TURNIUM TECHNOLOGY GROUP INC.

(Formerly RMR Science Technologies Inc.)

Condensed Interim Consolidated Financial Statements

June 30, 2022

(Expressed in Canadian dollars)

TURNIUM TECHNOLOGY GROUP INC.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	June 30, 2022 $	September 30, 2021 $
Assets		
Current assets		
Cash	1,456,377	432,346
Amounts receivable	413,116	518,061
Prepaid expenses	186,350	36,868
Total current assets	2,055,843	987,275
Non-current assets		
Property and equipment (Note 7)	63,129	54,757
Right-of-use assets (Note 6)	97,335	-
Intangible assets (Note 8)	282,214	314,000
Goodwill (Note 5)	1,137,158	1,137,158
Total assets	3,635,679	2,493,190
Liabilities and Deficiency		
Current liabilities		
Accounts payable and accrued liabilities	1,080,697	981,857
Deferred revenue	54,911	32,706
Due to related parties (Note 12 (a))	35,000	542,562
Promissory note (Note 11)	300,000	300,000
Loans payable (Note 10)	1,044,222	652,366
Lease liabilities (Note 9)	15,727	-
Total current liabilities	2,530,557	2,509,491
Non-current liabilities		
Loans payable (Notes 10)	487,975	629,192
Lease liabilities (Note 9)	93,063	–
Derivative warrant liabilities (Note 13)	959,982	2,247,217
Deferred tax liability (Note 5)	84,780	84,780
Total liabilities	4,156,357	5,470,680
Deficiency		
Common shares (Note 14)	11,399,498	6,460,049
Subscriptions receivable	-	(100)
Other reserve	590,743	590,743
Share-based payment reserve (Note 16)	3,854,405	2,119,747
Warrant reserve (Note 15)	1,628,443	-
Deficit	(17,993,769)	(12,147,929)
Total deficiency	(520,680)	(2,977,490)
Total liabilities and deficiency	3,635,679	2,493,190

Nature of operations and going concern (Note 1)
Subsequent events (Note 21)
Approved and authorized for issuance by the Board of Directors on August 29, 2022

"EVELYN BAILEY" "DEREK SPRATT"

TURNIUM TECHNOLOGY GROUP INC.

Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars except share amounts)
(Unaudited)

	Three months ended June 30		Nine months ended June 30	
	2022	2021	2022	2021
Revenue	1,116,517	1,043,290	3,784,601	2,756,492
Cost of good sold	(286,006)	(241,772)	(1,126,529)	(434,217)
Gross profit	830,511	801,518	2,658,072	2,322,275
Expenses				
Amortization (Note 7)	24,986	28,324	43,210	40,300
Amortization of right-of-use assets (Note 6)	5,574	6,149	6,952	18,448
General and administrative	704,436	672,201	2,167,557	1,598,142
Research and development	354,633	201,326	840,064	626,173
Sales and marketing	439,015	287,073	1,246,387	883,815
Share-based compensation (Note 16)	684,090	1,406,469	1,864,806	1,406,469
Total operating expenses	2,212,734	2,601,542	6,168,976	4,573,347
Loss before other income (loss)	(1,382,223)	(1,800,024)	(3,510,904)	(2,251,072)
Other income (loss)				
Gain (Loss) on change in fair value of derivatives (Note 13)	(120,895)	2,591	(80,353)	2,591
Loss on conversion of Convertible Debt	(93,308)	-	(93,308)	-
Foreign exchange gain (loss)	(1,696)	(4,275)	900	(34,844)
Government assistance (Note 10(a))	-		-	22,062
Interest expense	(139,357)	(86,702)	(594,776)	(250,984)
Scientific Research & Experimental Development refund (Note 21 (e))	226,212	-	226,212	253,512
Listing expense (Note 4)	(1,793,611)	-	(1,793,611)	-
Net income loss and comprehensive loss for the period	(3,304,878)	(1,888,410)	(5,845,840)	(2,258,735)
Basic and diluted loss per common share	$(0.06)	$(0.04)	$(0.10)	$(0.04)
Weighted average number of common shares outstanding	59,165,329	53,832,142	58,179,536	50,537,219

(The accompanying notes are an integral part of these condensed interim 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		Common Shares Subscribed	Other Reserve	Share-based Payment Reserve	Warrant Reserve	Deficit	Total Deficiency
	Number #	Amount $	$	$	$	$	$	$
Balance, October 1, 2020	**48,529,569**	**1,709,413**	**(100)**	**590,743**	**1,208,809**	**–**	**(6,523,505)**	**(3,014,640)**
Shares issued for debt	496,259	213,180	–	–	–	–	–	213,180
Shares issued for acquisition of TNET	6,343,916	2,700,000	–	–	–	–	–	2,700,000
Shares subscribed for	–	–	70,400	–	–	–	–	70,400
Shares returned to treasury	(1,537,602)	–	–	–	–	–	–	-
Net loss and comprehensive loss	–	–	–	–	–	–	(2,258,735)	(2,258,735)
Balance June 30, 2021	**53,832,142**	**4,622,593**	**70,300**	**590,743**	**1,208,809**	–	**(8,782,240)**	**(2,289,795)**
Balance, September 30, 2021	**57,693,234**	**6,460,049**	**(100)**	**590,743**	**2,119,747**	**–**	**(12,147,929)**	**(2,977,490)**
Share-based compensation (Note 16)	–	–	–	–	1,864,806	–	–	1,864,806
Derivative warrant reclassified (Note 13 (a))	–	–	–	–	–	1,517,593	–	1,517,593
Common shares issued for exercise of options (Note 14)	805,731	130,148	–	–	(130,148)	–	–	–
Common shares issued on conversion of debt (Note 10 (d), 14)	2,083,334	1,000,000	–	–	–	–	–	1,000,000
Conversion of subscription receipts (Note 4, 14)	5,910,627	3,309,951	–	–	–	–	–	3,309,951
Share issuance costs	–	(647,057)	–	–	–	110,850	–	(536,207)
Reverse acquisition (Note 4)	2,047,155	1,146,407	100	–	–	–	–	1,146,507
Net loss and comprehensive loss	–	–	–	–	–	–	**(5,845,840)**	**(5,845,840)**
Balance, June 30, 2022	**68,540,081**	**11,399,498**	**(0)**	**590,743**	**3,854,405**	**1,628,443**	**(17,993,769)**	**(520,680)**

