TEVANO SYSTEMS HOLDINGS INC.

Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tevano Systems Holdings Inc.

Opinion
We have audited the consolidated financial statements of Tevano Systems Holdings Inc. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' deficiency for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has a net loss of $3,622,945 and cash used in operating activities of $372,468 during the year ended June 30, 2023 and, as of that date, the Company has a working capital deficiency of $1,308,725 and an accumulated deficit of $20,940,323. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined that there are no key audit matters to communicate in our report.

Other Information
Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter of when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Lonny Wong.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

February 13, 2025

TEVANO SYSTEMS HOLDINGS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	**June 30, 2023**	June 30, 2022
		$	$
ASSETS			
Current			
Cash		**33,908**	6,187
Receivables		**13,473**	19,606
Prepaid expenses and deposits	6	**-**	45,129
		47,381	70,922
Property and equipment	7	**-**	3,952
Total assets		**47,381**	74,874
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8,14	**1,341,253**	881,128
Promissory note	9,14	**14,853**	100,000
Deferred revenue		**-**	2,175
Shareholder loan	14	**-**	30,000
Total liabilities		**1,356,106**	1,013,303
SHAREHOLDERS' DEFICIENCY			
Share capital	12	**16,794,083**	13,622,023
Reserves	12	**2,745,234**	2,648,809
Share subscription deposits		**85,000**	100,000
Accumulated other comprehensive income		**7,281**	8,117
Deficit		**(20,940,323)**	(17,317,378)
Total shareholders' deficiency		**(1,308,725)**	(938,429)
Total liabilities and shareholders' deficiency		**47,381**	74,874

Nature of operations and going concern (Note 1)
Subsequent events (Note 19)

Approved and authorized for issuance on behalf of the Board.

/s/ "Stephen Brown"	*/s/ "John Benjamin Sawchuk"*
Director	Director

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

TEVANO SYSTEMS HOLDINGS INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except number of shares)

	Notes	Years ended June 30, **2023**	2022
		$	$
Revenue		**2,175**	11,845
Cost of sales		**(4,177)**	(54,879)
Gross loss		**(2,002)**	(43,034)
Operating expenses			
Consulting fees	14	**312,820**	429,353
Depreciation	7	**2,253**	32,038
Exchange fees		**34,129**	34,707
Insurance		**7,662**	147,836
Investor relations		**124,996**	287,905
Marketing		**800**	59,493
Office		**51,993**	88,493
Professional fees		**223,558**	723,776
Provision for expected credit losses		**6,445**	5,288
Rent		**58,945**	40,479
Share-based compensation	12,14	**(3,498)**	802,760
Technology development	4,5,13,14	**3,261,887**	1,998,633
Travel		**8,221**	70,656
Total operating expenses		**4,090,211**	4,721,417
Operating loss		**(4,092,213)**	(4,764,451)
Other income (expense)			
Accretion	9,10,11	**(9,340)**	(195,171)
Foreign exchange gain (loss)		**(8,619)**	14,517
Gain on change in fair value of conversion features	9	**-**	591,994
Gain on debt modification	9	**11,442**	-
Gain on debt settlements	9,12,14	**193,835**	28,424
Gain on shares returned to treasury	12	**-**	244,351
Gain on termination of software development agreement	13	**284,942**	-
Impairment of prepaid and deposit		**-**	(231,047)
Impairment of property and equipment		**(1,699)**	-
Interest expense		**(3,901)**	(2,387)
Inventory impairment		**-**	(131,648)
Other income		**2,608**	7,512
Total other income (expense)		**469,268**	326,545
Net loss		**(3,622,945)**	(4,437,906)
Loss on foreign currency translation		**(836)**	(27,784)
Comprehensive loss		**(3,623,781)**	(4,465,690)
Net loss per share:			
Basic and diluted		**(0.12)**	(0.18)
Weighted average number of common shares:			
Basic and diluted		**30,675,944**	24,397,650

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

TEVANO SYSTEMS HOLDINGS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Years ended June 30,	
	2023	2022
	$	$
Operating activities		
Net loss for the year	**(3,622,945)**	(4,437,906)
Adjustments to non-cash items:		
Depreciation	**2,253**	32,038
Provision for expected credit losses	**6,445**	5,288
Share-based compensation	**(3,498)**	802,760
Technology development	**3,261,887**	1,633,538
Accretion	**9,340**	195,171
Gain on change in fair value of conversion features	**-**	(591,994)
Gain on debt modification	**(11,442)**	-
Gain on debt settlements	**(193,835)**	(28,424)
Gain on shares returned to treasury	**-**	(244,351)
Gain on termination of software development agreement	**(284,942)**	-
Impairment of prepaid and deposit	**-**	231,047
Impairment of property and equipment	**1,699**	-
Interest expense	**3,901**	2,387
Inventory impairment	**-**	131,648
Changes to non-cash working capital items:		
Receivables	**(312)**	14,848
Inventory	**-**	880
Prepaid expenses and deposits	**45,129**	452,181
Accounts payable and accrued liabilities	**416,027**	388,639
Deferred revenue	**(2,175)**	2,175
Cash used in operating activities	**(372,468)**	(1,410,075)
Investing activities		
Acquisition of Aqua-Eo	**389**	-
Cash provided by investing activities	**389**	**-**
Financing activities		
Proceeds from units issued - private placement	**302,500**	678,000
Share subscription deposits	**85,000**	100,000
Share issuance costs	**(23,850)**	(3,740)
Proceeds from convertible promissory note issued	**40,000**	-
Proceeds from shareholder loan issued	**7,550**	30,000
Repayment of promissory note	**(10,000)**	-
Repayment of interest on promissory note	**(564)**	-
Lease payments	**-**	(38,190)
Cash provided by financing activities	**400,636**	766,070
Effect of foreign exchange rate changes on cash	**(836)**	(27,784)
Change in cash during the year	**27,721**	(671,789)
Cash, beginning of year	**6,187**	677,976
Cash, end of year	**33,908**	6,187
Supplemental cash flow information:		
Cash interest paid	**764**	-
Fair value of shares and units issued for promissory note settlement	**-**	550,437
Fair value of shares issued for convertible note settlement	**-**	590,987
Fair value of shares and units issued for convertible promissory notes settlement	**-**	194,866
Fair value of units issued for the conversion of convertible promissory note	**42,167**	-
Fair value of shares and units issued for debt settlements	**185,043**	-
Fair value of shares issued for Aqua-Eo Acquisition	**2,820,758**	-
Fair value of shares issued for Illuria Acquisition	**-**	1,595,000
Fair value of shares issued to finders of private placement		21,750

