infinitii ai inc.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

(Expressed in Canadian Dollars)

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of infinitii ai inc.:

Opinion

We have audited the consolidated financial statements of infinitii ai inc. and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at June 30, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity (deficiency) and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes the conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended June 30, 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.

Except for the matter described in *the Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
October 28, 2024

infinitii ai inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Presented in Canadian Dollars

As at		June 30, 2024		June 30, 2023
ASSETS				
Current Assets				
Cash	$	326,692	$	474,342
Accounts and other receivables (notes 4 and 16)		585,514		555,968
Prepaid expenses		2,394		2,349
		914,600		1,032,659
Non-Current Assets				
Equipment (note 5)		1,640		2,342
Goodwill (note 6)		36,421		36,421
Total Assets	$	952,661	$	1,071,422
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current Liabilities				
Accounts payable and accrued liabilities (notes 7 and 16)	$	389,320	$	364,721
Current portion of loans payable (note 8)		50,112		145,809
Current portion of convertible notes (note 9)		918,186		789,189
Convertible note subscriptions received in advance (note 20)		50,000		-
Deferred revenue (note 10)		403,658		291,280
		1,811,276		1,590,999
Non-Current Liabilities				
Loans payable (note 8)		135,553		78,608
Convertible notes (note 9)		281,506		-
Total Liabilities		2,228,335		1,669,607
Shareholders' Deficiency				
Share capital (note 11)		24,972,032		24,837,032
Reserves (notes 9 and 13)		4,468,313		4,439,506
Equity feature on convertible note (note 9)		317,935		161,921
Foreign currency translation reserve		99,113		82,877
Deficit		(31,133,067)		(30,119,521)
		(1,275,674)		(598,185)
Total Liabilities and Shareholders' Deficiency	$	952,661	$	1,071,422

Description of Business and Going Concern (note 1)
Subsequent Events (note 20)

AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD ON OCTOBER 28, 2024

"Kevin Ma"	*"Chris Johnston"*
Director	**Director**

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

infinitii ai inc.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Presented in Canadian Dollars

For the years ended		June 30, 2024		June 30, 2023
Revenue				
Data services (notes 16 and 19)	$	2,173,603	$	1,849,466
Social referral software (notes 16 and 19)		94,650		106,200
Custom programming service contracts		138,189		96,809
		2,406,442		2,052,475
Expenses				
Accretion of convertible notes (note 9)		120,375		92,344
Bad debt (notes 4 and 18)		(1,493)		13,011
Computer hosting costs		308,610		279,091
Consulting (note 16)		791,474		712,844
Depreciation of equipment (note 5)		702		1,003
Filing and transfer agent		49,399		50,645
Foreign exchange loss		18,654		37,173
Interest and penalties (notes 8 and 9)		60,997		26,881
Investor relations		14,233		34,690
Marketing		55,133		76,662
Office and miscellaneous (note 16)		196,928		184,359
Professional fees		243,992		266,019
Share-based payments (notes 13 and 16)		18,807		1,313,107
Salaries and wages		1,287,728		1,254,547
Travel		259,449		247,286
		3,424,988		4,589,662
Operating loss		(1,018,546)		(2,537,187)
Other items				
Gain on settlement of accounts payable (note 11)		5,000		-
Impairment of goodwill (note 6)		-		(82,354)
Loss for the year		(1,013,546)		(2,619,541)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign exchange gain on translation of subsidiary (net of tax effect of $11,852 (2023 -$22,746))		16,236		31,160
Comprehensive loss for the year	$	(997,310)	$	(2,588,381)
Weighted Average Number of Common Shares Outstanding				
Basic and Diluted		127,602,965		126,424,783
Loss Per Share				
Basic and Diluted	$	(0.01)	$	(0.02)

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

infinitii ai inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Presented in Canadian Dollars

For the years ended	June 30, 2024	June 30, 2023
Cash Flows used in Operating Activities		
Loss for the year	$ (1,013,546)	$ (2,619,541)
Non-cash items		
Accretion of convertible notes	120,375	92,344
Depreciation of equipment	702	1,003
Impairment of goodwill	-	82,354
Interest expense	58,330	23,422
Gain on settlement of accounts payable	(5,000)	-
Share-based payments	18,807	1,313,107
Changes in non-cash working capital items:		
Accounts and other receivables	(13,969)	(148,344)
Prepaid expenses	-	9,543
Deferred revenue	101,525	-
Accounts payable and accrued liabilities	70,972	19,254
	(661,804)	(1,226,858)
Cash Flows provided by Financing Activities		
Proceeds from private placement	100,000	-
Proceeds from the issuance of convertible notes	400,000	525,000
Repayment of convertible notes	-	(5,000)
Proceeds from convertible notes received in advance	50,000	-
Repayment of loans payable	(50,940)	(50,940)
	499,060	469,060
Effect of foreign exchange on cash	15,094	39,234
Change in cash during the year	(147,650)	(718,564)
Cash – beginning of year	474,342	1,192,906
Cash – end of year	$ 326,692	$ 474,342

