ANONYMOUS INTELLIGENCE COMPANY INC.

Consolidated Financial Statements

Years ended September 30, 2024 and 2023

(In Canadian dollars)

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of:
ANONYMOUS INTELLIGENCE COMPANY INC.

SERVICE

INTEGRITY

TRUST

Opinion
We have audited the consolidated financial statements of Anonymous Intelligence Company Inc. and its subsidiaries (collectively the "Company"), which comprise the consolidated statements of financial position as at September 30, 2024, and 2023, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2024, and 2023 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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(b) in the consolidated financial statements, which indicates that the Company incurred a net loss of $2,884,589 during the year ended September 30, 2024, and as of that date, had accumulated losses since inception of $20,730,979. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), 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 September 30, 2024. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

Evaluation of Indicators of Impairment for Intangible Assets
Key Audit Matter Description
The carrying value of intangible assets of the Company was $1,214,441 as of September 30, 2024. The carrying value of intangible assets is tested annually for impairment and is material to the financial position of the Company. The carrying value of intangible assets are considered a key audit matter due to the significance of the carrying values and management judgment involved in assessing the recoverable value during impairment testing under IAS 36 Impairment of Assets. As such, a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment was required.

Further disclosure regarding the Company's intangible assets is described in Notes 3 and 4 to the consolidated financial statements.

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Audit Response
We responded to this matter by assessing whether the Company should recognize any impairment to intangible assets, evaluating key assumptions in management's models and methodologies applied. Our audit work in relation to this included, but was not limited to, the following:

- Obtained understanding of the accounting policy in respect of impairment assessment of intangible assets and cash flow projections and assumptions used in the discounted cash flow model and reading the report of management's expert.
- Assessed for presence of impairment indicators.
- Confirmed the methodologies in models used were consistent with acceptable valuation approaches.
- Evaluated and challenged management's key underlying assumptions and projections.
- Reperformed calculations within the valuation models and evaluated the resulting estimates.
- Scrutinized the appropriateness, accuracy and completeness of the disclosures ensuring that users of the consolidated financial statements are provided with reliable information in the notes to the consolidated financial statements.

Other Information
Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and will 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 identified above 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we 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.

Emphasis of Matter – Restated Comparative Information
We draw attention to Note 18 to the consolidated financial statements, which explains that certain comparative information presented for the year ended September 30, 2023, has been restated. Our opinion is not modified in respect of this matter.

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 IFRS, 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.

The engagement partner on the audit resulting in this independent auditor's report is Mike Kao.

WDM

Chartered Professional Accountants

Vancouver, B.C.
January 28, 2025

Anonymous Intelligence Company Inc.
Consolidated Statements of Financial Position
As at September 30, 2024 and 2023
(In Canadian dollars)

	Notes	2024	2023 *(Restated - Note 18)*
		$	$
Assets			
Current			
Cash		233,072	133,735
GST recoverable		30,481	27,189
Prepaids and other assets		19,253	40,354
		282,806	201,278
Intangible assets	3, 4	1,214,441	3,542,591
Total assets		1,497,247	3,743,869
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5, 7	382,994	231,224
Loans and borrowings	7	12,000	100,000
Convertible debentures	6	93,863	-
		488,857	331,224
Shareholders' equity			
Share capital *(Restated – Note 18)*	8	21,147,737	20,642,386
Reserves *(Restated – Note 18)*	9, 10, 11	591,632	2,100,675
Deficit		(20,730,979)	(19,330,416)
Total equity		1,008,390	3,412,645
Total liabilities and equity		1,497,247	3,743,869

Nature of operations and going concern	1
Subsequent events	17

Approved on behalf of the Board of Directors:

(Signed) "*Denis Franks*"
Director

(Signed) "*Allan Larmour*"
Director

Anonymous Intelligence Company Inc.

Consolidated Statements of Comprehensive Loss

Years ended September 30, 2024 and 2023
(In Canadian dollars)

	Notes	2024	2023 *(Restated - Note 18)*
		$	$
Expenses			
Amortization	4	590,156	562,107
Consulting fees		-	145,130
Insurance		52,186	76,726
Investor and public relations		70,237	423,789
Marketing		-	260,844
Office and administration		32,440	87,021
Professional fees		90,387	154,055
Regulatory and transfer agent fees		53,712	73,654
Research and development	4, 7(a)	125,077	282,284
Salaries and benefits	7(a), 8(b)	149,161	313,001
Share-based compensation	7(a), 10, 11	96,197	246,213
Loss before other items		(1,259,553)	(2,624,824)
Other items			
Interest income		-	6,130
Finance costs		-	(3,559)
Foreign exchange gain (loss)		464	(1,362)
Government grant		-	20,000
Gain on write-off of loans and accounts payable	7(b)	112,494	-
Impairment of intangible assets	3, 4	(1,737,994)	(3,047,692)
Impairment of derivative		-	(861,000)
		(1,625,036)	(3,887,483)
Net loss		(2,884,589)	(6,512,307)
Other comprehensive income			
Impairment of investment		-	(903,000)
Comprehensive loss		(2,884,589)	(7,415,307)
Net loss per share - basic and diluted		(0.25)	(0.81)
Weighted average number of shares outstanding		11,678,023	8,024,444

Anonymous Intelligence Company Inc.

