as follows:

Financial Assets	Balance as at March 31, 2025 \$	Quoted Prices in Active Markets for Identical Assets (Level 1) \$	Significant Other Observable Inputs (Level 2) \$	Significant Unobservable Inputs (Level 3) \$
Cash	463,693	463,693	-	-
Total	463,693	463,693	-	-

Financial Liabilities	Balance as at March 31, 2025 \$	Quoted Prices in Active Markets for Identical Assets (Level 1) \$	Significant Other Observable Inputs (Level 2) \$	Significant Unobservable Inputs (Level 3) \$
Derivative warrant liabilities (Note 15)*	-	-	-	568,540
Total	-	-	-	568,540

*The change in fair value of the Company's derivative warrant liabilities (classified as Level 3) is disclosed in Note 15. The liabilities are remeasured at period-end using the Black-Scholes option-pricing model.

There were no transfers between the levels during the period.

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21. Financial Instruments and Risk Management (continued)

The carrying value of the Company's financial assets and liabilities, except for derivative warrant liabilities (classified as FVTPL), are classified as amortized cost as at March 31, 2025. The fair values of financial instruments, which include cash, amounts receivable, accounts payable and accrued liabilities, due to related parties, promissory notes and loans payable, and lease liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

(b) 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 exposure to credit risk is in its cash and receivables. Cash is held with major banks in Canada and the United States, which are high credit quality financial institutions as determined by rating agencies. The carrying amount of financial assets represents the maximum credit exposure.

Amounts Receivable

Amounts receivable consists of trade receivable of \$458,861 (September 30, 2024 - \$476,540). To reduce the credit risk of amounts receivable, the Company regularly reviews the collectability of the amounts receivable to ensure there is no indication that these amounts will not be fully recoverable. As at March 31, 2025, the Company recognized a provision for bad debts of \$Nil (September 30, 2024 - \$Nil) in accordance with IFRS 9, *Financial Instruments*.

During the six months ended March 31, 2025, the Company recognized bad debts of \$Nil (2024 - \$Nil).

(c) Currency Risk

The functional currency of the parent, TNET and TNSI is the Canadian dollar. The functional currency of Claratti is the Australian dollar. Currency risk is the risk that the fair value of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company's head office and operating expenses are mainly denominated in Canadian dollars. Some of the Company's revenue is denominated in US and Australian dollars. If the US dollar or Australian dollar depreciates compared to the Canadian dollar revenue would decrease in Canadian dollars. The Company is exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in US and Australian dollars:

	March 31, 2025	September 30, 2024
Balance in US dollars:	\$	\$
Cash	105,655	5,298
Amounts receivable	66,516	90,003
Accounts payable and accrued liabilities	(49,663)	(10,525)
Net exposure	122,508	84,776
Balance in Canadian dollars:	180,367	113,924

A 10% change in the US dollar to the Canadian dollar exchange rate would impact the Company's net loss by approximately \$18,037 for the six months ended March 31, 2025 (2024 - \$17,044).

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21. Financial Instruments and Risk Management (continued)

	March 31, 2025	September 30, 2024
Balance in Australian dollars:	\$	\$
Cash	74,269	16,757
Amounts receivable	102,235	159,090
Accounts payable and accrued liabilities	(3,594,072)	(3,963,738)
Net exposure	(3,417,568)	(3,787,891)
Balance in Canadian dollars:	(3,065,908)	(3,625,864)

A 10% change in the Australian dollar to the Canadian dollar exchange rate would impact the Company's net loss by approximately \$306,591 Canadian dollars for the six months ended March 31, 2025 (2024 - \$Nil).

(d) Interest Rate Risk

The Company's exposure to interest rate risk relates to the Company's debt with floating interest rates, its ability to earn interest income on cash balances at variable rates and its short-term term deposits at prescribed market rates. The fair value of the Company's cash is not significantly affected by changes in short-term interest rates. The income earned from the bank accounts and short-term term deposits is subject to movements in interest rates.