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

TURNIUM TECHNOLOGY GROUP, INC.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	Nine Months Ended June 30, 2022 $	Nine Months Ended June 30, 2021 $
Operating activities		
Net loss for the period	(5,845,840)	(2,258,735)
Items not affecting cash:		
Accretion	288,727	11,255
Depreciation and amortization	43,210	40,300
Amortization of right-of-use assets	6,952	18,448
Bad debts	-	11,826
Loss on change in fair value of derivatives (Note 13)	80,353	(2,591)
Derecognise convertible note discount and extinguish derivative liability (Note 10 (d))	111,918	-
Government assistance	-	(22,062)
Loan interest	7,500	239,729
Lease interest	4,503	3,834
Share-based compensation (Note 16)	1,864,806	1,426,469
Listing expense, non-cash (Note 4)	1,146,407	-
Changes in non-cash operating working capital:		
Amounts receivable	104,945	191,430
Prepaid expenses	(149,481)	(50,930)
Accounts payable	98,840	374,668
Accrued liabilities	(7,500)	(425,000)
Deferred revenue	22,205	(1,256)
Net cash provided by (used in) operating activities	(2,222,455)	(442,615)
Investing activities		
Purchase of property and equipment	(19,796)	(5,924)
Cash acquired through TNET acquisition (Note 5)	-	77,646
Net cash provided by (used in) investing activities	(19,796)	71,722
Financing activities		
Proceeds from convertible note (Note 10 (d))	1,000,000	-
Proceeds for issuance of subscription receipts (Note 4, 15)	3,309,951	-
Costs of issuance	(536,207)	
Proceeds from (repayments to) related parties (Note 12)	(507,562)	117,187
Proceeds from CEBA loans	–	100,000
Subscriptions received	100	50,400
Repayment of lease liabilities	–	(22,275)
Net cash provided by (used in) financing activities	3,266,282	245,312
Increase (decrease) in cash	1,024,031	(125,581)
Cash beginning of the period	432,346	437,475
Cash, end of period	1,456,377	311,894

Supplemental cash flow information (Note 20)

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

1. Nature of Operations and Going Concern

Turnium Technology Group Inc. (formerly RMR Science Technology Inc.) (the “Company”) was incorporated on October 17, 2017, pursuant to the provisions of the Business Corporations Act (British Columbia). The registered and records office of the Company is located at 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia V7X 1T2. The head office is located at 4 – 3300 157A St., Surrey, British Columbia, V3Z 2P2.

On June 16, 2022 the Company completed a reverse acquisition transaction (the “Reverse Acquisition Transaction” or “RTO”) with Turnium Technology Group Inc. Pursuant to the Reverse Acquisition Transaction, the Company acquired all of the issued and outstanding securities of Turnium Technology Group Inc., whereby former Turnium Technology Group, Inc. shareholders received one common share of the Company for each Turnium Technology Group, Inc. common share held (Note 4). Upon closing of the RTO, Turnium Technology Group, Inc. changed its name to Turnium Network Solutions Inc. (“TNSI”).

The Company’s subsidiary, TNSI, was formed by way of amalgamation on October 1, 2020 under the Business Corporations Act (British Columbia).

On February 28, 2021, the TNSI entered into a share purchase agreement with the shareholders of Tenacious Networks Inc. (“TNET”), a company incorporated in the province of British Columbia in 2019, whereby the TNSI purchased 100% of the issued and outstanding common shares of TNET.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, TNSI and (“TNET”). All intercompany transactions have been eliminated on consolidation.

The Company, with TNSI as its wholly owned subsidiaries, will now pursue the business of TNSI. The consolidated financial statements for the three and nine months ended June 30, 2022 include the results of operations of TNSI and TNET from October 1, 2021 and of the Company from June 16, 2022, the date of the RTO. The comparative figures are those of TNSI from October 1, 2020 and TNET from February 28, 2021.

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 June 16, 2022, immediately prior to closing the RTO, the Company consolidated its outstanding common shares on the basis of five old shares for each one new share (on a post-consolidation basis, the “Shares”). In conjunction with the closing of the RTO, the Company has changed its name to “Turnium Technology Group Inc.” and its trading symbol to “TTGI”.