Consolidated Statements of Changes in Shareholders' Equity

Years ended September 30, 2024 and 2023
(In Canadian dollars)

		Share capital		Reserves						
	Notes	Number	Amount	Stock Options and RSUs	Warrants	Convertible debentures	Accumulated comprehensive income	Total reserves	Deficit	Total
		#	$	$	$	$	$	$	$	$
Balance, September 30, 2023 *(Restated – Note 18)*	*	10,833,625	20,642,386	1,091,498	1,263,177	-	(254,000)	2,100,675	(19,330,416)	3,412,645
Share consolidation rounding	*	(2)	-	-	-	-	-	-	-	-
Equity component of convertible debenture		-	-	-	-	6,137	-	6,137	-	6,137
Shares issued for equity financing	8	5,500,000	275,000	-	-	-	-	-	-	275,000
Bonus shares	7, 8	350,000	21,000	-	-	-	-	-	-	21,000
Exercise of warrants	8, 9	120,000	85,888	-	(3,888)	-	-	(3,888)	-	82,000
Modification of warrants	9	-	-	-	93,881	-	-	93,881	(93,881)	-
Expired warrants	9	-	-	-	(589,994)	-	-	(589,994)	589,994	-
Vested RSUs	8, 11	58,750	123,463	(123,463)	-	-	-	(123,463)	-	-
Forfeited options and RSUs	10, 11	-	-	(987,913)	-	-	-	(987,913)	987,913	-
Share-based compensation	10,11	-	-	96,197	-	-	-	96,197	-	96,197
Comprehensive loss		-	-	-	-	-	-	-	(2,884,589)	(2,884,589)
Balance, September 30, 2024		16,862,373	21,147,737	76,319	763,176	6,137	(254,000)	591,632	(20,730,979)	1,008,390
Balance, September 30, 2022	*	6,812,265	16,817,468	1,298,211	790,135	-	649,000	2,737,346	(13,033,246)	6,521,568
Shares issued for equity financing	8	1,321,560	660,780	-	-	-	-	-	-	660,780
Shares and warrants issued for asset acquisition *(Restated – Note 18)*	3, 10	2,200,000	2,572,392	-	563,389	-	-	563,389	-	3,135,781
Exercise of warrants	9	387,300	264,305	-	(10,195)	-	-	(10,195)	-	254,110
Modification of warrants	9	-	-	-	119,988	-	-	119,988	(119,988)	-
Expired warrants	9	-	-	-	(200,140)	-	-	(200,140)	200,140	-
Vested RSUs	8, 11	102,500	293,507	(293,507)	-	-	-	(293,507)	-	-
Exercise of options	8, 10	10,000	33,934	(24,434)	-	-	-	(24,434)	-	9,500
Cancelled and forfeited options	10	-	-	(134,985)	-	-	-	(134,985)	134,985	-
Share-based compensation	10, 11	-	-	246,213	-	-	-	246,213	-	246,213
Comprehensive loss		-	-	-	-	-	(903,000)	(903,000)	(6,512,307)	(7,415,307)
Balance, September 30, 2023 *(Restated – Note 18)*		10,833,625	20,642,386	1,091,498	1,263,177	-	(254,000)	2,100,675	(19,330,416)	3,412,645

* On March 5, 2024, the Company completed a common share consolidation on a ten old for one new basis.
All share disclosures in these consolidated financial statements are presented on a post-consolidation basis.

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

Anonymous Intelligence Company Inc.

Consolidated Statements of Cash Flows

Years ended September 30, 2024 and 2023
(In Canadian dollars)

	2024	2023 (Restated – Note 18)
	$	$
Operating activities		
Net loss	(2,884,589)	(6,512,307)
Items not affecting cash		
Amortization	590,156	562,107
Share-based compensation	96,197	246,213
Shares issued for signing bonus	21,000	-
Accrued interest and accretion expense	-	1,585
Government grant	-	(20,000)
Gain on write-off of loans and accounts payable	(112,494)	-
Impairment of intangible assets	1,737,994	3,047,692
Impairment of derivative	-	861,000
Changes in non-cash working capital items		
GST recoverable	(10,292)	(20,280)
Prepaids and other assets	28,101	174,108
Accounts payable and accrued liabilities	164,264	(57,921)
	(369,663)	(1,717,803)
Investing activities		
Intangible assets development costs	-	(52,979)
Acquisition of asset, net of cash acquired	-	(84,408)
	-	(137,387)
Financing activities		
Shares issued for cash, net of share issue costs	357,000	924,390
Proceeds from convertible debenture	100,000	-
Proceeds from (repayment of) loans and borrowings	12,000	(40,000)
	469,000	884,390
Increase (Decrease) in cash	99,337	(970,800)
Cash, beginning of year	133,735	1,104,535
Cash, end of year	233,072	133,735
Supplemental cash flow information		
Shares issued for asset acquisition (Note 3)	-	2,194,179

1. Nature of operations and going concern

(a) Nature of operations

Anonymous Intelligence Company Inc. (the "Company", "ANON") was incorporated in the Province of British Columbia on April 14, 2015, under the Business Corporations Act of British Columbia. The Company's registered office is located at 401 – 750 West Pender Street, Vancouver, BC, V6C 2T7.

The Company is a computational intelligence, decentralized network and data technology company, focused on leveraging its proprietary suite of Artificial Intelligence (AI) and privacy enabled products to increase confidence in technology for consumers and businesses. Its primary product and service offerings include the Limitless VPN, Turminal.ai and Haller.ai.

(b) Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has incurred losses and negative operating cash flows since inception. During the year ended September 30, 2024, the Company recorded a comprehensive loss of $2,884,589 (2023 – $7,415,307) and as of September 30, 2024, had an accumulated deficit of $20,730,979 (2023 – $19,330,416) and working capital deficiency $206,051 (2023 – $129,946). The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the availability of equity and debt financings. Management is committed to raising additional capital to meet its financial obligations and commitments, fund its growth initiatives, capital expenditures and sustain its operations in the normal course of business. Although the Company has raised funds in the past, there can be no assurance that the Company will be able to secure additional adequate financing. These factors indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Material accounting policies

(a) Basis of presentation

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

2. Material accounting policies (continued)

(a) Basis of presentation (continued)

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting. The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

The consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on January 28, 2025.