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

TEVANO SYSTEMS HOLDINGS INC.
Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars, except numbers of shares)

	Common shares	Share capital	Reserves	Share subscription deposits	Accumulated other comprehensive income	Deficit	Total shareholders' deficiency
	#	$	$	$	$	$	$
Balance, June 30, 2021	21,737,851	10,235,824	1,846,049	25,000	35,901	(12,879,472)	(736,698)
Shares issued - private placement	35,714	25,000	-	(25,000)	-	-	-
Shares returned to treasury	(59,501)	(244,351)	-	-	-	-	(244,351)
Shares issued for Illuria acquisition	3,142,850	1,595,000	-	-	-	-	1,595,000
Shares issued for debt settlements	514,286	1,336,290	-	-	-	-	1,336,290
Units issued - private placement	1,937,142	678,000	-	-	-	-	678,000
Finder's units - private placement	41,429	-	-	-	-	-	-
Shares issuance costs	-	(3,740)	-	-	-	-	(3,740)
Share subscription deposits	-	-	-	100,000	-	-	100,000
Share-based compensation	-	-	802,760	-	-	-	802,760
Loss on foreign currency translation	-	-	-	-	(27,784)	-	(27,784)
Net loss for the year	-	-	-	-	-	(4,437,906)	(4,437,906)
Balance, June 30, 2022	27,349,771	13,622,023	2,648,809	100,000	8,117	(17,317,378)	(938,429)
Shares issued for debt settlements	419,047	50,667	-	-	-	-	50,667
Share issued for Aqua-Eo acquisition	20,894,500	2,820,758	-	-	-	-	2,820,758
Shares returned to treasury	(2,627,993)	(157,680)	-	-	-	-	(157,680)
Units issued - private placement	4,025,000	341,500	61,000	(100,000)	-	-	302,500
Shares issued for promissory note settlement	1,000,000	110,000	-	-	-	-	110,000
Units issued for debt settlement	75,000	12,375	12,001	-	-	-	24,376
Finder's warrants	-	(23,877)	23,877	-	-	-	-
Share issuance costs	-	(23,850)	-	-	-	-	(23,850)
Share subscription deposits	-	-	-	85,000	-	-	85,000
Share-based compensation	-	-	(3,498)	-	-	-	(3,498)
Equity component of convertible promissory note issued	-	-	13,462	-	-	-	13,462
Conversion of convertible promissory note into units	843,340	42,167	(10,417)	-	-	-	31,750
Loss on foreign currency translation	-	-	-	-	(836)	-	(836)
Net loss for the year	-	-	-	-	-	(3,622,945)	(3,622,945)
Balance, June 30, 2023	**51,978,665**	**16,794,083**	**2,745,234**	**85,000**	**7,281**	**(20,940,323)**	**(1,308,725)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Tevano Systems Holdings Inc. (the "Company") was incorporated under the laws of British Columbia, Canada on March 23, 2000. The Company's head office and principal address is Suite 1303–1030 West Georgia St., Vancouver, BC, V6E 2Y3. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "TEVO" and on the Frankfurt exchange under the symbol "7RB".

a) Share consolidation

On June 13, 2022, the Company completed a consolidation of its common shares on a three and one-half to one basis. All share and per share amounts have been retrospectively adjusted to reflect the consolidation. Any references to common shares are on a post-consolidation basis. Numbers of warrants and stock options and their respective exercise prices have been retrospectively adjusted to reflect the effects of the share consolidation.

b) Going concern

These audited consolidated financial statements for the years ended June 30, 2023 and 2022 have been prepared on a going concern basis which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months.

As at June 30, 2023, the Company has a working capital deficiency of $1,308,725 (2022 - $942,381) and an accumulated deficit of $20,940,323 (2022 - $17,317,378). For the year ended June 30, 2023, the Company has a net loss was $3,622,945 (2022 - $4,437,906) and cash used in operating activities of $372,468 (2022 - $1,410,075). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to ensure continuing operations is dependent on the Company's ability to raise sufficient funds to finance development activities and generate sales. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on terms advantageous to the Company.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements were approved by the Board of Directors and authorized for issuance on February 13, 2025.

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

b) Basis of measurement

These consolidated financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS, as well as information presented in the consolidated statements of cash flows.

c) Basis of presentation

These consolidated financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income, and expense as set out in the accounting policies below.

2. BASIS OF PREPARATION (continued)

d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars. The functional currency is the currency of the primary economic environment in which an entity operates in. References to "US$" or "US" are to United States dollars. The Company's subsidiaries, Tevano USA Inc. and Illuria Security Inc., have the United States dollar as its functional currency.

e) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

A summary of the Company's subsidiaries included in these financial statements as at June 30, 2023 are as follows:

Name of subsidiary	Country of incorporation	Percentage ownership	Functional currency	Principal activity
Tevano Systems Inc.	Canada	100%	CAD	Holding company and head office function
Tevano Systems Holdings Inc.	Canada	100%	CAD	Holding company
Aqua-Eo Ltd.	Canada	100%	CAD	Holding company
2501415 Alberta Ltd.	Canada	100%	CAD	Inactive
Tevano USA Inc.	USA	100%	US	Inactive
Iluria Security Inc.	USA	100%	US	Inactive

3. SIGNIFICANT ACCOUNTING POLICIES

Critical accounting estimates, judgments, and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

<u>Going concern</u>

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.

<u>Business combinations</u>

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. If the acquisition of an asset does not constitute a business as defined in IFRS 3, Business Combinations, the acquirer identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates, judgments, and assumptions (continued)

Share-based compensation

The Company determines the fair value of share-based compensation granted using the Black-Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility, and expected life of the option. Changes in these inputs and underlying assumption used to develop them can materially affect the fair value estimate.

In situations where share option awards are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Deferred income tax

The Company's provision for income taxes is estimated based on the expected annual effective tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The deferred components of income taxes are estimated based on forecasted movements in temporary differences. Changes to the expected annual effective tax rate and differences between the actual and expected effective tax rate and between actual and forecasted movements in temporary differences will result in adjustments to the Company's provision for income taxes in the period changes are made and/or differences are identified.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, the management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on expected patient visits in future periods, which are internally developed and reviewed by management.

Weight is attached to tax planning opportunities that are within the Company's control and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a 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.

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI"), or at amortized cost. The classification depends on the Company's business model for managing the financial assets and terms of the related cashflow. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to the consolidated statement of loss and comprehensive loss following the derecognition of the investment. The Company does not have any financial assets classified as FVTOCI.

