

**CRITICAL INFRASTRUCTURE TECHNOLOGIES LTD**  
**(Previously 1319275 B.C. LTD)**

Management's Discussion and Analysis  
for the six months ended December 31, 2024

Prepared as of February 28, 2025

## **ABOUT THIS MD&A**

The following management's discussion and analysis ("**MD&A**") of financial condition and results of operations of Critical Infrastructure Technologies Ltd. (the "**Company**" or "**CTTT**") should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2024, and the unaudited financial statements for the six months ended December 31, 2024, and the accompanying notes thereto (the "**Financial Statements**"), which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). This MD&A has been prepared as of February 28, 2025, pursuant to the disclosure requirements under National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators. All monetary amounts are expressed in Canadian dollars unless stated otherwise.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A contains certain statements which may constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, "**forward-looking statements**" or "**FLS**"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these FLS, except as required under applicable securities legislation. FLS relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, FLS can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature FLS involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the FLS. The Company provides no assurance that FLS will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on FLS.

The Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these FLS are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such FLS are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements.

## **DESCRIPTION OF BUSINESS**

The Company is a product development, manufacturer and services company powered by a team made up of engineers, marketing specialists and financial experts. The Company designs and develops innovative products that provide rapidly deployable communications and power systems to support life and mission critical applications for sectors such as the military and emergency service sectors. The Company's team specialises in critical communications products that support the activities of mining operations and protect the lives of emergency service and defence personnel.

The Company's lead product category is a range of rapidly deployable, high-capacity communications platforms called the Self Deploying Skid (the "**SDS**"). The first product is called the Nexus 16 ("**Nexus 16**"), which is an integrated communications platform that can be quickly transported to remote and hostile locations and be fully operational and transmitting within 30 minutes of its initial set up. Using this breakout technology, the Company anticipates that it will secure its place in the high capacity mobile and rapidly deployable markets, delivering long-range communications systems into those places where they are most critically needed. The Company also anticipates that it will expand its business by combining quick-return sales with annuity-based leasing to the blue-chip resource, defence and government sectors.

## **OVERALL PERFORMANCE**

The Company was incorporated under the *Business Corporations Act* (British Columbia) on August 11, 2021. The Company's head office and records and registered office is located at 2600 – 1066 West Hastings Street Vancouver, BC V6E 3X1 under the name 1319275 B.C. LTD.

The Company entered into an arm's length share purchase agreement dated as of December 14, 2021 (the "**SPA**"), with Critical Infrastructure Technologies Pty Ltd. ("**CITP**") and CITP's securityholders and will be acceded to by all persons who become securityholders of CITP after the execution of the SPA (the "**CITP Shareholders**"). Pursuant to the SPA, the Company has agreed to purchase and the CITP Shareholders have agreed to sell 100% of the issued and outstanding shares in CITP (the "**CITP Shares**"). As consideration for the CITP Shares, the Company has agreed to issue to the CITP Shareholders an aggregate of 48,135,399 Common Shares. CITP is an Australian company focused on developing communications products for the mining, emergency service, defence and government sectors.

On February 13, 2023, the transaction between the Company and CITP concluded and CITP became a wholly owned subsidiary of the Company. Also on this date, the Company changed its name to:

"CRITICAL INFRASTRUCTURE TECHNOLOGIES LTD."

Immediately prior to closing, the Company closed its Special Warrant raise, which resulting in 4,062,500 shares being issued at a price of \$0.30, raising \$1,218,750.

The Company also completed a private placement on March 2, 2023, issuing 230,000 shares at \$0.30, raising \$69,000 for the Company.

For the six months ended December 31, 2024, the Company was focused improving the design of the first full-scale pre-production platform that was built with continued product marketing across all sectors.

The Company is in the research and development phase, including the build of its first Nexus 16 prototype. The Company had entered into an agreement for the sale and purchase of the first Nexus 16 prototype in July 2024 and received for the six months ended December 31, 2024 by way of milestone payments, \$93,676 which, together with all other milestone payments received, was recognised as revenue during the quarter ended September 30, 2024, as the Nexus 16 had been accepted by Atlas Iron.

The Company expects sales to commence this financial year and that it will continue to be funded by debt, including the utilization of existing loan facilities available to the Company, or equity raises until such time as the Company become cash-flow positive. The Company, via its wholly owned subsidiary CITP, will also continue to claim the research and development tax incentive rebate (the "**R&D Rebate**") that may be available to it or CITP.