(b) Basis of consolidation

The consolidated financial statements include the accounts of the Company and the following subsidiaries:

Subsidiaries	Ownership	Jurisdiction
BHR Capital Corp. ("BHR")	100%	Canada
Haller.ai Technologies Inc. ("Haller")	100%	Canada

Subsidiaries include entities which are wholly-owned and controlled by the Company. Control is achieved when the Company has the authority or ability to exert power over the investee's financial and/or operating decisions and is exposed to or has rights to variable returns from the investee. The consolidated financial statements include the operating results of acquired entities from the date that control is obtained until the date of disposition or loss of control. All intercompany transactions and balances are eliminated on consolidation.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on deposit with banks, demand deposits, and money market instruments with maturities of three months or less, which are readily convertible into cash and are subject to insignificant changes in value. Cash and cash equivalents are designated as financial assets at amortized cost.

(d) Business combinations and asset acquisitions

Acquisition of businesses are accounted for using the acquisition method. The cost of a business combination is measured as the sum of the acquisition date fair values of the assets transferred, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. The Company recognizes identifiable assets acquired and liabilities assumed at their acquisition date fair values. Acquisition related costs are expensed as incurred.

Acquisitions that do not meet the definition of a business combination are accounted for as an asset acquisition. The cost of an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisition does not give rise to goodwill.

2. Material accounting policies (continued)

(e) Intangible assets

Intangible assets with finite lives that are acquired separately are measured on initial recognition at fair value which comprises the purchase price plus any directly attributable costs of preparing the asset for its intended use. The Company's acquired intangible assets consist of acquired technology and brands acquired in asset acquisitions. These intangible assets are recorded at fair value at the date of acquisition. After initial recognition, intangible assets are measured at cost less accumulated amortization and impairment losses.

Amortization is provided on a straight-line basis over their estimated useful lives which do not exceed the contractual period, if any, as follows:

Limitless VPN	10 years
Haller.ai	5 years

Intangible assets that have indefinite useful lives or not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired such as a significant adverse change in the business climate or a decision to sell or dispose the asset. The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

The Company's internally generated intangible assets consist of developed technologies. The Company incurs costs associated with the design and development of new products. Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if the Company can demonstrate each of the following criteria: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) its intention to complete the intangible asset and use or sell it, (iii) its ability to use or sell the intangible asset, (iv) how the intangible asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development, otherwise, they are expensed as incurred.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising from the derecognition is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

2. Material accounting policies (continued)

(f) Impairment of intangible assets

Intangible assets with an indefinite life or not yet available for use are tested for impairment annually, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of the assets. Finite life intangible assets are tested whenever there is an indication of impairment.

An impairment loss is recognized if the carrying amount of intangible assets exceeds its recoverable amount. The recoverable amounts of the intangible assets are determined based on the higher of the fair value less costs of disposal or value in use. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the intangible assets given the necessity of making key economic assumptions about the future. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an asset impairment loss is allocated to the intangible assets on a pro rata basis. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods.

(g) Share capital

Cash consideration received from the issuance of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants under the residual method. Any value attributed to the warrants is recorded within reserves.

Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from share capital. Proceeds received for shares that have not yet been issued as at the reporting date are recorded as share subscriptions.

Shares issued for non-monetary consideration are recorded at fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance. Warrants issued as purchase consideration in non-monetary transactions are recorded at fair value using the Black-Scholes option pricing model.

Warrants subject to modification are valued under the new terms immediately preceding the date of modification and at the date of modification using the Black-Scholes option pricing model. The incremental value in the warrants is recognized in deficit. When the warrants are cancelled or expire unexercised, the amount previously recognized in the reserve is transferred to deficit.

2. Material accounting policies (continued)

(h) Share-based compensation

Stock Options

Stock options issued to employees are measured at fair value at the grant date and are recognized as an expense over the relevant vesting periods with a corresponding credit to share reserves.

Stock options issued to non-employees are measured at the fair value of goods or services received or the fair value of equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. The fair value of non-employee stock options is recorded as an expense at the date the goods or services are received with a corresponding credit to share reserves.

The fair value of options is calculated using the Black-Scholes option pricing model. When determining the fair value of stock options, management is required to make certain assumptions and estimates related to expected lives, volatility, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date.

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of stock options, proceeds received from stock option holders are recorded as an increase to share capital and the related share reserve is transferred to share capital. When the stock options are forfeited or expire unexercised, the amount previously recognized in the reserve is transferred to deficit.

Restricted Share Units (“RSUs”) and Deferred Share Units (“DSUs”)

RSUs are equity-settled share-based payments. RSUs are measured at their intrinsic fair value on the date of grant based on the closing price of the Company’s shares on the date prior to the grant, and is recognized as share-based compensation expense over the vesting period with a corresponding credit to share reserves.

Under IFRS, the Company’s DSUs are classified as equity-settled share-based payment transactions as they are settled in either cash or common shares at the sole discretion of the Company. As such, the DSUs are measured in the same manner as RSUs.

The amount recognized for services received as consideration for the RSUs and DSUs granted is based on the number of equity instruments that eventually vest. Upon the release of RSUs and DSUs, the related share reserve is transferred to share capital.