Supplemental Cash Flow Information (note 15)

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

infinitii ai inc.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

Presented in Canadian Dollars

	Share Capital						
	Shares	Amount	Reserves	Equity feature on convertible note	Foreign currency translation reserve	Deficit	Total
Balance – June 30, 2022	126,424,783	$ 24,837,032	$ 3,125,244	$ 70,191	$ 51,717	$ (27,499,980)	$ 584,204
Net loss and comprehensive loss for the year	-	-	-	-	31,160	(2,619,541)	(2,588,381)
Issuance of convertible notes	-	-	-	92,885	-	-	92,885
Settlement of convertible notes	-	-	1,155	(1,155)	-	-	-
Share-based payments – stock options	-	-	1,012,307	-	-	-	1,012,307
Share-based payments – DSUs	-	-	300,800	-	-	-	300,800
Balance – June 30, 2023	126,424,783	24,837,032	4,439,506	161,921	82,877	(30,119,521)	(598,185)
Net loss and comprehensive loss for the year	-	-	-	-	16,236	(1,013,546)	(997,310)
Shares issued for:							
Private placement	2,000,000	90,000	10,000	-	-	-	100,000
Settlement of accounts payable	1,000,000	45,000	-	-	-	-	45,000
Issuance of convertible notes	-	-	-	156,014	-	-	156,014
Share-based payments – stock options	-	-	18,807	-	-	-	18,807
Balance – June 30, 2024	129,424,783	$ 24,972,032	$ 4,468,313	$ 317,935	$ 99,113	$ (31,133,067)	$ (1,275,674)

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

1. Description of Business and Going Concern

infinitii ai inc. ("**infinitii ai**" or the "**Company**") was incorporated under the *Business Corporations Act* (British Columbia) on January 17, 2014. The Company provides environmental monitoring to many large water utilities in the U.S. and Canada and has evolved into a provider of Artificial Intelligence (AI) driven predictive analytics for industrial and Smart City infrastructure applications that rely on time-series data.

infinitii ai is a public company that is listed on the Canadian Securities Exchange ("**CSE**") (under the symbol: iai), the Frankfurt Stock Exchange (under the symbol: 7C5) and the OTCQB (under the symbol: CDTAF). The address of the head office and principal place of business of the Company is Suite 1540 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9. The Company's consolidated financial statements include the following subsidiaries:

Company	Place of Incorporation	Effective Interest
Extend to Social Media Inc. ("**ETS**")	British Columbia	100%
infinitii ai corporation	Washington, USA	100%
Carl Data Solutions PL ("**Carl PL**")	Poland	100%
i4C Innovation Inc. ("**i4C**")	British Columbia	100%
Astra Smart Systems Corp. ("**Astra**")	British Columbia	100%

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as recorded in these consolidated financial statements. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. As at June 30, 2024, the Company had not achieved profitable operations, had accumulated a deficit of $31,133,067 since inception and expects to incur further operating losses in the development of its business. The Company's ability to continue as a going concern is dependent upon its ability to develop its business units, develop marketable software, potentially find, acquire and develop various other business segments with growth potential, obtain the necessary financing to carry out this strategy and to meet its corporate overhead needs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

2. Basis of Preparation

Statement of compliance

These consolidated financial statements have been prepared using accounting policies consistent with IFRS Accounting Standards ("**IFRS**") issued by the International Accounting Standards Board and Interpretations of the IFRS Interpretations Committee.

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company.

Significant accounting judgments, estimates, and assumptions

The preparation of these consolidated financial statements require management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the year. Actual results could differ from these estimates.

2. Basis of Preparation (continued)

Significant accounting judgments, estimates, and assumptions (continued)

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below.

Functional currency

The functional currency of an entity is assessed on a standalone basis to determine the economic substance of the currency in which each entity performs its operations. The functional currency of the parent company, ETS, Astra, and i4C is the Canadian dollar. The functional currency of infinitii ai corporation is the US dollar and the functional currency of Carl PL is the Polish Zloty.