Many aspects of the design have now been through rigorous testing and we have managed to eliminate the majority of the design risks. The end product is expected to continue to evolve and design changes will be made to ensure seamless production, whilst maintaining full functionality.

The Company is committed to focusing on the resource, emergency services and defence sectors, as it is the view of management of the Company that all are in the need for the deployment of rapid mobile telecommunications.

## **KEY DEVELOPMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2024**

Nothing to report.

## **MATERIAL TRANSACTIONS AND DEVELOPMENTS**

Pursuant to the Nexus 16 Agreement, CITP delivered to Atlas Iron one Nexus 16 and provided installation services, commissioning services, testing services, and ongoing support services. Prior to acceptance by Atlas Iron, the Nexus 16 was required to undergo acceptance testing, which is now complete. Atlas Iron accepted the Nexus 16 and issued a Completion Certificate on September 9, 2024.

In October 2024, the company submitted an application to the Australian Federal Government for an Industry Growth Program Grant for \$1,162,877. The Grant applied for is a matched funding grant so if successful, we will be required to contribute the same amount as the grant, which we expect will be funded via shareholder loans, the continued use of Radium Capital and capital raises. The purpose of the grant is to build 3 Nexus 16 to continue to test design changes and functionality. The period of the grant project is 14 months commencing on April 1, 2025. On completion of the project, the Company will have 3 Nexus 16's available for sale, with projected revenue upon sale of \$2.25m.

On November 6, 2024, the company received a Cease Trade Order from the British Columbia Securities Commission for failing to file its June 30, 2024 Audited Financial Statements. MD&A and associated reports. All required reports were filed on February 7, 2025 and on February 13, 2025, a Revocation Application was filed. As at February 27, 2025, we remain under a Cease trade Order.

## **SELECTED FINANCIAL INFORMATION**

	<b>Six months ended Dec 31, 2024 (unaudited) (\$)</b>	<b>Year ended June 30, 2024 (audited) (\$)</b>	<b>Year ended June 30, 2023 (audited) (\$)</b>
Total revenue	666,468	Nil	Nil
R&D rebates receivable	Nil	Nil	Nil
Loss for the period	164,972	949,718	12,103,940
Total assets	3,678,537	4,428,931	4,141,613
Total liabilities	2,406,204	3,091,626	1,754,590
Shareholders Equity	1,272,333	1,437,305	2,387,023

The accounts were prepared on an accrual basis.

The Company has been funded during the six months ended Dec 31, 2024, from the Special Warrant financing in February 2023, the year ended June 30, 2024 R&D Tax Incentive rebate that was received on August 28, 2024, milestone payments in the aggregate amount of \$93,676 received from our customer on the sale of the first Nexus 16 and a loans net of repayments totalling \$141,881.

All research and development costs are capitalised on the Financial Statements.

The Company's subsidiary, CITP, is registered for the Australian Government Research and Development Incentive Rebate Scheme and as such, is entitled to receive a grant equal to 43.5% of its eligible research and development expenditure ("**R&D Expenditure**"). CITP claimed \$1,954,096 in eligible R&D Expenditure for the year ended June 30, 2024, which resulted in an R&D Rebate of \$850,032 being received, net of deductions, on August 28, 2024. From this, Radium Capital, from whom CITP draws down in loan funds against the expected R&D Rebate, was repaid \$669,719 for advances and interest made during the year ended June 30, 2024.

The Company deems R&D Expenditures as all expenditure integral and directly related to the research and development of the SDS, which for the six months ended Dec 31, 2024, was calculated by the Company to equal an aggregate of \$955,037. This expenditure is comprised of costs associated with the components purchased for the construction of the first full-scale platform together with consulting fees, salaries and general and administrative costs that was deemed to be directly related to the research and development of the SDS.

## **DISCUSSION OF OPERATIONS**

The Company maintains the belief that an opportunity exists to commercialise a new category of communications infrastructure product, the need for which extends across a variety of sectors, including mining, emergency services, military/defence, utilities and carriers. The design specifications identified by the Company to achieve this goal of commercialization are as follows:

- the development of telecommunications carrier grade tower, power and environmental systems must be easily transportable to remote sites and must be both deployable and recoverable using common transport equipment;

- the communications infrastructure product must be hardened to withstand extreme environments, including mining dust, lightning, cyclonic rain, wind and fires;
- the communications infrastructure product should feature fully redundant systems, high fault tolerance of the product, and the ability to self diagnosis and provide status reports; and
- the communications infrastructure product should be 100% self powered using in-built solar panels.