Effective at the opening, June 22, 2022, the Company’s common shares commenced trading under the name Turnium Technology Group Inc. The Company is classified as a technology company.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of June 30, 2022, the Company had a working capital deficit of $474,715, an accumulated deficit of $17,993,769, and during the nine months ended June 30, 2022, the Company incurred a net loss of $5,845,840. These factors, among others, indicate there are material uncertainties that may cast significant doubt as to the ability of the Company to continue as a going concern. Further, if the Company is unable to meet its loan covenants due to its working capital deficiency, the lenders may call their loans. There can be no assurances that sufficient equity can be raised on acceptable terms on a timely basis. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

The condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company 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 condensed interim consolidated financial statements. Such adjustments could be material.

2. Statement of Compliance

(a) Basis of Preparation

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. These condensed interim consolidated financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the TNSI's audited financial statements for the year ended September 30, 2021 (the "annual financial statements"), which include the information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's use of judgements and estimates and significant accounting policies were presented in note 2(b) of those annual financial statements and have been consistently applied in the preparation of these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations

(b) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries:

Turnium Network Services Inc., British Columbia, Canada

Tenacious Networks Inc. ("TNET"), British Columbia, Canada

(c) Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, and are presented in Canadian dollars, which is also the functional currency of the parent and subsidiary of the Company.

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 during 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.

3. Accounting Standards

Accounting standards or amendments to existing accounting standards that have been issued but which 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.

4. Reverse Takeover Transaction

Pursuant to an amalgamation agreement entered into on December 21, 2021 (the "Amalgamation Agreement"), effective June 16, 2022 the Company (formerly RMR Science Technology Inc.) acquired 100% the issued and outstanding securities of TNSI resulting in an RTO and completed a private placement of subscription receipts (the "Transaction").

In connection with the Transaction, immediately prior to the effective date the Company consolidated its shares on the basis of one post consolidation share for each five pre-consolidation shares. Immediately prior to completion of the Amalgamation Agreement, the Company had 2,047,155 common shares outstanding. Upon completion of the Transaction, the Company changed its name from RMR Science Technology Inc. to Turnium Technology Group Inc.

Effective April 8, 2022, in connection with the Transaction, TNSI completed a brokered private placement of 5,910,627 subscription receipts at a price of $0.56 per subscription receipt for gross proceeds of CAD$ 3,309,951. Each subscription receipt was automatically converted into one common share and one half of one common share purchase warrant. Each whole share purchase warrant is convertible at the option of the holder into one common share of the Company until April 8, 2027 at a price of $0.75 per share.

Upon closing the Transaction, the Company issued 5,910,627 common shares in exchange for TNSI common shares issued in connection with the conversion of the subscription receipts.

Share issue costs of $647,058 include fees and commissions in the amount of $238,581, agents' expenses of $179,620, 229,649 broker warrants with a fair value of $110,850 and legal and filing costs of 118,007. Each broker warrant entitles the holder thereof to purchase one unit at a price of CAD$0.56 per unit for a period of two years from the closing of the subscription receipt financing. Each unit is convertible at no additional cost into one common share and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.75 per share for a period of two years from the closing of the subscription receipt financing.

The broker warrants were valued using the Black Scholes Option Pricing Model and the assumptions used in the pricing model were as follows: risk-free interest rate – 3.27%; expected life – 2 years; expected volatility – 115.13%; expected forfeitures – nil%; and expected dividends – nil.

As a result of the Transaction, the shareholders of TNSI, including the holders of the subscription receipts, gained control of the Company through the acquisition of approximately 97% of the common shares of the combined entity and the transaction has been accounted for as an RTO where TNSI is the accounting acquirer. Stock options and common share purchase warrants of TNSI were exchanged for the equivalent number of securities of the Company. Immediately prior to closing, TNSI had 66,492,926 common shares issued and outstanding after having given effect to the conversion of subscription receipts resulting in the issuance of 5,910,627 common shares and the conversion of a convertible note resulting in the issuance of 2,083,334 shares. The RTO has been accounted for as a share-based payment transaction on the basis that RMR Science Technology Inc. was a Capital Pool Company and did not meet the definition of a business as it had no ongoing business operation.

As TNSI is deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values. RMR Science Technology Inc.'s results of operations have been included from June 16, 2022, the date of the RTO. For purposes of this transaction, the consideration received was the fair value of the net assets of the Company which on June 16, 2022 was ($172,726).

(Expressed in Canadian dollars)

This amount was calculated as follows:

Fair value of 2,047,155 shares of RMR Science Technology Inc.	$ 1,146,407
Total fair value of consideration paid	$ 1,146,407
Cash	24,487
GST receivable	16,074
Prepaid expense	4,095
Accounts payable and accrued liabilities	(217,382)
Net assets acquired	(172,726)
Consideration paid in excess of assets acquired:	1,319,133
Other listing expense:	
Legal and professional fees	416,429
Filing fees	58,409
Total listing expense	$ 1,793,611

5. Acquisition

On February 28, 2021, the Company entered into a share purchase agreement (the “Share Purchase Agreement”) with the shareholders of Tenacious Networks Inc. (“TNET”), whereby the Company purchased 100% of the issued and outstanding common shares of TNET. In consideration, the Company issued 6,343,916 common shares of the Company to the shareholders of TNET with a fair value of $2,700,000 and entered into a promissory note with the shareholders of TNET for a principal amount of $300,000 (Note 11). The shareholders of TNET consisted of a company controlled by the former President of TNET and a company controlled by the CEO of the Company. As TNET meets the IFRS 3, *Business Combinations,* definition of a business the acquisition was accounted for as a business combination and measured at the fair value of consideration paid of $3,000,000. TNET is engaged in the provision of professional IT services and support, hardware sales and resell 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. As such the purchase price allocation at February 28, 2021 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 the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition would be revised. No such information was obtained and, therefore, no revision to the acquisition cost was made.