Software development

The application of the Company's accounting policy for software development expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to profit or loss in the year in which the new information becomes available.

Impairment of accounts receivable

The Company exercises judgment in identifying impaired accounts receivable, the collection of which may be uncertain. In determining whether an impairment loss should be recorded in profit or loss, the Company considers whether there is any observable data indicating that an increase in the credit risk or a decrease in the estimated future cash flows from a loan has occurred. This evidence may include observable data indicating that there has been an adverse change in the payment status of the customer and days outstanding. The expected credit losses related to accounts receivable are accumulated and individual accounts have been provided for.

Convertible debt

Convertible instruments require management to exercise judgement in classifying its components which consist of a loan and an equity conversion feature which grants the holder the option to convert the loan into a number of the issuer's shares. Judgement is also required in measuring the fair value of the liability component.

Classification of deferred share units as equity-settled share-based payments

The Company has issued deferred share units to Directors that can be settled by issuing shares of the Company or settled at the option of the Company by issuing cash. The classification of the deferred share units as equity-settled requires the Company to apply judgment in assessing whether there is a present obligation to settle in cash.

Impairment charges

Impairment analysis is an area involving management judgement in determining the recoverable amount of goodwill. The recoverable amount of a cash-generating unit is calculated as the higher of the fair value less costs of disposal, and its value in use. Value in use is determined by estimating the net present value of future cash flows using cash flow projections that have been discounted at an appropriate rate and based on a market participant's view. In calculating the net present value of future cash flows, certain assumptions are required to be made in respect of uncertain matters including revenue projections and discount rates. Changing the assumptions selected by management could affect the impairment evaluations and recoverable amount.

2. Basis of Preparation (continued)

Critical accounting estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Share-based payments

The Company measures the value of share-based payments with employees by reference to the fair value of the equity instruments at the date at which they are granted. share-based payments with non-employees are recorded at the fair value of the service provided, where this is readily determinable. In other instances, they are recorded at the fair value of the equity instruments issued. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share-based award, volatility and dividend yield and making assumptions about them.

Basis of consolidation

These consolidated financial statements include the financial statements of infinitii ai and its controlled and wholly owned subsidiaries ETS, infinitii ai corporation, Astra, i4C and Carl PL. ETS, infinitii ai corporation, and Carl PL have historically maintained a fiscal year-end of December 31 and retained that year-end post-acquisition. These companies may change the year-ends to match the Company's year-end in the future. i4C and Astra historically maintained a fiscal year-end of July 31, which was changed post-acquisition to June 30 to match the Company's year-end. Regardless of year-end, all subsidiaries of the Company produce financial information on a monthly basis, and these consolidated statements reflect the accounts of the Company and its controlled and wholly owned subsidiaries as at and for the 12-month periods ended June 30, 2024, and 2023. Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor's returns. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method of accounting in which the identifiable assets acquired, liabilities assumed, and any non-controlling interests are recognized and measured at their fair value at the date of acquisition. Any excess of the purchase price plus any non-controlling interest over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the purchase price over the fair value of the net assets acquired is credited to profit or loss as a gain on bargain purchase. Transaction costs associated with a business combination are expensed as incurred.

3. Material Accounting Policies

Revenue recognition

The Company earns revenue in its subsidiaries, infinitii ai corporation and ETS through the performance of services. Services revenue includes custom programming service contracts, data services through software subscription revenue, and the supply of social referral software to clients. Services revenue is measured at the fair value of the consideration received or receivable for services, net of discounts and sales taxes. Consideration received from customers in advance is recorded as deferred revenue. Services revenue is recognized as the Company satisfies its performance obligation over time.

3. Material Accounting Policies (continued)

Translation of foreign currencies

The financial statements of each entity in the group are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). These consolidated financial statements are presented in Canadian dollars.

The functional currency of all entities in the consolidated group, other than infinitii ai corporation and Carl PL, is the Canadian dollar, while the functional currency of infinitii ai corporation is the United States dollar and Carl PL is the Polish Zloty.

The financial statements of infinitii ai corporation and Carl PL are translated into the Canadian dollar presentation currency using the current rate method as follows:

- Assets and liabilities – at the closing rate at the date of the consolidated statement of financial position.
- Income and expenses – at the average rate of the reporting period (as this is considered a reasonable approximation to actual rates).
- All resulting changes are recognized in other comprehensive income as foreign exchange gain (loss) on translation of a subsidiary.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from the item are considered to form part of the net investment in a foreign operation and are recognized in other comprehensive income.