2. Material accounting policies (continued)

(i) Loss per share

The Company calculates basic earnings or loss per share by dividing net income or loss by the weighted average number of common shares outstanding during the reporting period. The Company follows the treasury stock method for the calculation of diluted earnings per share. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments. When a loss has been incurred, basic and diluted loss per share is the same because the exercise of options and warrants would be anti-dilutive.

Diluted earnings per share is computed in a manner similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from restricted and deferred share units and the assumed exercise of stock options and warrants, if dilutive.

(j) Financial instruments

Recognition and classification

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive (loss) income (“FVOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial assets is generally based on the business model in which the financial assets are managed and their contractual cash flow characteristics.

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 FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

2. Material accounting policies (continued)

(j) Financial instruments (continued)

Measurement

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognized in profit or loss. Transaction costs are expensed as incurred.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method; foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Financial liabilities at amortized cost	These are subsequently measured at amortized cost using the effective interest method. Other financial liabilities are derecognized, when the obligations are discharged, cancelled or expired.

Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2. Material accounting policies (continued)

(j) Financial instruments (continued)

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the expected credit loss model. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(k) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(l) Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise judgment and to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and associated assumptions are based on historical experience and other factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated for reasonableness and relevancy. Where revisions to accounting estimates are required, they are recognized in the period in which the estimates are revised for the current as well as future periods that are affected.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

2. Material accounting policies (continued)

(l) Significant accounting judgments, estimates and assumptions (continued)

Going concern

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 not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Internally generated development costs

Management monitors the progress of internal research and development projects and uses judgment to distinguish research from the development phase. Expenditures during the research phase are expensed as incurred. Development costs are recognized as an intangible asset when the Company can demonstrate certain criteria in accordance with IAS 38, *Intangible Assets*.

Intangible assets acquired through acquisition

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. The assessment requires management to assess the inputs, processes and outputs of the company acquired at the time of acquisition. Whether an acquisition is classified as a business combination or an asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved, which is the basis for estimating fair value. Such estimates may change when new information becomes available. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Estimated useful life of intangible assets

The useful life of intangible assets relates to the future performance of the assets and management's judgment of the period over which economic benefit will be derived from the assets. The useful life is determined by management and is regularly reviewed for appropriateness. The amortization of the Company's finite-life intangible assets begins when the assets are available for use. The useful life is based on historical experience with similar development costs as well as anticipation of future events which may impact their life such as changes in technology.

2. Material accounting policies (continued)

(l) Significant accounting judgments, estimates and assumptions (continued)

Impairment of intangible assets

Judgment is required in determining whether intangible assets have indicators of impairment. Determining the amount of impairment of intangible assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

Fair value of investments and derivatives

The Company reviews its investments and records their fair value at each financial statement reporting date. For investments in public companies, fair value is determined based on the quoted market price. For investments in private companies, certain subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the investee's prospects, financial ratios and discounted cash flows are techniques used to determine fair value. Where possible, the Company uses inputs obtained from observable market data for its valuation models. However, if observable market data is not available, the Company uses judgment to determine fair value.

The individual fair values attributed to the different components of a financing transaction such as investments in equity securities and derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; and (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Purchase Price Allocation

In a business combination, all identifiable assets acquired, and liabilities and contingent liabilities assumed are recorded at their fair values. For any intangible asset acquired, management or where the complexity of the estimate requires, an independent valuation expert at the direction of management, develops the fair value using appropriate valuation techniques, which are generally based on forecast of the revenue attributable to the acquired business, annual customer attrition rates and royalty rates, earnings before interest, taxes, depreciation, amortization and discount rates. The valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. All acquisitions have been accounted for using the acquisition method. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted prospectively in subsequent periods. However, the measurement period will last no greater than one year from the acquisition date.

2. Material accounting policies (continued)

(l) Significant accounting judgments, estimates and assumptions (continued)

Share-based compensation

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model as well as other pricing models that incorporate market data and involve uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of the Company's share price, expected life of options, rate of forfeiture of awards granted, changes in subjective input assumptions can materially affect the fair value estimate.

Deferred tax assets

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

(m) New accounting standards and interpretations

New standards adopted during the year

The Company adopted the following amendments to accounting standards, which are effective for annual reporting periods beginning on or after January 1, 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

The amendment was applied effective October 1, 2023 and did not have a material impact on the Company's financial statements.

New accounting standards issued but not yet effective:

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027. It introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. The Company is in the process of assessing the impact on the financial statements of the new standard.

(In Canadian dollars)

3. Acquisition of Haller.ai Technologies Inc.

On July 11, 2023, the Company acquired Haller.ai Technologies Inc. ("Haller"), a private technology company focused on the development of an artificial-intelligence powered document generation platform (the "AI Platform"). The Company acquired all of the issued and outstanding shares of Haller for aggregate consideration of $3,241,672 comprised of 2,000,000 common shares, 1,000,000 warrants, finder's fees of 200,000 common shares, acquisition cost of $5,891 and a pre-acquisition loan of $100,000 which was settled on closing of the acquisition. Certain of the common shares and warrants issued are subject to resale restrictions and will be released on achievement of future performance milestones related to revenue targets. The transaction was accounted for as an asset acquisition.

	$
Consideration	
2,000,000 common shares (1)	2,282,392
Acquisition cost – 200,000 common shares	290,000
Acquisition cost – legal fees	5,891
Loan settlement	100,000
1,000,000 warrants (2)	563,389
	3,241,672

(1) Of these, 500,000 common shares with a fair value gross consideration of $420,236 were subject to a voluntary resale restriction upon achievement of a revenue target of $50,000 in a month. The resale restriction was removed in November 2023.