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

	$
Fair value of TNET’s net assets acquired:	
Cash	77,646
Amounts receivable	172,518
Other current assets	1,133
Intangible assets	611,000
Goodwill	2,582,027
Accounts payable and accrued liabilities	(37,615)
Due to related parties	(202,906)
Deferred revenue	(38,833)
Deferred tax liability	(164,970)
Total fair value of TNET’s net assets acquired	3,000,000

(Expressed in Canadian dollars)

The resulting goodwill represents the sales and growth potential of TNET and will not be deductible for tax purposes. At September 30, 2021, the Company completed an impairment test and determined the fair value of goodwill to be $1,137,158. As a result, for the year ended September 30, 2021, the Company recognized impairment of goodwill of $1,444,869.

Included in the condensed interim consolidated statements of comprehensive loss for the nine months ended June 30, 2022, the Company recognized revenue of TNET of $1,427,088 (2021 - $459,952) and net income (loss) of $103,713 (2021 – ($96,736)).

Had the acquisition occurred at the beginning of the nine month period ended June 30, 2021, revenue would have increased by $600,480, resulting in consolidated revenue of $3,356,972.

6. Right-of-Use Asset

	Total $
Cost:	
Balance, September 30, 2021	-
Additions	104,287
Impairment	-
Balance, June 30, 2022	104,287
Accumulated amortization:	
Balance, September 30, 2021	-
Amortization	(6,952)
Balance, June 30, 2022	(6,952)
Carrying amounts:	
Balance, September 30, 2021	-
Balance, June 30, 2022	97,335

During the nine months ended June 30, 2022 the Company entered into a five-year office lease resulting in a right-of-use asset, offset by the corresponding lease liability. Subsequent to the June 30, 2022 the Company entered into a five year office lease commencing August 1, 2022.

7. Property and Equipment

	Furniture and Fixtures $	Computer Equipment $	Total $
Cost:			
Balance, September 30, 2021	49,152	31,494	80,646
Additions	1,591	18,204	19,795
Impairment	-	-	-
Balance, June 30, 2022	50,743	49,698	100,441
Accumulated amortization:			
Balance, September 30, 2021	16,730	9,159	25,889
Amortization	4,863	6,560	11,423
Balance, June 30, 2022	21,593	15,719	37,312

(Expressed in Canadian dollars)

Carrying amounts:			
Balance, September 30, 2021	32,422	22,335	54,757
Balance, June 30, 2022	29,149	33,979	63,129

8. Intangible Assets

	Customer Lists
	$
Balance, September 30, 2020	–
Additions (Note 5)	611,000
Amortization	(23,761)
Impairment	(273,239)
Balance, September 30, 2021	314,000
Amortization	(31,786)
Balance, June 30, 2022	282,214

9. Lease Liabilities

The lease liability, which consists of a five-year lease of office space, has been discounted using a 12.75% interest rate.

	$
Balance at September 30, 2021	–
Additions	104,287
Interest expense	4,502
Lease payments	-
Balance at June 30, 2022	108,789

The following is a schedule of future minimum lease payments:

Fiscal year ending September 30:	$
2022	7,174
2023	28,700
2024	31,092
2025	32,800
2026	32,800
2027	13,667
Net minimum lease payments	146,233
Amount representing interest	(37,443)
Present value of minimum lease payments	108,790
Less: current portion	(15,727)
Long-term portion	93,063

(Expressed in Canadian dollars)

10. Loans Payable

	June 30, 2022 $	September 30, 2021 $
Canada Emergency Business Account loans payable (a)	180,000	180,000
Shareholder loan payable (b)	-	18,250
Loan payable (c)	1,850,000	1,850,000
Sub-total	2,030,000	2,048,250
Less: debt discount	(497,803)	(766,692)
Balance, net	1,532,197	1,281,558
Less current portion	1,044,222	652,366
Long-term portion	487,975	629,192

a) The Company received Canada Emergency Business Account ("CEBA") loans in three equal instalments for the aggregate amount of $180,000 funded by the Government of Canada. The loans are interest-free and may be repaid any time before December 31, 2023, at which time, if unpaid, the remaining balance will convert to a 3-year term loan at an interest rate of 5% per annum. If the Company repays these loans prior to December 31, 2023, there will be loan forgiveness of 25% of the loan repaid, up to a maximum of $60,000 if all loan instalments are repaid. Although the maximum forgivable portion of the loans of $60,000 is not repayable if the Company repays the amount of $120,000 by December 31, 2023, this amount will be recognized in income when the Company has reasonable assurance that the terms of early repayment of this aid will be complied with.