Transactions in currencies other than the functional currency of each entity are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the entity that are denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the average exchange rate for the year, which approximates those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Equipment

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company. Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

Depreciation is recognized in profit or loss using the declining balance method for the computer equipment at 30% over its useful life. Depreciation methods, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the consideration paid over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognized at the date of acquisition.

Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. Material Accounting Policies (continued)

Financial Instruments

Recognition

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. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled, or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- Those to be measured subsequently at amortized cost; and
- Those to be measured subsequently at fair value, either through profit or loss ("**FVTPL**") or through other comprehensive income ("**FVTOCI**").

The classification and measurement of financial assets after initial recognition is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Financial liabilities measured at amortized cost are initially recognized at fair value less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

Financial instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are subsequently measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial instruments, or where appropriate, a shorter period. The amortized cost is reduced by impairment losses. Interest income and expense, foreign exchange gains and losses and impairments are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

After initial recognition at fair value, financial instruments are classified and measured at either:

- amortized cost;
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
- FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company's cash is recorded at FVTPL. The Company's accounts and other receivables, accounts payable and accrued liabilities, loans payable and convertible notes are recorded at amortized cost.

3. Material Accounting Policies (continued)

Financial instruments (continued)

Classification and measurement (continued)

Compound financial liabilities are bifurcated into their debt and equity components with the debt component being initially measured at the fair value of the debt determined by discounting the cash flows associated with the compound instrument at a market rate of interest for the instrument exclusive of the associated equity feature. The liability portion of compound financial instruments is subsequently measured at amortized cost. The equity component is allocated the residual value being the difference between the face value of the compound instrument and the fair value of the debt and is recorded in equity reserve until such time as the convertible debt has been repaid or converted to common shares of the Company at which point it is reclassified from equity feature on convertible note to reserve or share capital, as applicable. Transaction costs incurred for the issuance of compound financial liabilities are allocated to the debt and equity component, as applicable, based on their initial relative fair values.

Impairment of financial assets

The Company recognizes impairment of financial assets using the expected credit loss ("**ECL**") model. Using the simplified approach for trade receivables, the Company measures loss allowances for trade and other receivables at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Expected losses on trade and other receivables are presented as bad debt expense in profit or loss.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

Share-based payments

The fair value of all share-based payments granted is recorded, at the measurement date fair value, as an asset or a charge to profit or loss and as a credit to reserves under the graded vesting method or as a credit to reserves for vested deferred share units.

The fair value of the deferred share units is determined by the quoted market price of the Company's common shares at date of grant.

The fair value of share-based awards granted to employees and others providing similar services which vest immediately is recorded at the date of grant. The fair value of share-based awards which vest in the future is recognized over the vesting period, as adjusted for the expected level of vesting of the options. The fair value of share-based awards is estimated using the Black-Scholes option pricing model, with estimated volatility based on the historical volatility of the Company's share price.

Share-based awards granted to parties other than employees and those providing similar services are measured at the fair value of the goods and services received on the date of receipt. If the fair value of the goods and services received cannot be reliably measured, their value is estimated using the Black-Scholes option pricing model, with estimated dividend rate and forfeiture rate based on past experience, estimated risk-free rate based on the short-term treasury note rate published by the Bank of Canada and estimated volatility based on the historical volatility of the Company's share price.

Any consideration received on the exercise of share-based awards together with the related portion of reserves attributed to the exercised share-based awards is credited to share capital. When share-based awards expire unexercised or are cancelled the amounts recorded in reserves with respect to those share-based payments are not reclassified within equity.

3. Material Accounting Policies (continued)

Earnings (loss) per share

Earnings (loss) per share is calculated by dividing the net income (loss) for the period available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. The Company uses the treasury stock method of calculating fully diluted earnings per share amounts, whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. Basic and diluted loss per share are the same for the periods presented as stock options or other dilutive instruments outstanding during the periods presented were anti-dilutive.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current income tax expense is the expected tax payable on 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. Temporary differences are not provided for relating to goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 the consolidated statement 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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize an asset.

Segment reporting

The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief executive officer and the executive management, collectively the chief operating decision maker, in assessing performance and in determining the allocation of resources.

New accounting standards, amendments and interpretations issued

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that was effective for annual periods that begin on or after January 1, 2023.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The International Accounting Standards Board ("IASB") has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

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

Presented in Canadian Dollars

3. Material Accounting Policies (continued)

New accounting standards, amendments and interpretations issued (continued)

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective April 1, 2023, the Company adopted the amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors with respect to the new definition of "accounting estimates". The amendments clarify how measurement techniques and inputs are used to develop accounting estimates, and clarifies the distinction between changes in accounting policies, correction of prior period errors, and changes are made to accounting estimates, including the facts and circumstances that are considered. The definition of a change in accounting estimates was deleted.