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Transaction costs are netted against financial assets and are accounted for using the effective interest method. They are classified as current assets or non-current assets based on their maturity date. The Company's financial assets carried at amortized cost include cash and receivables.

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

FVTPL - This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of loss and comprehensive loss. The conversion features of the convertible promissory note and convertible note are included within derivative liabilities and are measured at FVTPL.

Amortized cost - This category includes accounts payable, promissory note, shareholder loan, convertible promissory note and convertible note. These liabilities are measured at amortized cost using the effective interest rate method.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual value method. Proceeds are first allocated to shares according to their fair value and any residual in the proceeds is allocated to the warrants.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. A summary of the Company's annual deprecation rates and methods is as follows:

Class of property and equipment	Depreciation rate	Depreciation method
Furniture and equipment	5 years	Straight-line
Computer hardware	3 years	Straight-line
Right-of-use assets	Life of lease	Straight-line

An asset's residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and other income

IFRS 15 *Revenue from contracts with customers* ("IFRS 15") specifies how and when to recognize revenue, based on a five-step model, and enhances relevant disclosures to be applied to all contracts with customers. To recognize revenue under IFRS 15, the Company applies the following five steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when or as the Company satisfies a performance obligation.

For the year ended June 30, 2023, the Company has earned revenue through the sales of its Health Shield product and cloud storage service. The Company considers its performance obligation with customers to have been satisfied once shipment of the Health Shield product to customers has been completed.

The Company does not provide a warranty on sales of its products and as such does not record a warranty provision.

Research and development costs

Research costs are expensed in the year incurred. Development costs include all expenditures considered directly attributable to efforts by the Company to develop, and bring to commercial production, a new product. Such amounts are charged as an expense in the period incurred, except in circumstances where the product or process is clearly defined and the costs attributable thereto can be identified, the technical feasibility has been established, management has indicated its intention to produce and market the product, the future market is clearly defined, adequate resources are available, and recovery of development costs can reasonably be regarded as assured, in which case such costs are capitalized. For the years ended June 30, 2023 and 2022, software research and development costs were expensed.

Financing costs

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has closed at which time they are reclassified as share issuance costs. If an expected financing arrangement does not close, any deferred costs are reclassified as an expense.

Share-based compensation

The Company applies the fair value method of accounting for share option awards using the Black-Scholes option pricing model. Under this method, the Company recognizes compensation expense for employee share option awards, based on the grant date fair value, for each vesting instalment, over the vesting period. Each instalment is valued separately, based on assumptions determined from historical reference and recognized as compensation expense over each instalment's individual tranche vesting period, which results in a corresponding increase in equity (reserves). Forfeiture estimates are recognized in the period they are estimated and are revised for actual forfeitures in subsequent periods.

In situations where share option awards are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified or the fair value be reliably measured, they are measured at the fair value of the share option award. Otherwise, share-based payments are measured at the fair value of goods or services received.

Upon the exercise of share options, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

The recoverable amount is the greater of value in use and 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. In determining fair value less cost of disposal to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Income taxes

Income tax on the net income or loss for the periods presented comprises current and deferred income tax. Income tax expense is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred income taxes are recorded using the liability method. Under the liability method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of loss and comprehensive loss in the respective period that the substantive enactment or enactment occurs. Deferred income tax assets are recognized only to the extent it is probable that future taxable income will be available against which the asset can be utilized.

Leases

i. Identifying whether a contract includes a lease

IFRS 16 Leases applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. The Company had to apply judgment on certain factors, including whether the supplier has substantive substitution rights, whether the Company obtains substantially all of the economic benefits and who has the right to direct the use of that asset.

ii. Incremental borrowing rate

When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded in the consolidated statement of loss and comprehensive loss.

iii. Estimate of lease term

When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. As it is not reasonably certain that the extension or early termination options will be exercised, the Company determined that the term of its leases are the lesser of original lease term or the life of the leased asset. This significant estimate could affect future results if the Company extends the lease or exercises an early termination option.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of share options and warrants are used to repurchase common shares at the prevailing market rate. As at June 30, 2023, the potential fully diluted number of common shares was 11,141,554 (2022 - 35,135,483). The Company's diluted earnings (loss) per share is equal to the basic earnings (loss) per share as the outstanding options, convertible promissory note, convertible note, promissory note, and warrants are anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are considered to be related if they are subject to common control. 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.

Foreign currency translation

i. Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates.* The functional currency of the Company and its subsidiaries is included within Note 2.

ii. Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Non-monetary assets and liabilities are translated at historic rates. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statements of loss and comprehensive loss.

iii. Translation of the functional currency into the presentation currency

The results of foreign operations which have a different functional currency than the Company are translated to Canadian dollars at appropriate average rates of exchange during the period. The assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of the foreign operation to Canadian dollars at period end are recognized in accumulated other comprehensive income (loss) as a foreign currency translation adjustment.

Recent accounting pronouncements

Certain other accounting pronouncements were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures.

(Expressed in Canadian dollars, except where noted)

4. ACQUISITION OF AQUA-EO LTD

On April 27, 2023, the Company acquired a 100% ownership interest in Aqua-Eo Ltd ("Aqua-Eo"), a green lithium technology company, for 18,995,000 common shares of the Company ("Aqua-Eo Acquisition"). The Aqua-Eo acquisition was structured as a merger between Aqua-Eo and the Company's wholly owned subsidiary 2501415 Alberta Ltd. The Company issued an aggregate of 1,899,500 common shares to finders in the Aqua-Eo acquisition.

The shares issued as consideration in the Aqua-Eo Acquisition had an aggregate fair value on the date of issuance of $2,820,758, comprised of 18,995,000 shares issued to the Aqua-Eo shareholders and 1,899,500 shares issued to the finders valued at the closing market price of the Company's stock on April 27, 2023 of $0.135 per share.

The acquisition has been accounted for as an equity-settled share-based payment transaction within the scope of IFRS 2 Share-based Payment. The acquisition did not qualify as a business combination under IFRS 3 Business Combinations, as the significant inputs, processes, and outputs that together constitute a business did not exist in Aqua-Eo at the time of acquisition. As the intangible asset developed in Aqua-Eo on the date of the acquisition is not functional and does not meet the criteria as a development-phase for intangible asset, the consideration in excess of net liabilities acquired was expensed to technology development expense.