   At June 30, 2022 the Company reported the carrying value of these loans at $169,529 (September 30, 2021 - $155,107) and recognized loan accretion for the nine months ended June 30, 2022 of $14,422 (2021 - $11,255) .

b) On May 14, 2020, the Company entered into a loan agreement with a shareholder of the Company for proceeds of $18,250. The loan is unsecured, non-interest bearing and due on the earlier of (i) May 1, 2025 (ii) upon completion of any financing in excess of $2,000,000 or (iii) cash on hand in excess of $500,000.On June 27, 2022 the loan was repaid.

c) The Company entered into a loan agreement dated July 30, 2021 with two creditors (the "Lenders") for a maximum principal amount of $1,850,000 bearing interest at 12.75% per annum and maturing on July 30, 2024. The loans have certain financial covenants requiring the Company to maintain a minimum level of cash to fund operations and an escalating level of recurring revenue, failing which it may call its loans. Upon closing, the Company issued 1,730,797 share purchase warrants to the Lenders as additional compensation. Each share purchase warrant is exercisable at $0.48 per warrant on or before July 30, 2027, subject to early expiry. In the event that the common shares of the Company trade on a public exchange at a 30-day volume weighted average price of $1.25 per share, the Company may accelerate the expiry date of the warrants by giving 30 days written notice to the Lenders.(Note 13(b)).

   The loan was subject to an underwriting fee of $37,000, certain prepayment fees, various financial covenants, and a general security agreement. The Company must make monthly interest payments, with a mandatory principal payment of $850,000 on the 6-month anniversary of the closing date (January 31, 2022), which shall not be subject to prepayment fees. Proceeds of $1,750,000 of this loan were used as part of the settlement of loans payable.

   The Company incurred debt financing costs totaling $806,684, which included $99,843 of legal fees and $706,841 relating to the fair value of 1,730,797 share purchase warrants. The debt financing costs are amortized over the term of the loan at the effective interest rate.

   On April 8, 2022, the Lenders agreed to extend the mandatory principal payment of $850,000 to May 31, 2023. The Company incurred fees associated with the extension in the amount of $37,893.

During the nine months ended June 30, 2022, the Company recognized accretion expense of \$250,333 (2021 – \$250,984). As at June 30, 2022, a total of \$1,358,534 (September 30, 2021 - \$1,117,145) is outstanding for principal, net of unamortized discount of \$491,466 (September 30, 2021 - \$732,855).

d) On December 1, 2021, the Company issued a convertible promissory note in the amount of \$1,000,000. The Promissory Note bears simple interest at a rate of 1% per month, increasing by 0.10% every three months (resulting in first year interest rate of 13.8%; and second year interest rate of 18.6%), payable monthly and is due on November 30, 2024. The principal portion and any unpaid interest may be converted at the option of the holder into common shares of the Company at a price equal to the lesser of \$0.48 per share or 15% discount to the lowest equity issuance round up to and including the equity round of the qualifying transaction.

As further consideration for the Promissory Note the Company issued 500,000 share purchase warrants, each entitling the holder to acquire one common share of the Company at a price equal to the lesser of \$0.48 per share or 15% discount to the lowest equity issuance round up to and including the equity round of the qualifying transaction for a period of 36 months. Effective April 8, 2022, the Company completed the equity round of the qualifying transaction at a price of \$0.56 per share, resulting in the warrant exercise price being fixed at \$0.48 per share.

The warrants are subject to earlier accelerated exercise if the shares have traded and continue to trade on a public exchange at a 30-day volume-weighted average purchase price per share of \$1.25.

The warrant holders shall have the right to pay all or a portion of the Purchase Price (exercise price multiplied by the number of shares being exercised) by making a cashless exercise. In a cashless exercise, the portion of the Purchase Price shall be paid by reducing the number of warrant shares otherwise issuable pursuant to the notice of cash exercise by an amount equal to: exercise price to be so paid divided by the fair market value per warrant share determined by the Board of Directors of the Company as of the business day immediately preceding the date of exercise. Due to the variable number of shares that may be issued for the warrant and the conversion feature, the Company has recorded these as derivative liabilities. (Note 13).

The Company allocated \$112,535 to the embedded conversion feature of the Promissory Note, \$143,684 to the fair value of the share purchase warrants (Note 15) and \$743,781 to the liability component of the Promissory Note.

On April 4, 2022, the Company issued 2,083,334 common shares at a price of \$0.48 for conversion of the promissory note. On conversion of the promissory note the embedded conversion feature with a carrying value of \$124,434 was extinguished, the debt discount of \$222,742 was realized resulting in a net loss on conversion of \$98,308.

11. Promissory Note

On February 28, 2021, in connection with the Share Purchase Agreement (Note 5), the Company entered into a Promissory Note with a company controlled by the former President of TNET, and a company controlled by the 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 nine months ended June 30, 2022, the Company recognized accrued interest of \$13,500 (June 30, 2021 - \$Nil) and accrued interest in the amount of \$21,000 (September 30, 2021 - \$7,500) is included in accounts payable and accrued liabilities. On July 31, 2021 the holders of the Promissory Note entered into a standstill agreement with the Company's lenders preventing payment of the Promissory note until such time that the loan is repaid. (Note 10 (c)).

(Expressed in Canadian dollars)

12. Related Party Transactions

The Company considers its directors and officers to be key management personnel, and the following table summarizes the compensation of the Company's key management:

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021
	$	$	$	$
Consulting*	198,273	153,000	765,880	459,000
Salaries and wages*	161,816	31,935	423,183	95,805
Share-based compensation	352,127	-	990,423	–

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

a) During the nine months ended June 30, 2022, the Company incurred $358,684 (2021 - $324,000) in consulting fees, reimbursed $216,788 in expenses including rent, labour and data centre costs to companies controlled by the CEO of the Company.