(2) Represents the discounted amount of the fair value gross consideration of the warrants of $704,237. The warrants were subject to a voluntary resale restriction to be released upon achievement of a revenue target of $150,000 in a quarter. The resale restriction was removed in February 2024. The warrants are exercisable at $2.50 per share expiring July 11, 2028.

The purchase price consideration was allocated as follows:

	$
Net identifiable assets acquired (liabilities assumed)	
Cash	21,483
Intangible assets (Note 4)	3,297,692
	3,319,175
Accounts payable and accrued liabilities	(77,503)
	3,241,672

As at September 30, 2023, the Company assessed whether there were events or changes in circumstances that would more likely than not reduce the fair value of the AI Platform below its carrying value, and performed an impairment test on the AI Platform. As part of the assessment, the Company considered external and internal factors, including overall financial performance and relevant entity-specific factors. The factors identified as impairment indicators included a significant increase in competition in the AI market and a change in strategic plans of the Company as it has decided to defer enhancements and further development of the AI Platform in order to focus on the Limitless VPN. As a result, the Company determined the carrying value of the AI Platform at $250,000 and recognized an impairment charge of $3,047,692 during the year ended September 30, 2023.

(In Canadian dollars)

3. Acquisition of Haller.ai Technologies Inc. (continued)

As at September 30, 2024, the Company determined that the recoverable amount of the AI Platform was higher than its carrying value, using the reproduction cost approach, and no impairment was recognized during the year ended September 30, 2024.

4. Intangible assets

The changes in the carrying amount of intangible assets are as follows:

	Haller.ai	Limitless VPN	Total
	$	$	$
Cost			
Balance, September 30, 2022	-	5,406,109	5,406,109
Acquisition (Note 3)	3,297,692	-	3,297,692
Development costs	-	52,981	52,981
Balance, September 30, 2023 and 2024	3,297,692	5,459,090	8,756,782
Accumulated amortization			
Balance, September 30, 2022	-	1,622,431	1,622,431
Amortization	-	544,068	544,068
Impairment	3,047,692	-	3,047,692
Balance, September 30, 2023	3,047,692	2,166,499	5,214,191
Amortization	44,247	545,909	590,156
Impairment	-	1,737,994	1,737,994
Balance, September 30, 2024	3,091,939	4,450,402	7,542,341
Net book value			
September 30, 2023	250,000	3,292,591	3,542,591
September 30, 2024	205,753	1,008,688	1,214,441

The Company reviews the carrying values of its intangible assets at each reporting date for indicators of impairment. As at September 30, 2024, the Company performed an indicator-based impairment test on the Limitless VPN and Haller (Note 3). The recoverable amount of the Limitless VPN was determined based on fair value less cost of disposal (FVLCD), where fair value was calculated based on Level 3 inputs using an income approach through discounted cash flow analysis.

As a result of the impairment test, as at September 30, 2024, the Company determined the carrying value of the Limitless VPN at $1,008,688 (2023 - $3,292,591) and recognized an impairment charge of $1,737,994 (2023 - $Nil).

Research and development costs of the Limitless VPN of $98,977 (2023 - $Nil), Haller.ai of $26,100 (2023 - $83,024) and Turminal.ai of $Nil (2023 - $199,260) were expensed during the year ended September 30, 2024.

(In Canadian dollars)

5. Accounts payable and accrued liabilities

	2024	2023
	$	$
Accounts payable (Note 7)	241,600	79,254
Accrued liabilities (Note 7)	141,394	151,970
	382,994	231,224

6. Convertible debenture

On September 17, 2024, the Company completed a non-brokered private placement of a one-year convertible debenture (the "Debenture") in the principal amount of $100,000. The Debenture is unsecured, bears interest at 18% per annum and matures on September 17, 2025.

The Debenture is convertible into units of the Company at a price of $0.06 per unit, where each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one additional common share at a price of $0.07 per share for a period of two years from the date of conversion.

The Debenture is a compound financial instrument which is classified separately as financial liability and equity. At initial recognition, the fair value of the liability component was estimated at $93,863, based on present value of discounted cash flows over the expected life of one year and a discount rate of 25%. The conversion feature is classified as equity and was estimated based on the residual value of $6,137 between the face value of the Debenture and the fair value of the liability component. This amount is not subsequently remeasured and will remain in equity until the debenture is converted, in which case, the balance recognized in equity will be transferred to share capital.

7. Related party transactions

Key management compensation for the years ended September 30, 2024 and 2023, consisted of the following:

(a) Compensation of key management personnel

	2024	2023
	$	$
CEO fees(1)	49,000	-
Former CEO fees(2)	30,000	120,000
CFO salary(3)	61,297	171,145
Director Fees	15,000	-
Share-based compensation(4)	39,060	149,117

(1) Of this amount, fees of $28,000 were recorded under research and development, and included in salaries and benefits was a signing bonus consisting of 350,000 shares with a fair value of $21,000.

(2) Former CEO fees paid to Walrus Enterprises, a company controlled by Lucas Russell, were recorded under research and development.

(3) Of this amount, $9,379 was Included in accounts payable.

(4) Share-based compensation represents the fair value of options granted and RSUs vested to directors and officers of the Company.

(In Canadian dollars)

7. Related party transactions (continued)

(b) Related party balances

The following related party amounts were included in (i) loans and borrowings, (ii) accounts payable and accrued liabilities and (iii) prepaids and other assets as at September 30, 2024 and 2023:

		2024	2023
		$	$
(i)	Loan from a former director [1]	-	100,000
(ii)	Due to a director, former director and officers [2]	80,379	50,000
(iii)	CEO fee	7,000	-

[1] Pursuant to a promissory note dated September 30, 2014 with Tom Musial, a former director of the Company. The loan was unsecured, non-interest bearing and due on September 30, 2015. The loan was extended to December 1, 2016, for a one-time interest charge of $20,000. As at September 30, 2024, the loan was derecognized as the statute of limitations for enforcing the obligation has expired.