A summary of the fair value of net liabilities assumed and the purchase price acquisition date is as follows:

	$
Purchase price:	
Fair value of the Company's common shares (18,995,000 shares)	2,564,325
Fair value of the Company's common shares issued to finders (1,899,500 shares)	256,433
Total consideration	**2,820,758**
Net assets acquired and liabilities assumed:	
Cash	389
Accounts payable and accrued liabilities	(441,518)
Net liabilities assumed	**(441,129)**
Technology development expense	**3,261,887**

5. ACQUISITION OF ILLURIA SECURITY INC.

On December 17, 2021, the Company acquired a 100% ownership interest in Illuria Security Inc. ("Illuria"), a cyber security technology development company, for 2,857,136 common shares of the Company (the "Illuria Acquisition"). The Illuria Acquisition was structured as a merger between Illuria and the Company's wholly-owned subsidiary TSH (Delaware) Corp. The Company issued an aggregate of 285,714 common shares to finders in the Illuria Acquisition.

The shares issued as consideration in the Illuria Acquisition had an aggregate fair value on the date of issuance of $1,595,000 valued at the closing market price of the Company's stock on December 17, 2021 of $0.5075 per share.

The acquisition has been accounted for as an equity-settled share-based payment transaction within the scope of IFRS 2 *Share-based Payment*. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant inputs, processes, and outputs that together constitute a business did not exist in Illuria at the time of acquisition. As the software developed in Illuria on the date of the acquisition is not functional and does not meet the criteria as a development-phase intangible asset, the consideration in excess of net liabilities acquired was expensed to technology development expense.

(Expressed in Canadian dollars, except where noted)

5. ACQUISITION OF ILLURIA SECURITY INC. (continued)

A summary of the fair value of net liabilities assumed and the purchase price as at the acquisition date is as follows:

	$
Purchase price:	
Fair value of the Company's common shares (2,857,136 shares)	1,450,000
Fair value of the Company's common shares (285,714 shares)	145,000
Total consideration	**1,595,000**
Net liabilities assumed:	
Accounts payable and accrued liabilities	(38,538)
Net liabilities assumed	**(38,538)**
Technology development expense	**1,633,538**

6. PREPAID EXPENSES AND DEPOSITS

A summary of the Company's prepaid expenses and deposits is as follows:

	June 30, 2023	June 30, 2022
	$	$
Legal and professional retainers	**-**	26,066
Consulting fees	**-**	5,450
Marketing and investor relations	**-**	431
Security deposit - lease	**-**	11,633
Other	**-**	1,549
	-	45,129

7. PROPERTY AND EQUIPMENT

A summary of the Company's property and equipment is as follows:

	Right-of-use assets	**Computer hardware**	**Furniture and equipment**	**Total**
	$	$	$	$
Cost				
Balance, June 30, 2021	171,242	2,739	10,192	184,173
Disposal	(171,242)	-	-	(171,242)
Balance, June 30, 2022	-	2,739	10,192	12,931
Disposal	-	-	(10,192)	(10,192)
Balance, June 30, 2023	**-**	**2,739**	**-**	**2,739**
Accumulated depreciation				
Balance, June 30, 2021	142,155	932	5,096	148,183
Depreciation	29,087	913	2,038	32,038
Disposal	(171,242)	-	-	(171,242)
Balance, June 30, 2022	-	1,845	7,134	8,979
Depreciation	-	894	1,359	2,253
Disposal	-	-	(8,493)	(8,493)
Balance, June 30, 2023	**-**	**2,739**	**-**	**2,739**
Carrying amount				
Balance, June 30, 2022	-	894	3,058	3,952
Balance, June 30, 2023	**-**	**-**	**-**	**-**

(Expressed in Canadian dollars, except where noted)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	June 30, 2023	June 30, 2022
	$	$
Trade payables (Note 14)	**1,333,004**	734,897
Technology development costs payable	**960**	127,571
Accrued liabilities	**7,289**	18,660
	1,341,253	881,128

9. PROMISSORY NOTE

A summary of the Company's promissory note is as follows:

	$
Balance, June 30, 2021	525,113
Issuance	100,000
Accretion	25,324
Settlement	(550,437)
Balance, June 30, 2022	100,000
Issuance	18,558
Accretion	6,295
Payment	(10,000)
Settlement	(100,000)
Balance, June 30, 2023	**14,853**

On December 3, 2018, pursuant to a contribution agreement, the Company issued a promissory note for $583,147 to INEX for software engineering and development services related to the advancement and improvement of the Company's proprietary payment solution. The promissory note is interest-free and repayable on January 1, 2023 (or earlier at the discretion of the Company, without penalty). The promissory note is convertible into common shares of the Company at any time in whole or in part at the Company's sole discretion based on the greater of (i) $0.105 per common share or (ii) the thirty-day weighted average price of the common shares if the Company is listed on a designated stock exchange. On February 25, 2022, the Company entered into a debt settlement agreement with INEX wherein the promissory note, convertible note (Note 10), and a convertible promissory note (Note 11) were settled for 514,286 common shares (Note 12(b)).

On initial recognition, the Company discounted the face value of the promissory note payable and $157,219 was recorded as interest benefit in reserves.

On February 25, 2022, the Company entered into a separate debt settlement agreement with INEX and issued a non-convertible promissory note for $100,000 for the settlement of $76,482 (US$60,000) of trade payables to INEX, resulting in a loss on settlement of debt of $23,518. The promissory note is interest-free and repayable on the earlier of (1) within five business days of raising a minimum of $2,500,000 in private placement financing, and (2) December 31, 2022. The promissory note is currently outstanding and due on demand. For the year ended June 30, 2023, gain on change in fair value of derivative liabilities was $nil (2022 - $591,994).

On October 23, 2022, the Company and an officer of the Company agreed to amend and restate the terms of an existing shareholder's loan of $30,000. The Company agreed to issue a promissory note with an interest rate of 10% per annum and a maturity date of December 31, 2023. On initial recognition, the Company discounted the face value of the promissory note and $11,442 was recorded as gain on debt modification in the consolidated statements of loss and comprehensive loss.

On March 31, 2023, the Company entered into a debt settlement agreement to settle a $100,000 non-convertible promissory note issued in the prior fiscal year, through the issuance of 1,000,000 units of the Company (Note 12(b)).

During the year ended June 30, 2023, accretion expense was $6,295 (2022 - $25,324), and interest expense was $1,934 (2022 - $nil).

(Expressed in Canadian dollars, except where noted)

10. CONVERTIBLE NOTE

On May 19, 2021, the Company issued a convertible note of $907,500 (US$750,000) to INEX as part of an asset purchase agreement in which the Company acquired the rights, titles, and interest to the software, Health Shield, from INEX. The convertible note had a maturity date of May 19, 2023, with a conversion price equal to the three-day weighted average price per share for the three days immediately prior to the conversion in the amount and number of such shares equal to the principal amount of convertible note.