During the nine months ended June 30, 2022, the Company repaid amounts due to a company controlled by the CEO of the Company in the amount of $351,357 bringing the balance to Nil (September 30, 2021 - $237,606). The indebtedness was unsecured, non-interest bearing and due on the earlier of (i) February 1, 2025 (ii) upon completion of any financing in excess of $2,000,000 or (iii) cash on hand in excess of $500,000.

On February 28, 2021 the Company acquired 100% of the issued and outstanding shares of TNET, which was 50% owned by a company controlled by the CEO. (Note 5.) In consideration, the Company issued 6,343,916 common shares of the Company to the shareholders of TNET with a fair value of $2,700,000, 3,171,958 which were issued to the company controlled by the CEO, and entered into a promissory note with the shareholders of TNET for a principal amount of $300,000 ($150,000 to the Company controlled by the CEO). (Note 11).

During the nine months ended June 30, 2022, the Company repaid $65,000 to a company controlled by the CEO of the Company. The amount which was outstanding at September 30, 2021 was unsecured, non-interest bearing and due on demand.

On May 12, 2022 the Company issued a promissory note in the amount of $35,000 to a person related to the CEO of the Company. The promissory note bore interest at the simple rate of 18% per annum and was due upon the completion of the Company's Reverse Acquisition transaction. On July 7, 2022 the loan, along with $673 of accrued interest and a $1,500 lending fee were paid in full.

b) During the nine months ended June 30, 2022, the Company incurred $147,000 (2021 - $135,000) in advisory fees to a Director of the Company. During the nine months ended June 30, 2022 the Company repaid in full $209,875 of loans due to the director. The loan was unsecured, non-interest bearing and due on the earlier of (i) February 1, 2025 (ii) upon completion of any financing in excess of $2,000,000 or (iii) cash on hand in excess of $500,000.

c) During the nine months ended June 30, 2022, the Company repaid $65,000 to a company controlled by the former President of TNET. The amount which was outstanding at September 30, 2021 was unsecured, non-interest bearing and due on demand.

d) As at June 30, 2022, the Company owed $300,000 under a Promissory Note (Note 11) to a company controlled by the former President of TNET and a company controlled by the CEO of the Company.

e) During the nine months ended June 30, 2022 the Company repaid $31,000 to the former CTO of the Company. The loan was unsecured, non-interest bearing and due on the earlier of (i) February 1, 2025 (ii) upon completion of any financing in excess of $2,000,000 or (iii) cash on hand in excess of $500,000.

(Expressed in Canadian dollars)

f) During the quarter ended June 30, 2022 the Company entered into an agreement for services and use of a software application in the total amount of $125,000 from a company with a common director.

13. Derivative warrant liabilities

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.

The Company uses the Black-Scholes option pricing model to estimate fair value. As the Company is not publicly traded, volatility was estimated using publicly traded comparable companies. The risk-free interest rate for the life of the warrants was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of issue. The life of warrant is based on the contractual term.

The following assumptions were used to estimate the fair value of the derivative warrant liabilities as at June 30, 2022:

Annualized volatility	86% - 115%
Risk-free interest rate	3.14% - 3.27%
Life of warrants in years	2.42 – 4.96
Dividend rate	-
Market price	$ 0.56
Fair value per warrant	$ 0.20 - $0.31

*As the Company has limited trading data, volatility has been estimated using publicly traded comparable companies and the market price has been based on the cost of the RTO transaction and subscription receipt financing.

The Company reported the following derivative warrant liabilities:

	June 30, 2022 $	September 30, 2021 $
3,500,000 share purchase warrants (a)	-	1,543,264
1,730,797 share purchase warrants (b)	804,709	703,953
500,000 share purchase warrants (c)	155,273	-
Total	959,982	2,247,217

a) On May 1, 2021, the Company issued 3,500,000 common share purchase warrants exercisable at a price equal to the lesser of $0.25 per share or a discount of 16.67% from an IPO or RTO/QT transaction financing price, or the RTO/QT vend-in price. The warrants expire on the earlier of September 14, 2028 and five years following the listing of the Company should the Company complete an IPO, or five years following the closing date should a successor company acquire the Company by way of a reverse takeover or qualifying transaction ("RTO/QT"). If the Company completes an IPO or RTO/QT transaction, there will be variability in the amount of proceeds receivable upon the exercise of the warrants. At initial recognition on May 1, 2021, the Company recorded a derivative warrant liability of $1,406,469 based on the estimated fair value of the warrants. On February 14, 2022, the Company increased the value of the derivative warrant liability to $1,517,593 and realized a loss on revaluation of $24,202. Effective February 14, 2022, the price of the warrants was fixed at $0.25 per share pursuant to the terms of a replacement warrant certificate, based on the RTO/QT transaction price being determined at $0.56 per share. The value of the derivative warrant liability of $1,517,593 was reallocated from derivative warrant liability to warrant reserve.

b) On July 30, 2021, the Company issued 1,730,797 share purchase warrants as part of a debt financing. The warrants are exercisable at $0.48 per share and expire on July 30, 2027, subject to earlier accelerated exercise if the shares have traded and continue to trade on a public exchange at a 30-day volume-weighted average purchase price per share of $1.25. The warrant holders shall have the right to pay all or a portion of the Purchase Price (exercise price multiplied by the number of shares being exercised) by making a cashless exercise. In a cashless exercise, the portion of the Purchase Price shall be paid by reducing the number of warrant shares otherwise issuable pursuant to the notice of cash exercise by an amount equal to: exercise price to be so paid divided by the fair market value per warrant share determined by the Board of Directors of the Company as of the business day immediately preceding the date of exercise. As a result of the cashless exercise, there is a variable number of shares to be issued upon the exercise of the warrants.