[2] The amounts to a director, former director and officers relate to accrued management fees and salaries, which are unsecured, non-interest-bearing and without fixed terms of repayment.

8. Share capital

(a) Authorized

The authorized share capital of the Company is an unlimited number of common shares without par value.

On March 5, 2024, the Company completed a consolidation of all of its issued and outstanding common shares on the basis of one (1) post-consolidated common share for every ten (10) pre-consolidated common shares (the “Share Consolidation”). All share and per share data presented in the consolidated financial statements have been retroactively adjusted to reflect the Share Consolidation unless otherwise noted.

(b) Issued and outstanding

As at September 30, 2024, the Company’s outstanding share capital consisted of 16,862,373 (2023 – 10,833,625) issued and fully paid common shares.

The following shares were issued during the year ended September 30, 2024:

(i) On April 22, 2024, the Company completed a non-brokered private placement of 1,000,000 units at a price of $0.05 per unit for gross proceeds of $50,000. Each unit consisted of one common share and one warrant exercisable at $0.10 per share expiring April 22, 2026.

(ii) On June 24, 2024, the Company issued a signing bonus of 350,000 shares to the new CEO of the Company with a fair value of $21,000.

(iii) On September 17, 2024, the Company completed a non-brokered private placement of 4,500,000 units at a price of $0.05 per unit for gross proceeds of $225,000. Each unit consisted of one common share and one warrant exercisable at $0.07 per share expiring September 17, 2026.

(In Canadian dollars)

8. Share capital (continued)

(b) Issued and outstanding (continued)

(iv) An aggregate of 58,750 common shares were issued for vested RSUs. The fair value of the RSUs of $123,463 was reclassified from reserves to share capital on the issuance of these shares.

(v) An aggregate of 120,000 common shares were issued for gross proceeds of $82,000 pursuant to warrant exercises. The fair value of the 100,000 warrants of $3,888 was reclassified from reserves to share capital on the exercise of the warrants.

The following shares were issued during the year ended September 30, 2023:

(vi) On April 24, 2023, the Company completed a non-brokered private placement of 1,321,560 units at a price of $0.50 per unit for gross proceeds of $660,780. Each unit consisted of one common share and one warrant exercisable at $0.60 per share until April 24, 2028.

(vii) On July 11, 2023, 2,000,000 common shares were issued pursuant to the acquisition of Haller and 200,000 common shares as a finder's fee related to the acquisition. (Note 3)

(viii) An aggregate of 10,000 common shares were issued for gross proceeds of $9,500 pursuant to stock option exercises. The fair value of the options of $24,434 was reclassified from reserves to share capital on the exercise of these options.

(ix) An aggregate of 102,500 common shares were issued for vested RSUs. The fair value of the RSUs of $293,507 was reclassified from reserves to share capital on the issuance of these shares.

(x) An aggregate of 387,300 common shares were issued for gross proceeds of $254,110 pursuant to warrant exercises.

9. Share purchase warrants

Each whole warrant entitles the holder to purchase one common share of the Company.

	Warrants	Weighted average exercise price
	#	$
Balance, September 30, 2022	2,199,807	1.50
Issued	2,321,560	1.40
Exercised (1)	(387,300)	0.70
Expired	(55,808)	4.00
Balance, September 30, 2023	4,078,259	1.50
Issued	5,500,000	0.08
Exercised (2)	(120,000)	0.68
Expired (3)	(472,365)	4.00
Balance, September 30, 2024	8,985,894	0.51

(In Canadian dollars)

9. Share purchase warrants (continued)

(1) During the year ended September 30, 2023, the weighted average price of the shares on the dates of exercises of the warrants was $1.50.

(2) During the year ended September 30, 2024, the weighted average price of the shares on the dates of exercises of the warrants was $0.50.

(3) During the year ended September 30, 2024, the aggregate fair value of expired warrants of $589,994 was transferred from reserves to deficit.

The following table summarizes the warrants outstanding as at September 30, 2024:

Exercise Price	Expiry date	Warrants
$		#
0.60	April 24, 2028	1,131,560
0.70	January 31, 2026[1][2]	1,354,334
2.50	July 11, 2028	1,000,000
0.10	April 22, 2026	1,000,000
0.07	September 17, 2026	4,500,000
		8,985,894

(1) On February 16, 2023, the Company extended the expiry date of these warrants to January 31, 2024 from the original expiry dates of between February 18, 2023 and January 18, 2024. During the year ended September 30, 2023, the Company recorded a fair value incremental change of $119,988 on the modification of the warrants. The value of the warrant modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 4.80%; dividend yield of 0%; stock price volatility of 119.64%; and an expected life of 0.96 years.

(2) On December 8, 2023, the Company extended the expiry date of these warrants from January 31, 2024 to January 31, 2026. During the year ended September 30, 2024, the Company recorded a fair value incremental change of $93,881 on the modification of the warrants. The value of the warrant modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 4.16%; dividend yield of 0%; stock price volatility of 153%; and an expected life of 2.15 years.

As at September 30, 2024, the weighted average contractual life of the warrants was 2.23 years (2023 – 2.61 years).