(e) Liquidity and Funding Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Management maintains sufficient cash to satisfy short-term liabilities in highly liquid investments.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

A summary of the Company's obligations is as follows:

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	1-5 years \$
As at March 31, 2025				
Accounts payable and accrued liabilities	4,518,409	4,518,409	4,518,409	-
Due to related parties (Note 14)	893,248	893,248	893,248	-
Loans payable (Note 12)	7,123,546	11,683,294	4,179,139	7,504,155
Lease payments (Note 10)	405,933	485,795	168,623	317,172
	12,941,136	17,580,746	9,759,419	7,821,327
As at September 30, 2024				
Accounts payable and accrued liabilities	4,896,245	4,896,245	4,896,245	-
Due to related parties (Note 14)	843,826	843,826	843,826	-
Loans payable (Note 12)	5,268,808	9,211,950	4,150,395	5,061,455
Lease payments (Note 10)	445,566	542,529	225,016	317,513
	11,454,445	15,494,550	10,115,482	5,378,968

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21. Financial Instruments and Risk Management (continued)

As at March 31, 2025, the Company had cash of \$463,693 (September 30, 2024 - \$145,149) to settle current liabilities of \$8,642,185 (September 30, 2024 - \$8,936,825) and fund ongoing operations. As noted in Note 1, there are factors which indicate the existence of a material uncertainty that may raise significant doubt about the Company's ability to continue as a going concern.

22. Expenses by Nature

Expenses for the six months ended March 31, 2025 were comprised as follows:

	General and administrative \$	Research and development \$	Sales and marketing \$
Personnel	1,429,551	580,764	291,788
Consulting	57,841	-	316,207
Office expense	176,073	13,405	40,058
Professional fees	570,746	-	-
Tradeshow and travel	55,995	450	42,517
Marketing and communications	134,382	3,910	97,290
Totals	2,424,588	598,529	787,860

Expenses for the six months ended March 31, 2024 were comprised as follows:

	General and administrative \$	Research and development \$	Sales and marketing \$
Personnel	538,836	453,106	275,107
Consulting	102,305	-	40,020
Office expense	114,498	13,381	38,318
Professional fees	479,936	-	-
Tradeshow and travel	3,961	6,494	9,066
Marketing and communications	4,076	3,833	191,498
Totals	1,243,612	476,814	554,009

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23. Interest and Accretion Expense

Interest expenses incurred for the six months ended March 31, 2025 and 2024 are as follows:

	2025	2024
	\$	\$
Interest		
Convertible note (Note 12(b))	16,522	16,613
Loan payable (Note 12(c))	13,809	9,651
Claratti loans (Note 12(d) to (s))	364,478	-
Convertible notes (Note 12(t) to (w))	53,608	-
Promissory notes (Note 12(x) to (z))	42,935	11,611
Individual loan (Note 12(bb))	11,683	-
Penalties	1,468	848
CEBA loan (Note 12 (a))	2,625	-
Accretion	-	-
Accretion of lease obligations (Note 10)	28,453	46,462
Accretion of convertible note (Note 12(b))	7,484	6,222
Accretion of Claratti loans (Note 12(d) to (s))	88,036	-
Accretion of convertible notes (Note 12(t) to (w))	73,837	-
Accretion of individual loan (Note 12(bb))	-	-
Accretion of promissory notes (Note 12(x) to (z))	30,000	-
Finance costs	-	-
Convertible notes (Note 12(u) to (w))	37,480	-
	772,418	91,407

24. Supplemental Cash Flow Information

	March 31, 2025	March 31, 2024
For the six months ended	\$	\$
Share-based compensation relating to granting of options	32,839	476,863
Interest paid	507,127	85,185

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25. Segmented Information

Operating segments are components of an entity that engage in business activities from which they earn revenues and incur expenses (including revenues and expenses related to transactions with the other component(s)), the operations of which can be clearly distinguished and for which the operating results are regularly reviewed by a chief operating decision-maker to make resource allocation decisions and to assess performance.