For the nine months ended June 30, 2022, the Company reported a loss on the revaluation of the derivative warrant liability in the amount of $102,776 (June 30, 2021 - $nil).

c) On December 1, 2021, the Company issued a three-year convertible note with a principal amount of $1,000,000 (Note 10(c)). The note was convertible into common shares of the Company at the option of the holder at a price equal to the lesser of $0.48 per common share and a 15% reduction to the QT transaction price.

In connection with the note, the Company issued 500,000 share purchase warrants. The warrants are exercisable at $0.48 per warrant or a discount of 15% from an QT transaction financing price and expire on November 30, 2024. The warrant holder may elect to reduce the number of warrants in order to affect the cashless exercise of the warrants based on the fair market value of the Company's common shares.

As a result of the conversion price and the warrant exercise price being variable and also due to the cashless exercise feature of the warrants, the number of shares that may be issued is not fixed and therefore both the conversion feature of the note and the warrants are classified as a derivative liability. At the time of issue, the Company recorded derivative liabilities of $112,535 for the conversion feature and $143,684 for the warrants.

On June 4, 2022 the promissory note was converted into common shares and the embedded conversion feature was extinguished. For the nine months ended June 30, 2022 the Company revalued the derivative liabilities and reported a loss in the fair value of the conversion feature to April 4, 2022 in the amount of $11,899 and a gain in fair value of the warrants in the amount of $6,631.

14. 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 June 30, 2022 there were 68,540,081 common shares issued and outstanding (September 31, 2021 - 57,693,234).

c) Shares Issued:

i. 805,731 shares were issued pursuant to the net exercise of Employee stock options;

ii. On April 4, 2022 2,083,334 common shares were issued at a price of $0.48 per share on conversion of a $1,000,000 convertible promissory note.

iii. Concurrently with the RTO, on June 16, 2022 5,910,627 common shares were issued upon conversion of subscription receipts. Each subscription receipt was automatically converted upon completion of the Company's RTO into one common share and one half of one common share purchase warrant, each whole warrant entitling the holder to acquire one common share of the Company. The proceeds of the private placement were $3,309,951 and were allocated to share capital. (Note 4, 15)

(Expressed in Canadian dollars)

iv. On June 16, 2022 the Company was deemed to have issued 2,047,155 common shares at a fair value of $1,146,407 for the issued and outstanding shares immediately prior to the RTO. (Note 4.)

(d) Escrow Shares:

Pursuant to the RTO, 48,393,159 common shares are subject to escrow conditions,

i. 4,761,100 common shares were released upon closing the RTO and the remainder of 42,849,901 will be released in six equal instalments every six months thereafter.

ii. 195,540 common shares were released upon closing the RTO and the remainder of 782,125 will be released in three equal instalments every six months thereafter.

15. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance, October 1, 2021	7,161,337	$0.43
Cancelled:	-	
Issued:		
Share purchase warrants, convertible debt	500,000	$0.72
June 16, 2022 in connection with issuance of subscription receipt financing	2,955,314	$0.75
June 16, 2022 broker warrants	229,649	$0.56
June 16, 2022, underlying broker warrants	114,825	$0.75
Balance, June 30, 2022	10,961,125	$0.536
Exercisable, June 30, 2022	10,961,125	$0.536

The following table summarizes information about warrants outstanding and exercisable at June 30, 2022:

Warrants Outstanding	Exercise Price $	Expiry Date
1,930,540	0.72	(2)December 31, 2022
500,000	0.48	November 30, 2024
1,730,797	0.48	(3)July 30, 2027
3,500,000	0.25	(1)September 14, 2028
2,955,314	0.75	(4)September 16,2027
229,649	0.56	(4)September 16,2027
114,825	0.75	(4)September 16,2027
10,961,125		

(1)On February 14, 2022, the exercise price of the warrants became fixed and the warrant value of $1,517,593 was reallocated from derivative warrant liability to warrant reserve. (Note 13 (a)). Expiry date is the earlier of (i) September 22, 2028; and (ii) five years following the listing of the Company should the Company complete an IPO, or five years following the closing date should a successor company acquire the Company by way of a reverse takeover or qualifying transaction (“RTO/QT”).

(2)Expiry date is the earlier of (i) December 31, 2022; and (ii) 30 days after giving notice of the acceleration of the expiry date if the shares are listed on the TSX Venture Exchange and the closing price is $0.90 for period of at lease 10 consecutive trading days.