10. Stock options

The Company has an Omnibus Equity Incentive Plan (the “Plan”) which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Canadian Securities Exchange (the “Exchange”) requirements, grant to directors, officers, employees and consultants of the Company, equity-based incentive awards in the form of stock options (“Options”), restricted share units (“RSUs”), performance share units (“PSUs”) and deferred share units (“DSUs”). The Plan is a rolling plan which provides that the aggregate maximum number of common shares that may be issued upon the exercise or settlement of awards granted under the Plan shall not exceed 10% of the Company’s issued and outstanding common shares from time to time.

(In Canadian dollars)

10. Stock options (continued)

A summary of the status of the options outstanding is as follows:

	Stock options	Weighted average exercise price
	#	$
Balance, September 30, 2022	347,500	1.00
Granted	40,000	0.70
Exercised	(10,000)	1.00
Cancelled and expired[1]	(45,000)	1.40
Balance, September 30, 2023	332,500	0.90
Granted	725,000	0.14
Cancelled and forfeited[2]	(462,500)	0.79
Balance, September 30, 2024	595,000	0.06

(1) During the year ended September 30, 2023, an aggregate fair value of $134,985 was transferred from reserves to deficit related to 10,000 expired options and 35,000 cancelled options.

(2) During the year ended September 30, 2024, the aggregate fair value of $979,039 was transferred from reserves to deficit related to 25,000 forfeited options and 437,500 cancelled options.

The following table summarizes the options outstanding and exercisable as at September 30, 2024:

Exercise Price	Expiry date	Options
$		#
0.06	June 11, 2029	595,000

As at September 30, 2024, the weighted average contractual life of the stock options was 4.70 years (2023 – 3.51 years).

During the year ended September 30, 2024, the Company recorded share-based compensation of $74,567 (2023 – $20,741) for stock options granted and vested during the period. The fair value of stock options granted was determined using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of grant:

	2024	2023
Risk-free annual interest rate[1]	3.51%	4.19%
Expected annual dividend yield	0%	0%
Expected stock price volatility[2]	190%	160%
Expected life of options (years)[3]	5	3
Forfeiture rate[4]	15%	15%

The weighted average fair value of stock options granted during the year ended September 30, 2024 was $0.06 (2023 - $0.60) per option.

(In Canadian dollars)

11. Restricted share units ("RSUs")

Under the terms of the Plan, RSUs may be awarded to directors, officers, employees and consultants of the Company which will be released as common shares at the end of each vesting period. Each RSU gives the participant the right to receive one common share of the Company.

A summary of the status of the RSUs outstanding is as follows:

	RSUs	Weighted average issue price
	#	$
Balance, September 30, 2022	166,250	3.90
Granted	30,000	0.70
Released	(102,500)	3.70
Cancelled	(27,500)	4.10
Balance, September 30, 2023	66,250	2.60
Granted	493,750	0.12
Released	(58,750)	2.67
Forfeited[1]	(41,250)	0.52
Balance, September 30, 2024	460,000	0.12

(1) During the year ended September 30, 2024, the fair value of forfeited RSUs of $8,874 was transferred from reserves to deficit.

The following table summarizes the RSUs outstanding as at September 30, 2024:

Issue Price	Expiry date	RSUs outstanding
$		#
0.85	August 30, 2024	1,250
0.15	November 21, 2025	30,000
0.12	June 11, 2026	428,750
		460,000

As at September 30, 2024, the weighted average remaining contractual life of RSUs was 1.64 years (2023 – 1.17 years).

During the year ended September 30, 2024, the Company recorded share-based compensation of $21,630 (2023 - $225,472) for RSUs granted and vested during the period. The weighted average fair value of RSUs granted during the year ended September 30, 2024, was $0.12 per share (2023 - $1.00 per share).

12. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company uses the following hierarchy for determining fair value measurements:

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

Financial instruments are measured at either fair value or amortized cost. The following table sets out the valuation methods used to determine fair value of each financial instrument:

Financial instruments	Fair value method
Measured at fair value	
Investments (FVOCI)	Recent share transactions (Level 2) or implied share price as at measurement date (Level 3)
Derivatives (FVTPL)	Black-Scholes option pricing model (Level 3)
Measured at amortized cost	
Cash and cash equivalents	Carrying amount (approximates fair value due to short-term nature)
Other assets	Carrying amount (approximates fair value due to short-term nature)
Accounts payable and accrued liabilities	Carrying amount (approximates fair value due to short-term nature)
Convertible debentures and loans and borrowings	Carrying value discounted at the effective interest rate (Level 2)

During the period, there were no transfers of amounts between level 1, 2 and 3 of the fair value hierarchy.

13. Financial instruments risk

The Company is exposed to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Risk management overview

The Company's activities are exposed to a variety of financial risks such as credit risk, liquidity risk and market risk. This section contains information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels.

(a) Credit risk

Credit risk is the risk of a potential loss to the Company associated with a counterparty's inability to fulfill its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and other assets. The risk for cash and cash equivalent balances are mitigated by holding these instruments with highly rated and reputable Canadian financial institutions.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they come due. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. As at September 30, 2024, the Company had working capital deficiency of $206,051 (2023 – $129,946).

The Company is pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures. There is no assurance that the Company will be successful in these initiatives. The Company's capital expenditures mainly consist of the development of its technology platforms. Accounts payable and accrued liabilities are due within 90 days and loans and borrowings mature within 1 to 3 years.

(c) Market risk

Market risk is the risk that changes in market related factors, such as interest rates and market prices, will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at September 30, 2024, the Company did not have any financial instruments subject to significant interest rate risk.

(In Canadian dollars)

13. Financial instruments risk (continued)

(c) Market risk (continued)

(ii) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of investments and derivatives held in privately held companies is based on certain valuation techniques as outlined in Note 2. As at September 30, 2024, the Company was not subject to significant price risk.