On February 25, 2022, the Company entered into a debt settlement agreement with INEX wherein the promissory note (Note 9), the convertible note, and a convertible promissory note (Note 11) were settled for 514,286 common shares (Note 12(b)). As at the date of settlement, the convertible note was valued at $590,987.

During the year ended June 30, 2023, accretion expense on the convertible note was $nil (2022 - $129,109).

11. CONVERTIBLE PROMISSORY NOTES

A summary of the Company's convertible promissory notes is as follows:

	$
Balance, June 30, 2021	154,128
Accretion	40,738
Settlement	(194,866)
Balance, June 30, 2022	-
Issuance	26,538
Accretion	3,045
Conversion of note	(29,583)
Balance, June 30, 2023	**-**

On October 13, 2020, the Company issued a convertible promissory note for $263,019 to INEX (a related party due to common directorship) for software engineering and development services related to the advancement and improvement of the Company's proprietary payment solution, separate from the promissory note issued on December 3, 2018. The promissory note was interest-free and repayable on the earlier of (i) two years after the shares are publicly traded on a Canadian or U.S securities exchange; or (ii) January 1, 2023 (or earlier at the discretion of the Company, without penalty). The promissory note was convertible into common shares of the Company at any time in whole or in part at the Company's sole discretion based on the greater of (i) $0.70 per common share and (ii) the ten-day weighted average price per share if traded on a securities exchange.

On initial recognition, the Company measured the fair value of the debt component to be $26,538. The equity component was determined to be $13,462 using the residual value method and was recorded in reserves.

On February 25, 2022, the Company entered into a debt settlement agreement with INEX wherein it settled the promissory note (Note 9), the convertible note (Note 10), and the convertible promissory note issued to INEX for 514,286 common shares.

On September 23, 2022, the Company issued a convertible promissory note to an CFO of the Company for $40,000. The convertible promissory note bears interest at 10% per annum and matures on September 23, 2024. The convertible promissory note is convertible into units at any time at the conversion price of $0.05 per unit. Each unit was comprised of one common share and one warrant. Each warrant is exercisable for one common share of the Company at a price of $0.10 per share for a period of one year following the date of conversion.

On April 11, 2023, pursuant to the conversion of the convertible promissory note, the Company issued 843,340 units at $0.05 per unit to settle $42,167, comprised of principal of $40,000 and accrued interest of $2,167. Each unit was comprised of one common share and one warrant. Each warrant is exercisable into one common share of the Company with an exercise price of $0.10 per warrant and expires on April 11, 2024.

During the year ended June 30, 2023, accretion expense was $3,045 (2022 - $40,738), and interest expense was $2,167 (2022 - $nil).

12. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value.

b) Issued shares

During the year ended June 30, 2023, the Company had the following share capital transactions:

- On May 29, 2023, pursuant to a debt settlement agreement, the Company issued 133,333 common shares with a fair value of $10,667 to settle $20,000 in accounts payable and accrued liabilities. As a result of the settlement, the Company recognized a $9,333 gain on debt settlement.

- On April 27, 2023, pursuant to the closing of the Aqua-Eo Acquisition, the Company issued 18,995,000 common shares with a fair value of $2,564,325. The Company issued 1,899,500 common shares to the finders of the acquisition at a fair value of $256,433 (Note 4).

- On April 11, 2023, pursuant to the conversion of the convertible promissory note, the Company issued 843,340 units at $0.05 per unit to settle $42,167, of which the principal is $40,000 and accrued interest is $2,167 (Note 11). Each unit was comprised of one common share and one warrant. Each warrant is exercisable to one common share of the Company with an exercise price of $0.10 per share and expires on April 11, 2024. As a result of the conversion of the convertible promissory note, the equity component initially recognized in reserves of $13,462 was reclassified to share capital, and $3,045 was recognized into reserves as the residual value for the warrants.

- On April 11, 2023, the Company issued 75,000 units with a fair value of $7,500 to settle an outstanding shareholder’s loan of $7,500 from an officer of the Company. Each unit was comprised of one common share and one warrant. Each warrant is exercisable to one common share of the Company with an exercise price of $0.20 per share and expires on April 11, 2025. The fair value of the common shares issued was $12,375 and the fair value of the warrants issued was $12,001 using the Black-Scholes option pricing model. As a result of the settlement, the Company recognized a $16,876 loss on debt settlement.

- On March 31, 2023, pursuant to a debt settlement agreement, the Company issued 1,000,000 common shares with a fair value of $110,000 to settle a promissory note of $100,000 (Note 9). As a result of the settlement, the Company recognized a $10,000 loss on debt settlement.

- On March 24, 2023, the Company issued 3,050,000 units in a non-brokered private placement at $0.10 per unit for proceeds of $305,000, of which $100,000 was related to a pre-existing subscription deposit from fiscal 2022. Each unit was comprised of one common share and one warrant. Each warrant is exercisable for one common share of the Company with an exercise price of $0.20 per share and expires on March 24, 2025. The warrants are accounted for under the residual value method. As the fair value of the common shares issued was $244,000, the residual amount of $61,000 was allocated to reserves. In connection with the non-brokered private placements, the Company incurred $16,100 in cash transaction costs allocated to share capital and issued 155,000 warrants to finders with a fair value of $11,852 allocated to share capital and reserve.

- On February 28, 2023, the Company issued 975,000 units in a non-brokered private placement at $0.10 per unit for proceeds of $97,500. Each unit was comprised of one common share and one warrant. Each warrant is exercisable for one common share of the Company with an exercise price of $0.20 per share and expires on February 28, 2025. The warrants are accounted for under the residual value method. As the fair value of the common shares issued exceeded the cash proceeds, there was no residual value allocated to warrants. In connection with the non-brokered private placements, the Company incurred $7,750 in cash transaction costs allocated to share capital and issued 77,500 warrants to finders with a fair value of $12,025 allocated to share capital and reserve.

- On February 22, 2023, the Company issued 285,714 common shares with a fair value of $40,000, at $0.14 per common share, to settle $30,000 in accounts payable and accrued liabilities. As a result of the shares issued for debt settlement, the Company recognized $10,000 in loss on debt settlement in the consolidated statement of loss.

12. SHARE CAPITAL (continued)

- On September 16, 2022, pursuant to the termination agreement with Caza, LLC (Note 13), 2,627,993 of the Company's common shares with a fair value of $157,680 were returned to treasury. The fair value of the shares returned to treasury was recorded as a gain on termination of the software development agreement in the consolidated statements of loss and comprehensive loss.