(3) Expiry date is the earlier of (i) June 16, 2027; and (ii) a date the Company elects on 30 days notice, if the shares are listed on a public exchange at a 30-day volume weighted average price of $1.25. (Note 15)

(Expressed in Canadian dollars)

(4)Issued in connection with the Company's issuance of subscription receipts. In addition, 229,649 broker warrants were issued, each entitling the holder to acquire one unit, comprised of a common share and one half of a share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company. (Note 4)

16. 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. The continuity of stock options for the period ended June 30, 2022 is as follows:

	Number of Options	Weighted Average Exercise Price ($)
Balance, September 30, 2021	4,257,068	0.17
Granted	8,805,069	0.48
Expired	(124,368)	0.23
Forfeited	(1,990,272)	0.40
Net exercise of options(1)	(805,731)	0.23
Balance, June 30, 2022	10,141,766	0.40
Exercisable, June 30, 2022	6,561,766	0.36

(1)805,731 common shares were issued on the net exercise of options.

The following table summarizes information about stock options outstanding as at June 30, 2022:

Exercise Price $	Expiry Date	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Remaining Contracted Life (Years)
0.2308	November 24, 2022	115,806	115,806	0.40
0.10	August 5, 2026	1,467,391	1,467,391	4.10
0.15	August 5, 2026	600,000	600,000	4.10
0.10	October 24, 2026	112,500	112,500	4.32
0.48	November 26, 2026*	7,642,069	1,834,372	4.96
0.56	June 16, 2022*	204,000	136,000	4.96
		10,896,766	4,266,069	4.31

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the three and nine months ended June 30, 2022, the Company recognized share-based compensation expense of $684,090 and $1,864,806 respectively (June 30, 2021 - $nil). The Company recognizes compensation expense using the graded vesting method over the requisite service period for each separately vesting tranche of the award. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2022
Risk-free rate	1.39% - 3.27%
Dividend yield	–
Volatility*	115% - 119%
Expected forfeitures	–
Weighted average expected life of the options (year)	5.00

*As the Company is not publicly traded, volatility has been estimated using publicly traded comparable companies.

17. 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 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 is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended September 30, 2021.

18. Commitments and Contingencies

The Company entered into a fixed term five-year premises lease with payments over the term of $289,923. The Company has recorded a lease liability, 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 Company had no significant commitments or contractual obligations with any parties respecting executive compensation, consulting arrangements, or other matters. Management services provided are on a month-to-month basis.

19. 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

The fair values of financial instruments, which include cash, amounts receivable, accounts payable, due to related parties, promissory note and loans payable approximate their carrying values due to the relatively short-term maturity of these instruments.

(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 $379,413 (September 30, 2021 - $518,061). 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 June 30, 2022, the Company recognized a provision for bad debts of $10,559 (September 30, 2021 - $nil) in accordance with IFRS 9, *Financial Instruments*.

No customer represented 10% or more of total revenue for the nine months ended June 30, 2022 (2021 – one customer represented 12.6%).

(c) Currency Risk

The Company's functional currency is the Canadian 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. A some of the Company's revenue is denominated in US dollars. If the US 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 dollars:

	June 30, 2022	September 30, 2021
Balance in US dollars:		
Cash	$ 49,356	$ 58,581
Amounts receivable	132,900	150,537
Accounts payable	(23,205)	(19,014)
Net exposure	205,461	190,104
Balance in Canadian dollars:	$ 257,036	$ 241,167

A 10% change in the US dollar to the Canadian dollar exchange rate would impact the Company's net loss by approximately $25,704 for the nine months ended June 30, 2022 (September 30, 2021 - $24,117).

(d) Interest Rate Risk

The Company's exposure to interest rate risk relates to 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.

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:

As at June 30, 2022	Carrying amount $	Contractual cash flows $	1 year or less $	1 -5 Years $
Accounts payable and accrued liabilities	1,074,850	1,074,850	1,074,850	–
Promissory note	300,000	300,000	300,000	–
Due to related parties	35,000	35,000	35,000	–
Lease liability	108,789	146,233	28,700	117,533
Loans payable	1,528,063	2,395,296	1,076,967	1,318,329
	3,046,702	3,951,379	2,515,517	1,435,862

(Expressed in Canadian dollars)

20. Supplemental cash flow information

Supplemental cash flow information for the nine months ended:

	June 30, 2022 $	June 30, 2021 $
Common shares issued upon the settlement of loans payable (Note 10)	1,000,000	189,180
Common shares issued upon settlement of accounts payable	-	24,000
Net exercise of options (Note 16)	130,148	-
Shares issued for RTO (Note 4)	1,146,407	-

21. Subsequent Events

a) Subsequent to June 30, 2022 the Company granted 1,150,000 five-year incentive stock options with an exercise price of $0.56 per share.

b) On July 18, 2022 the Company entered into a five-year License Agreement with Wedge Networks for a fee of $1,000,000 payable in common shares at an agreed price of $0.56 per share. The shares are subject to escrow conditions over the five years of the license. The Company plans to integrate Wedge Network Inc.'s software into its product offering. In the event that sales exceed agreed base levels, Turnium may pay royalties. The agreement has been approved by the TSX Venture Exchange subject to closing conditions being met.

c) On August 17, 2022, subject to the approval of the TSX Venture Exchange, the Company agreed to settle current liabilities in the aggregate amount of $181,957 in exchange for 324,928 common shares of the Company at an agreed price of $0.56 per share.

d) Effective August 1, 2022 the Company entered into a five year office lease for a 5,197 square foot premises in Vancouver, BC with contractual lease payments of $467,080 over five years.