As at Dec 31, 2024, the Company has completed the design of the SDS and built and delivered the first Nexus 16 to our customers site with all compliance and acceptance testing completed. The Company expects that the building of the first full-scale pre-production client trial SDSs will allow assembly and production methodologies to be finalised and cost reduction strategies to be implemented.

Marketing efforts have continued with demonstrations of the working ½ scale prototype and the full-scale timber model which began in December of 2022 with various resource companies. CITP also demonstrated the first completed Nexus 16 in April 2024 at an Industry Demonstration Day, prior to it being delivered to the customer.

As a result of COVID-19, there has been an increase in certain costs together with supply issues on some components, but not excessively so. Inflation appears to be a problem that the world is currently facing, so we expect there to be further price increases.

The Company expects that it will continue to be funded by debt and or sales revenue as we now shift to a sales focus, including the utilization of existing loan facilities available to the Company (such as the loan facility advanced by Radium Capital), or equity raises until such time as the Company become cash-flow positive. The Company's subsidiary, CITP, will also continue to claim the R&D Tax Incentive Rebate.

## **LIQUIDITY AND CAPITAL RESOURCES**

<b>Contractual Obligations</b>	<b>Payments Due by Period</b>				
	<b>Total</b>	<b>Less than 1 year</b>	<b>1 – 3 years</b>	<b>4 – 5 years</b>	<b>After 5 years</b>
Debt	\$1,258,334	\$1,258,334	Nil	Nil	Nil
Finance Lease Obligations	Nil	Nil	Nil	Nil	Nil
Operating Leases	Nil	Nil	Nil	Nil	Nil
Purchase Obligations	Nil	Nil	Nil	Nil	Nil
Other Obligations	\$1,147,870	\$1,147,870	Nil	Nil	Nil
<b>Total Contractual Obligations</b>	<b>\$2,406,204</b>	<b>\$2,406,204</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

The financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise programs depending on its working capital position.

As at Dec 31, 2024, the Company had working capital of \$(2,219,353) (June 30, 2024 – \$(2,610,411)), which \$186,851 is cash (June 30, 2024 – \$17,590) and receivables of \$Nil (June 30, 2024 – 463,625). Current liabilities, being accounts payable and accrued liabilities and loans totaling \$2,406,204 (June 30, 2024 – \$3,091,626).

Cash used in operating activities was \$510,103 (year ended June 30, 2024 - \$19,314) compared to cash received from financing activities of \$141,881 (June 30, 2024 - \$212,226). Cash used in investing activities was \$555,154 (year ended June 30, 2024 - \$553,831).

The \$2,406,204 in obligations is further broken down as follows:

1. \$1,147,870 in accounts payable: accruals and creditors (\$562,078), accrued wages (\$415,944), withholding taxes (\$42,658) and superannuation payable (\$127,190).
2. \$89,562 is due to Foresense Ltd. in connection with an outstanding loan;
3. \$642,436 is due to JJC Consulting Services Trust, of which Junior Jay Pty Ltd. as trustees for The JJC Consulting Services Trust, which is 100% owned and controlled by Brenton Scott, a director and the Chief Executive Officer of the Company;

4. \$348,287 is due to Radium Capital relating to R&D Tax Incentive rebate drawdowns;
5. \$178,049 in other, non-related party loans.

Other than the above-mentioned current liabilities, the Company has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the CITP Shareholders and may result in dilution to the value of such interests.

Historically, the Company's sole source of funding has been loans from related parties and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as low.

The principal uses of cash since inception have been for the development of our product including general and administrative costs. Going forward, additional funds will be needed for continued product development and sales and marketing as we continue our commercialisation efforts.

#### **OFF-BALANCE SHEET TRANSACTIONS**

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial performance or financial condition.

#### **RELATED PARTY TRANSACTIONS**

Junior Jay Pty Ltd. as trustee for The JJC Consulting Services Trust, which is 100% owned and controlled by Brenton Scott, a director and the Chief Executive Officer of the Company. Mr. Andrew Hill is a director and the Chief Technology Officer of the Company.