The Company's operations consist of three operating and reportable segments, being Tenacious Networks Inc., Turnium Network Solutions Inc. and Claratti PTY Ltd.

	Tenacious Networks Inc.	Turnium Network Solutions Inc.	Claratti Pty. Ltd.	Corporate	Total
	Six months ended March 31, 2025 \$	Six months ended March 31, 2025 \$	Six months ended March 31, 2025 \$	Six months ended March 31, 2025 \$	Six months ended March 31, 2025 \$
Revenue	970,081	1,625,815	1,567,357	108	4,163,361
Cost of good sold	(723,084)	(212,247)	(604,015)	-	(1,539,346)
Gross profit	246,997	1,413,568	963,342	108	2,624,015
Operating Expenses	214,054	1,661,802	1,866,213	447,529	4,189,597
Gain (Loss) before other income	32,943	(248,234)	(902,871)	(447,421)	(1,565,582)
Other income (loss)	(1,468)	26,620	(493,903)	(290,068)	(758,819)
Gain (Loss) before income taxes	31,475	(221,614)	(1,396,744)	(737,489)	(2,324,401)
Income tax recovery	10,017	-	-	-	10,017
Net gain (loss) the year	41,492	(221,614)	(1,396,774)	(737,489)	(2,314,384)
Other comprehensive income (loss) for the period	-	-	-	108,788	108,788
Net and comprehensive income (loss) for the period	41,492	(221,614)	(1,396,774)	(628,701)	(2,205,596)
Total Assets	201,831	2,216,075	8,749,603	128,657	11,296,166
Total Liabilities	425,426	1,991,569	7,103,504	4,150,239	13,670,739

The Company's net assets are geographically located in Canada and Australia.

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(Expressed in Canadian dollars) - Unaudited

26. Subsequent Events

On May 8, 2025 the Company announced a non-brokered private placement, of up to 28,561,428 units of the Company at a price of \$0.07 per unit for gross proceeds of up to approximately \$2,000,000. Each unit will consist of one common share in the capital of the Company and one common share purchase warrant of the Company. Each warrant will entitle the holder thereof to acquire one common share at a price of \$0.10 per share for a period of 36 months from the date of issuance. The Company may, at its option, accelerate the expiry date of the warrants on 30 days' notice if the volume weighted average trading price of the common shares on the TSX Venture Exchange (TSXV) is greater than \$0.30 for the preceding ten consecutive trading days. All of the securities issued under the offering will be subject to resale restrictions imposed by applicable securities laws, including a statutory hold period of four months and one day from the closing date of the offering. The Company intends to use the net proceeds from the offering for general operations including research and development of new products, sales and marketing, public company related expenses including audit and legal work, and other general operations related activities. The unit offering is subject to the approval of the TSXV.

On May 8, 2025 the Company announced that it has updated the terms of the concurrent non-brokered private placement of unsecured convertible debentures. The debentures will be convertible, at the sole discretion of the holder thereof, into units of the company at a conversion price of \$0.08 per debenture unit. Each debenture unit will consist of one common share and one warrant to be issued under the "accredited investor" exemption or any other applicable exemptions from any prospectus requirements as contained in NI 45-106. Each debenture warrant will entitle the holder thereof to acquire one common share at a price of \$0.10 per share until the date that is the earlier of 36 months from the date of issuance and 60 months from the closing date of the debenture offering. The Company may, at its option, force the conversion of the debentures on 30 days' notice if the volume weighted average trading price of the common shares on the TSXV is greater than \$0.30 for the preceding ten consecutive trading days. The debentures, and any securities into which they may be exchanged or converted, will be subject to resale restrictions imposed by applicable securities laws, including a statutory hold period expiring four months and one day from the closing date of the debenture offering. Subject to the foregoing, the debentures will be transferable pursuant to their terms. The debenture offering is subject to the approval of the TSXV.