During the year ended June 30, 2022, the Company the following share capital transactions:

- On March 25, 2022, pursuant to a debt settlement agreement with INEX dated February 25, 2022, the Company issued 514,286 common shares in settlement of its convertible promissory note (Note 11), convertible note (Note 10), and promissory note (Note 9). The debt amounts settled had an aggregate carrying amount on February 25, 2022 of $1,336,290, which has been recorded in share capital.

- On March 14, 2022, the Company issued 608,571 private placement units at $0.35 per unit for proceeds of $213,000. Each unit was comprised of one common share and one warrant. Each warrant is exercisable for one common share of the Company expiring on June 30, 2023. Each warrant has an exercise price of $0.70 per share for the period from March 14, 2022 to March 14, 2023 and an exercise price of $0.88 per share for the period from March 15, 2023 to September 14, 2023. The warrants contain an acceleration clause such that if the Company's common share price on the CSE is greater than $1.05 for ten consecutive trading days after four months and one day from the issuance date, the Company may accelerate the warrant expiry date to the date that is thirty calendar days following the date of a press release from the Company announcing the accelerated terms. The warrants are accounted for under the residual value method. As the fair value of the common shares issued exceeded the cash proceeds, there was no residual value allocated to the warrants. In the prior year, $49,226 was initially allocated to the warrants issued and recorded as a reduction to share capital and warrant liability. This was amended by management on June 30, 2022 as it was determined that the warrants had no value and amount was reclassified from warrant liability to share capital.

- On December 31, 2021, the Company closed a private placement for 1,328,571 units at $0.35 per unit for proceeds of $465,000. Each unit was comprised of one common share and one warrant. Each warrant is exercisable for one common share of the Company expiring on June 30, 2023. Each warrant has an exercise price of $0.70 per share for the period from December 31, 2021 to December 31, 2022 and an exercise price of $0.88 per share for the period from January 1, 2023 to June 30, 2023. The warrants contain an acceleration clause such that if the Company's common share price on the CSE is greater than $1.05 for ten consecutive trading days after four months and one day from the issuance date, the Company may accelerate the warrant expiry date to the date that is thirty calendar days following the date of a press release from the Company announcing the accelerated terms. The warrants are accounted for under the residual value method. As the fair value of the common shares issued exceeded the cash proceeds, there was no residual value allocated to the warrants. In the prior year, $227,753 was initially allocated to the warrants issued and recorded as a reduction to share capital and warrant liability. This was amended by management on June 30, 2022 as it was determined that the warrants had no value and amount was reclassified from warrant liability to share capital.

- In connection with the December 31, 2021 private placement, the Company issued 41,429 units to finders with terms identical to those sold in the private placement. The common share component of the finder's units was valued at $0.525 per share which was the Company's closing share price on the date of the private placement. There was no residual value to allocate to the warrants. Total fair value of the finder's units was $21,750 and was recorded as a charge to share issuance costs and credit to share capital, resulting in $nil impact on share capital. In the prior year, $7,102 was initially allocated to the warrants issued and recorded as a reduction to share capital and warrant liability. This was amended by management on June 30, 2022 as it was determined that the warrants had no value and amount was reclassified from warrant liability to share capital.

- On December 17, 2021, pursuant to the closing of the Illuria Acquisition, the Company issued 2,857,136 common shares of the Company to the shareholders of Illuria at a fair value of $0.5075 per share, for a total fair value of $1,450,000. The Company issued 285,714 common shares to the finder of the acquisition at a fair value of $0.5075 per share for a total fair value of $145,000 (Note 5).

- On August 26, 2021, in relation to the resignation of a consultant, 59,501 common shares of the Company with a fair value of $244,351 were returned to the treasury. The fair value of returned shares was treated as a gain on shares returned to treasury in the consolidated statements of loss and comprehensive loss.

- On July 9, 2021, the Company closed a private placement for 35,714 common shares at $0.70 per common share and reclassified $25,000 of previously received subscription receipts from share subscription deposits to share capital.

(Expressed in Canadian dollars, except where noted)

12. SHARE CAPITAL (continued)

c) Escrow shares

In connection with the Company's go-public transaction, the Company issued 9,562,190 common shares that were subject to a voluntary pooling agreement and issued 9,419,333 common shares that were held in escrow. As at June 30, 2023, the Company has released 6,736,390 shares from escrow and, has a total of 2,825,800 shares held in escrow.

In relation to the Illuria Acquisition, 2,627,993 common shares of the Company were subject to a pooling agreement. Upon execution of the termination agreement with Caza, LLC, on September 16, 2022, these shares were released from the pooling agreement (Note 12).

In connection with a debt settlement agreement with INEX dated February 25, 2022, 285,714 common shares issued to INEX relating to the December 31, 2021 private placement and 514,286 common shares issued for debt settlement (Note 9, 10, and 11) were subject to a voluntary hold period imposing certain trading restrictions. As at June 30, 2023, 231,429 common shares were subject to the terms of the voluntary hold period.

d) Share options

A summary of the Company's share option activity is as follows:

	Issued	**Weighted average exercise price**
	#	$
Outstanding, June 30, 2021	871,428	2.82
Cancelled	(142,857)	3.33
Granted	142,857	1.05
Outstanding, June 30, 2022	871,428	2.45
Forfeited	(357,143)	1.88
Cancelled	(514,285)	2.66
Granted	2,500,000	0.10
Outstanding, June 30, 2023	**2,500,000**	**0.10**

On February 23, 2023, the Company granted 1,400,000 share options to officers, directors, and consultants of the Company with an exercise price of $0.14 per share and an expiry date of February 24, 2028, which vested immediately upon issuance. The fair value of these options was estimated at $195,910 using the Black-Scholes option pricing model with the assumptions disclosed below.

On November 2, 2022, the Company granted 1,100,000 share options to officers, directors, and consultants of the Company with an exercise price of $0.05per share and an expiry date of November 2, 2027, which vested immediately upon issuance. The fair value of these options was estimated at $16,250 using the Black-Scholes option pricing model with the assumptions disclosed below.

During the year ended June 30, 2023, the Company cancelled 514,285 share options to officers, directors, and consultants of the Company with a weighted average exercise price of $2.66 per share and expiry dates between March 19 to 22, 2026. The cancelled options were accounted for as modifications of existing awards with new options granted on November 2, 2022 (above). In connection with the cancelled options, the Company recognized a recovery of share-based compensation of $260,321 (2022 - $nil).

On February 25, 2022, pursuant to the debt settlement agreement with INEX, the Company granted 142,857 share options to an officer of the Company with an exercise price of $1.05 per share and an expiry date of February 24, 2024. On March 27, 2022, the Company cancelled 142,857 share options to an officer of the Company with a $3.33 exercise price and original expiry date of March 31, 2026. In connection with the cancelled options, the Company reversed $69,804 in share-based compensation related to the unvested options.