14. Capital management

The Company defines capital as share capital, reserves, and deficit. The Company's objective is to ensure that capital resources are readily available to meet its approved capital expenditure program and to take advantage of attractive acquisition opportunities as they arise.

The Company sets its capital structure in proportion to risk. The Company continually monitors economic and general business conditions and makes adjustments accordingly to maintain or adjust the capital structure. For the capital structure, the Company may purchase and cancel shares pursuant to issuer bids or issue new shares. The Company does not pay out dividends. The Company is not subject to externally imposed capital requirements. There has been no change to the Company's approach to capital management during the year ended September 30, 2024.

15. Income taxes

The Company and its subsidiaries are subject to income taxes in Canada on its taxable income as reported in its statutory accounts at a tax rate in accordance with the relevant income tax laws.

A reconciliation of the combined federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2024	2023 *(Restated – Note 18)*
	$	$
Net loss before tax	(2,884,589)	(7,415,307)
Statutory tax rate	27%	27%
Income tax recovery at statutory rate	(778,839)	(2,002,133)
Increase (reduction) in income taxes:		
Non-deductible items	29,582	889,335
Change in tax assets not recognized	756,402	1,099,736
Other	(7,145)	13,062
Total income tax expense	-	-

(In Canadian dollars)

15. Income taxes (continued)

Deferred income taxes result primarily from differences in the recognition of certain revenue and expense items for financial and income tax reporting purposes. The Company has temporary differences between the tax and accounting bases of assets.

The temporary differences that give rise to deferred income tax assets (liabilities) at September 30, 2024 and 2023 are as follows:

	2024	2023
	$	$
Losses carried forward	2,548,556	2,396,585
Intangible assets	1,275,835	660,330
Share issue costs and other	9,766	19,532
Deferred tax assets not recognized	(3,834,157)	(3,076,447)
Total income tax expense	-	-

As at September 30, 2024, the Company has capital losses carried forward of approximately $1,858,000 (2023 – $1,858,000). The Company has non-capital losses carried forward of $9,413,000 as at September 30, 2024 (2023 - $8,925,000). The non-capital losses expire from 2035 to 2044.

16. Segment disclosure

The Company has one operating segment, being the development and marketing of its technology platforms, and its operations and long-term assets are located in North America.

17. Subsequent events

The following events occurred subsequent to September 30, 2024:

(a) On November 1, 2024, the Company entered into an agreement with CannÖgen International Inc. (“CannÖgen”), whereby the Company will provide technology products and services to CannÖgen, and as consideration for the Company’s services, CannÖgen issued 444,444 warrants to the Company exercisable at $0.1125 per share for a period of two years. The Company subsequently exercised the warrants for a gross investment in CannÖgen of $50,000. The transaction is a non-arm’s length transaction as Allan Larmour, a director of the Company, also serves as CEO and a director of CannÖgen.

(b) An aggregate of 118,438 shares were issued for vested RSUs.

(In Canadian dollars)

18. Restatement

The consolidated financial statements as at and for the year ended September 30, 2023, have been amended to correct for errors related to the classification of the 500,000 common shares and 1,000,000 warrants (the "Securities") issued as consideration for the Haller Acquisition which were subject to voluntary resale restrictions (the "Milestone Linked Consideration") as described in Note 3.

The Company initially classified the acquisition date fair value of the Milestone Linked Consideration as a financial liability and recorded $941,602 as contingent consideration payable in the consolidated statement of financial position as at September 30, 2023. Subsequently, the Company recognized a remeasurement fair value loss of $26,463 in the consolidated statement of comprehensive loss for the year ended September 30, 2023.

The Company determined that the Milestone Linked Consideration should have been classified as equity instead of a financial liability as the Securities issued and the value of consideration paid were fixed as of the date of acquisition. As such, the Company reclassified the acquisition date fair values of the 500,000 shares of $378,213 from contingent consideration payable to share capital and of the 1,000,000 warrants of $563,389 from contingent consideration payable to reserves. The subsequent remeasurement loss of $26,463 was also reversed which resulted in decreases in net loss and comprehensive loss in the statement of comprehensive loss for the year ended September 30, 2023, and in the opening deficit for the year ended September 30, 2024.

Amended and restated consolidated statement of financial position:

	As at September 30, 2023		
	As previously reported	Adjustment	As restated
	$	$	$
Contingent consideration payable	968,065	(968,065)	-
Reserves	1,537,286	563,389	2,100,675
Share capital	20,264,173	378,213	20,642,386
Deficit	(19,356,879)	26,463	(19,330,416)
Total shareholders' equity	**2,444,580**	**968,065**	**3,412,645**
Total liabilities and shareholders' equity	**3,743,869**	**-**	**3,743,869**

Amended and restated consolidated statement of comprehensive loss:

	For the year ended September 30, 2023		
	As previously reported	Adjustment	As restated
	$	$	$
Unrealized loss on changes in fair value of contingent liability	(26,463)	26,463	-
Net loss	**(6,538,770)**	**26,463**	**(6,512,307)**
Comprehensive loss	**(7,441,770)**	**26,463**	**(7,415,307)**
Total loss per share, basic and diluted	**(0.93)**	**0.01**	**(0.92)**

(In Canadian dollars)

18. Restatement (continued)

Amended and restated consolidated statement of cash flows:

	As at September 30, 2023		
	As previously reported	Adjustment	As restated
	$	$	$
Net loss	(6,538,770)	26,463	**(6,512,307)**
Unrealized loss on fair value changes of contingent consideration payable	26,463	(26,463)	**-**
Net cash flows from operating activities	(1,717,803)	-	**(1,717,803)**