During the six months ended December 31, 2024, Brenton Scott was paid and/or accrued \$166,500 in salary and superannuation, Andrew Hill was paid and/or accrued \$138,750 in salary and superannuation, and Imants Kins was paid and/or accrued \$45,408 in salary and superannuation.

The Company continues, on a month-to-month basis, to rent the premises that the Company currently operates located in South Fremantle, Western Australia at the price of AUD\$149.80 per sq metre. The Company occupies 3,022 square metres and total rent charged for the six months ended Dec 31, 2024 was AUD\$241,256 (year ended June 30, 2024 - AUD\$461,034).

#### **FIRST QUARTER INFORMATION**

Nothing to report.

#### **SUMMARY OF QUARTERLY RESULTS**

The following table presents selected financial information for the last three quarters:

	December 31, 2024 Q2 \$	September 30, 2024 Q1 \$	June 30, 2024 Q4 \$	January 31, 2024 Q3 \$	December 31, 2023 Q2 \$	September 30, 2023 Q1 \$
Revenue	-	666,468	-	-	-	-

Net loss	(105,955)	(59,017)	(676,091)	(32,213)	(89,368)	(152,046)
Basic/diluted Loss per share	(0.0012)	(0.0007)	(0.008)	(0.001)	(0.001)	(0.002)

**Note**

- (1) The Company became a reporting issuer on February 13, 2023.
- (2) The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) for all quarters in Canadian dollars (“CAD”).

The net loss was due to the company still being pre-revenue.

The large variance in the June 30, 2024, Q4 numbers, is as a result of previously capitalized R&D expenses being expensed, and therefore increasing the loss for the period. Other variances between quarters relate to the timing of purchases relating to R&D.

In the September 30, 2024 quarter, the sale of the first Nexus 16 was recognized that resulted in a gross profit for that quarter of \$49,913. If that is added back, the resulting loss for the September 30, 2024 quarter would have been \$108,930, which is comparable to the loss for the quarter ended December 31, 2024.

**PROPOSED TRANSACTIONS**

The Company has no further proposed transactions as of reporting date other than those previously disclosed in the document.

**ADDITIONAL DISCLOSURE FOR IPO VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

The table below sets forth a comparative breakdown of material components of the Company’s (a) expensed research and development costs, (b) intangible assets arising from development, (c) general and administrative expenses, and (d) any material costs, whether expensed or recognized as assets, not referred to in paragraphs (a) through (c) for the three months ended September 30, 2023 and 2024, the six months ended December 31, 2023, the 9 months ended March 31, 2024 and year ended June 30, 2024:

	Six months ended December 31, 2024 (unaudited) (\$)	Three months ended September 30, 2024 (unaudited) (\$)	Year ended June 30, 2024 (audited) (\$)	Nine months ended March 31, 2024 (unaudited) (\$)	Six months ended December 31, 2023 (unaudited) (\$)	Three months ended September 30, 2023 (unaudited) (\$)
Expensed research and development costs						
Consulting fees	Nil	Nil	Nil	Nil	Nil	Nil
Salaries	Nil	Nil	Nil	Nil	Nil	Nil
Travel	Nil	Nil	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	Nil	Nil	Nil
Intangible assets arising from development <sup>(1)</sup>						
Consulting fees	18,225	18,225	15,044	137,382	118,226	43,388
Equipment	234,329	16,971	154,079	370,266	275,785	104,584
Office rent	217,130	108,290	152,164	295,371	196,676	88,303
Salaries	478,360	244,260	285,798	812,650	536,438	241,781
Other	6,992	3,720	11,377	19,522	12,024	3,404
General and administrative expenses						
Consulting Fees	17,347	6,898	251,997	127,892	123,636	81,823
Interest	22,083	16,180	110,161	23,455	23,194	22,673

	Six months ended December 31, 2024 (unaudited) (\$)	Three months ended September 30, 2024 (unaudited) (\$)	Year ended June 30, 2024 (audited) (\$)	Nine months ended March 31, 2024 (unaudited) (\$)	Six months ended December 31, 2023 (unaudited) (\$)	Three months ended September 30, 2023 (unaudited) (\$)
Professional Fees	31,768	8,142	101,089	4,481	4,431	435
Rent	24,126	12,031	41,286	32,819	21,854	10,681
Travel	23,304	10,652	74,727	50,326	45,511	23,928
Salaries	53,151	27,140	379,529	284,647	189,764	94,882
Other	25,435	10,216	52,973	34,655	22,788	12,506
Other material costs not disclosed above (Cost of goods sold)	616,555	616,555	Nil	Nil	Nil	Nil

**Note:**

(1) Net of accumulated amortization and impairment.