(Expressed in Canadian dollars, except where noted)

12. SHARE CAPITAL (continued)

d) Share options (continued)

A summary of the Company's outstanding and exercisable share options as at June 30, 2023 is as follows:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted-average exercise price	Weighted-average remaining life
	#	#	$	Years
November 2, 2027	1,100,000	1,100,000	0.05	4.34
February 23, 2028	1,400,000	1,400,000	0.14	4.65
	2,500,000	**2,500,000**	**0.10**	**4.51**

During the year ended June 30, 2023, the Company recorded share-based compensation for share options of $(3,498) (2022 - $802,760).

A summary of the Company's weighted average assumptions used in the Black-Scholes option pricing model to measure the fair value of share options granted during years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Risk-free interest rate	**3.61%**	1.53%
Expected life	**5 years**	2 years
Expected volatility	**277%**	161%
Forfeiture rate	**0.00%**	0.00%
Dividend rate	**0.00%**	0.00%

e) Warrants

A summary of the Company's warrant activity is as follows:

	Warrants outstanding	Weighted-average exercise price
	#	$
Balance, June 30, 2021	3,909,761	1.38
Expired	(766,904)	0.26
Issued	1,978,571	0.88
Balance, June 30, 2022	5,121,428	1.36
Expired	(4,512,857)	1.42
Modified	2,857,143	0.20
Issued	5,175,840	0.18
Balance, June 30, 2023	**8,641,554**	**0.24**

A summary of the Company's warrants outstanding as at June 30, 2023 is as follows:

Expiry date	Warrants outstanding	Weighted-average exercise price	Weighted-average remaining life
	#	$	Years
September 14, 2023	608,571	0.88	0.21
April 11, 2024	918,340	0.10	0.78
February 28, 2025	1,052,500	0.20	1.66
March 24, 2025	3,205,000	0.20	1.73
May 3, 2025	2,857,143	0.20	1.84
	8,641,554	**0.24**	**1.55**

(Expressed in Canadian dollars, except where noted)

12. SHARE CAPITAL (continued)

e) Warrants (continued)

On May 3, 2021, the Company completed a non-brokered private placement of 2,857,143 warrants at a price of $0.175 per warrant for gross proceeds of $500,000 (each a "Special Warrant"). Each Special Warrant is exercisable into units of the Company consisting of one common share and one common share purchase warrant (each a "Unit") at an exercise price of $1.75 per Unit and expires on May 3, 2023. Each common share purchase warrant is exercisable into one common share of the Company with an exercise price of $2.45 per share and expires two years from the exercise of the Unit. On May 1, 2023, the Company amended the Special Warrants by extending the expiry date to May 3, 2025, and reducing the exercise price to $0.20 per Unit. Additionally, each common share purchase warrant exercise price was reduced to $0.20 per share.

In connection with the private placements of units in February and March 2023, the Company issued 232,500 warrants to finders. Each warrant entitles the holder to acquire one common share of the Company at the exercise price of $0.20 until two years from the issuance date. The fair value of the warrants was estimated at $23,877 using the Black-Scholes pricing model using the assumptions disclosed below.

A summary of the Company's assumptions used in the Black-Scholes option pricing model to measure the fair value of warrants issued during the year ended June 30, 2023:

	2023
Risk-free interest rate	**3.73%**
Expected life	**2 years**
Expected volatility	**309%**
Forfeiture rate	**0.00%**
Dividend rate	**0.00%**

13. TECHNOLOGY DEVELOPMENT

Technology development costs are expenditures made by the Company for the research and development of its Health Shield product, cyber security software, and potential new technologies and products. A summary of the Company's technology development expenditures is as follows:

	June 30, 2023	June 30, 2022
	$	$
Opening balance of cumulative spend, beginning of year	**5,290,225**	3,291,592
Technology development expense resulting from Illuria Acquisition (Note 5)	**-**	1,633,538
Technology development expense resulting from Aqua-Eo Acquisition (Note 4)	**3,261,887**	-
Technology development expenditures in the period	**-**	365,095
Cumulative expenditures, end of year	**8,552,112**	5,290,225

On December 21, 2021, the Company entered into a software development agreement with Caza, LLC ("Caza"), a related party due to common directorship with Illuria, for further back-end design, development, testing, and assistance in bringing the cyber security technology to market. An initial fee of $252,446 (US$200,000) was paid upon signing the agreement. During the year ended June 30, 2022, the agreement was amended to revise the schedule of payments and deliverables.

On September 16, 2022, the Company and Caza mutually agreed to terminate the software development agreement. Per the termination agreement, the Company transferred its right to the in-process research and development project constituting the cyber security software that was initially acquired in the Illuria acquisition. In exchange, Caza returned 2,627,993 common shares of Tevano with a fair value of $157,680 and forgave technology development costs payable of $127,262 (Note 8). Accordingly, during the year ended June 30, 2023, $284,942 (2022 - $nil) was recorded as a gain on termination of software development agreement.

(Expressed in Canadian dollars, except where noted)

14. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

A summary of the Company's transactions with key management personnel for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
	$	$
Consulting fees incurred to CFO	**146,500**	126,250
Consulting fees incurred to a company controlled by a director	**65,000**	-
Consulting fees incurred to a company controlled by the Business Development Officer	**90,453**	113,990
Consulting fees incurred to the CEO	**-**	67,000
Consulting fees incurred to the Chief Revenue Officer	**-**	101,276
Consulting fees incurred to the Chief Development Officer	**-**	9,337
Share-based compensation (recovery)	**(78,638)**	684,338
Technology development incurred to Caza, LLC	**-**	508,938
	223,315	1,611,129

During the year ended June 30, 2022, technology development costs were incurred by Caza, LLC (Note 13).

A summary of the Company's amounts owed to key management personnel is as follows:

	June 30, 2023	June 30, 2022
	$	$
Accounts payable	**433,834**	213,533
Promissory note	**14,853**	-
Interest payable	**1,170**	-
Shareholder's loan	**-**	30,000
	449,857	243,533

As at June 30, 2023, the Company owed $272,087 (2022 - $177,832) to a company controlled by the Business Development Officer of the Company which is non-interest bearing, unsecured and due on demand.

As at June 30, 2023, the Company owed $106,747 (2022 - $16,171) to the CFO of the Company which is non-interest bearing, unsecured and due on demand.

As at June 30, 2023, the Company owed $55,000 (2022 - $1,575) to a company controlled by a director of the Company which is non-interest bearing, unsecured and due on demand.

As at June 30, 2023, the Company owed $nil (2022 - $7,455) to the CEO of the Company which is non-interest bearing, unsecured and due on demand. As at June 30, 2023, the present value of promissory note owed to CEO of the company is $14,853 (2022 - $nil). The promissory note is unsecured, interest bearing at 10% per annum, and due on December 31, 2023. The promissory note was issued pursuant to the amended and restated the terms of the prior year shareholder's loan of $30,000 (Note 9). The promissory note has accrued interest of $1,170 as at June 30, 2023.

On June 30, 2023, a director of the Company to forgive $23,225 of amounts owed by the Company for prior services. As a result, the Company recognized a gain on debt settlement of $23,225 (2022 - $nil).

15. SEGMENTED INFORMATION

The Company's chief operating decision-maker reviews the results of operations as one reportable segment. For all periods presented in these financial statements, the Company has one reporting segment. The Company's assets and operations are geographically located in Canada.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying values of cash, accounts payable and accrued liabilities, and shareholder loan approximate fair value due to the short-term nature of these instruments. These financial instruments, and the promissory note and convertible promissory note are measured at amortized cost.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk relates primarily to cash. The Company minimizes its credit risk related to cash by placing cash with major financial institutions. The Company considers the credit risk related to cash to be minimal.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has a convertible promissory note and a promissory note with an interest rate of 10%. The Company regularly monitors its cash management policy. The Company is not exposed to interest rate risk as the interest rate on the convertible promissory note and promissory note is fixed.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company endeavors to ensure that sufficient funds are raised from equity offerings or debt financing to meet its operating requirements, after taking into account existing cash. The Company's cash is held in business accounts which are available on demand for the Company's programs. As at June 30, 2023, the Company had a cash balance of $33,908 (2022 - $6,187) to settle undiscounted liabilities of $1,361,253 (2022 - $1,013,303).

A summary of the Company's undiscounted liabilities as at June 30, 2023, is as follows:

	Within 1 year	**2 - 5 years**	**Total**
	$	$	$
Accounts payables and accrued liabilities	1,341,253	-	**1,341,253**
Promissory note	20,000	-	**20,000**
	1,361,253	**-**	**1,361,253**

d) Foreign currency risk

The Company's functional currency is the Canadian dollar, and its subsidiary's functional currency is the United States dollar. Foreign currency risk is the risk that the value of the Company's financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. Changes in the exchange rate between foreign currencies and the Canadian Dollar could have a significant impact on the Company's financial position, results of operations, and cash flows. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company is mainly exposed to foreign currency risk on financial instruments (consisting of cash and trade payables) denominated in US dollars.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

A summary of the Company's net monetary assets and liabilities held in foreign currencies, expressed in Canadian dollars, is as follows:

	June 30, 2023	June 30, 2022
	$	$
Cash	**8**	2,830
Accounts payable and accrued liabilities	**(311,800)**	(360,421)
Net financial liabilities	**(311,792)**	(357,591)

The effect on net loss and comprehensive loss for the year ended June 30, 2023, of a 10% change in the foreign currencies against the Canadian dollar on the above-mentioned net financial liabilities of the Company is estimated to have an increase or decrease in foreign exchange gain or loss of $31,179.

As at June 30, 2023, management has determined the Company's exposure to foreign currency risk to be at an acceptable level.

17. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company's capital consists of all components of shareholders' equity. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources for its operations and to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners. The Company monitors capital on the basis of maintaining sufficient cash flow to comply with financial obligations. During the period, the Company's strategy, which was unchanged from the prior year, was to issue sufficient additional shares from the treasury to meet all such obligations. The Company is not subject to any externally imposed capital requirements.

18. INCOME TAXES

A summary of the Company's reconciliation of income taxes at statutory rates for the years ended June 30, 2023 and 2022, is as follows:

	2023	2022
	$	$
Loss for the year	**(3,622,945)**	(4,437,906)
Combined federal and provincial rate	**27%**	27%
Expected income tax recovery	**(978,000)**	(1,198,000)
Items that cause an increase (decrease):		
Non-deductible expenses	**803,000**	441,000
Change in statutory, foreign tax, foreign exchange rates and other	**(84,000)**	35,000
Share issuance costs	**(6,000)**	(1,000)
Non-deductible portion of capital item	**16,000**	-
Adjustment to prior year's provision versus statutory tax returns	**135,000**	(299,000)
Temporary differences originating in the year	**(76,000)**	-
Change in unrecognized deductible temporary differences	**190,000**	1,022,000
Income tax expense	**-**	-

(Expressed in Canadian dollars, except where noted)

18. INCOME TAXES (continued)

A summary of the Company's significant components of deferred tax liabilities is as follows:

	June 30, 2023	June 30, 2022
	$	$
Share issuance costs	**43,000**	57,000
Allowable capital losses	**16,000**	-
Non-capital losses available for future periods	**3,500,000**	3,314,000
Property and equipment	**3,000**	2,000
Intangible assets	**245,000**	245,000
Promissory note	**(1,000)**	-
Foreign exchange	**2,000**	-
	3,808,000	3,618,000
Unrecognized deferred tax assets	**(3,808,000)**	(3,618,000)
Deferred tax assets (liabilities)	**-**	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. A summary of the Company's significant components of unrecognised deductible temporary differences is as follows:

	June 30, 2023	**Expiry date Range**	June 30, 2022	Expiry date Range
Share issuance costs	**158,000**	**2041 to 2044**	211,000	2041 to 2044
Allowable capital losses	**58,000**	**No expiry date**	-	No expiry date
Non-capital losses available for future periods	**12,982,000**	**2039 to 2043**	12,445,000	2039 to 2042
Property and equipment	**13,000**	**No expiry date**	9,000	No expiry date
Intangible assets	**909,000**	**No expiry date**	909,000	No expiry date
Promissory note	**(5,000)**	**No expiry date**	-	No expiry date
Foreign exchange	**7,000**	**No expiry date**	-	No expiry date
Non-capital losses available for future periods by country:				
Canada	**12,199,886**	**2039 to 2042**	11,674,000	2039 to 2042
USA	**782,114**	**No expiry date**	771,000	No expiry date

19. SUBSEQUENT EVENTS

On September 28, 2023, the Company issued 500,000 units in a non-brokered private placement at $0.10 per unit for proceeds of $50,000. Each unit was comprised of one common share and one warrant. Each warrant is exercisable for one common share of the Company with an exercise price of $0.20 per share and expiring on September 28, 2025.

Subsequent to June 30, 2023, the Company extended the expiry date of 843,340 share purchase warrants from April 11, 2024 to April 11, 2025.