### **DISCLOSURE OF OUTSTANDING SHARE DATA**

As at February 28, 2025, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	<u>Authorized</u>	<u>Outstanding</u>
Voting or equity securities issued and outstanding	Unlimited Common Shares	83,377,899 Common Shares
Securities convertible or exercisable into voting or equity securities – stock options	Directors' and officers' stock options to acquire up to 10% of the issued and outstanding common shares	Stock options to acquire up to 300,000 Common Shares at an exercise price of \$0.24 and 300,000 Common Shares at an exercise price of \$0.45
Voting or equity securities issuable on conversion or exchange of outstanding securities	As above	As above

As at February 28, 2025, outstanding warrants were as follows:

<u>Grant Date</u>	<u>Number Outstanding and Exercisable</u>	<u>Exercise Price/Expiry</u>
October 25, 2021	5,000,000	\$0.30 / October 25, 2026
April 20, 2022	5,673,902	\$0.30 / April 30, 2025

### **KEY DEVELOPMENTS SUBSEQUENT TO DECEMBER 31, 2024**

Nothing to report.



## **MATERIAL WEAKNESS**

A material weakness is a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The Company identified the following ongoing material weakness that applies to both disclosure controls and procedures and internal control over financial reporting:

Due to the limited size of the Company, the Company does not have sufficient resources for reviewing the financial statements and cannot maintain adequate segregation of duties as is necessary to absolutely ensure complete and accurate financial reporting. Specifically, the Company's Chief Financial Officer is responsible for preparing, authorizing and reviewing information that is integral to the preparation of financial reports and is also responsible for day-to-day accounting. He is also responsible for preparing and reviewing the resulting financial reports. This weakness has the potential to result in material misstatement in the Company's consolidated financial statements that would not be prevented or detected and, as such, has been determined to be a material weakness in internal controls over financial reporting, which also affects the Company's disclosure controls and procedures.

As of the date hereof, management of the Company has not yet developed a plan to remediate the material weakness. Management has concluded that, taking into account the present state of the Company's development, the Company does not have sufficient size and scale to warrant, and cannot reasonably justify, the expenditure for curing the material weakness given Management's view of the perceived risk in the material weakness.

It should also be noted that:

1. The company is not required to certify the design and evaluation of its Internal Controls over Financial Reporting (ICFR) and has not completed such an evaluation, and
2. inherent limitations on the ability of the certifying officers to design and implement, on a cost-effective basis, ICFR for the company, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **RISK FACTORS**

In addition to the other information included in this report, readers should consider carefully the following factors, which describe the risks, uncertainties and other factors that may materially and adversely affect the Company's business, products, financial condition and operating results. There are many factors that affect the Company's business and results of operations, some of which are beyond the Company's control. The following is a description of some of, but not all of, the important factors that may cause the Company's actual results of operations in future periods to differ materially from those currently expected or discussed in the FLS set forth in this report relating to the Company's financial results, operations and business prospects. Except as required by law, the Company undertakes no obligation to update any such FLS to reflect events or circumstances after the date of this MD&A.

For the purposes of this section, "**Material Adverse Change**" means any change of circumstances or any event which has, or would reasonably be expected to have, a material adverse effect in respect of the Company, any one or more changes, events or occurrences, and "**material adverse effect**" means, in respect of the Company, any change (or any condition, event or development involving a prospective change) in the business, operations, affairs (including the employment status of key employees), assets, liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise) capitalization, financial condition, licenses, permits, rights or privileges of the Company or any of its subsidiaries which in the judgment of the Company, acting reasonably in the circumstances, could reasonably be expected to materially and adversely affect the Company and its subsidiaries taken as a whole or the value of the securities of the Company.

For a discussion of risk factors, please refer to the final prospectus of the Company under "Risk Factors" therein. The final prospectus dated February 13, 2023, is available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).