The adoption of the amendment did not result in any impact to the Company's consolidated financial statements.

New Standards not yet Adopted

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.

Amendment to IAS 1 – Non-current liabilities with covenants

These amendments clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. These amendments are effective for annual periods beginning on or after January 1, 2024, and are not expected to have a material impact on the Company's future reporting periods.

4. Accounts and Other Receivables

		June 30, 2024		**June 30, 2023**
Gross trade accounts receivable	$	445,740	$	415,390
Related party accounts receivable (note 16)		87,204		108,647
Less: estimated credit losses		(24,212)		(27,804)
Net trade accounts receivable		508,732		496,233
GST receivable		76,782		59,735
	$	585,514	$	555,968

Reconciliation of expected credit loss is as follows:

		June 30, 2024		**June 30, 2023**
Balance – beginning of year	$	27,804	$	14,115
Estimated credit loss (recovery)		(3,592)		13,689
Balance – end of year	$	24,212	$	27,804

Presented in Canadian Dollars

5. Equipment

		Computer equipment
Cost		
Balance – June 30, 2022, June 30, 2023, and June 30, 2024	$	14,063
Accumulated Depreciation		
Balance – June 30, 2022	$	10,718
Depreciation		1,003
Balance – June 30, 2023		11,721
Depreciation		702
Balance – June 30, 2024	$	12,423
Balance – June 30, 2023	$	2,342
Balance – June 30, 2024	$	1,640

6. Goodwill

During the year ended June 30, 2023, the goodwill impairment analysis performed by the Company concluded there was impairment to goodwill of $82,354, recognized pursuant to the acquisition of Astra, as the fair value of the cash-generating unit was lower than its carrying value due to revised future earnings outlook. The remaining balance of $36,421, as at June 30, 2023, related to the purchase of ETS.

During the year ended June 30, 2024, the goodwill impairment analysis performed by the Company concluded there was no impairment of the remaining goodwill as the fair value of the cash-generating unit exceeded its carrying value. The recoverable amount of the cash-generating unit was determined using the value in use method. The significant assumptions used by management in determining the recoverable amount included (i) discount rate (ii) revenue projections. The goodwill balance as at June 30, 2024 is $36,421.

7. Accounts Payable and Accrued Liabilities

		June 30, 2024		June 30, 2023
Trade accounts payable	$	369,743	$	347,165
Due to related parties (note 16)		19,577		17,556
	$	389,320	$	364,721

8. Loans Payable

		June 30, 2024		June 30, 2023
Balance – beginning of year	$	224,417	$	263,352
Interest and fees accrued		12,188		12,005
Repayments		(50,940)		(50,940)
Balance – end of year		185,665		224,417
Current portion		(50,112)		(145,809)
Non – current portion	$	135,553	$	78,608

Presented in Canadian Dollars

8. Loans Payable (continued)

As at June 30, 2024 and June 30, 2023, the following loans were outstanding:

	Note reference	Interest rate – per annum	Loan balances, with interest June 30, 2024	June 30, 2023
CEBA loan	8(a)	5%	$ 102,227	$ 100,000
Arm's-length loan	8(b)	Prime + 2.5%	83,438	124,417
			$ 185,665	$ 224,417

a) As part of the Government of Canada's response to the COVID-19 global pandemic, certain businesses are eligible to apply for the CEBA. The CEBA provides companies with a $40,000 interest free loan to be used to cover non-deferrable operating expenses during the period where operations had been temporarily reduced due to the economic impacts of the COVID-19 virus. During the year ended June 30, 2020, the Company applied for the CEBA and received the $40,000 loan in infinitii ai. During the year ended June 30, 2021, i4C applied for and received a CEBA loan of $40,000 and infinitii ai received an additional $20,000 CEBA loan. The CEBA remained interest free until December 31, 2023 and has no fixed repayment schedule. As at January 18, 2024, the Company had not repaid any portion of this loan so the full amount of the remaining loan is now a non-amortizing term loan bearing interest of 5% per annum with the full balance due by December 31, 2026.

b) $225,000 was received from an arm's-length party on December 3, 2018, bearing annual interest of prime plus 2.5% calculated on a monthly basis. After 24 months, the Company began to make monthly payments over 60 months inclusive of a principal and interest component.

9. Convertible Notes

On December 14, 2023, the Company issued two convertible notes with an aggregate value of $400,000, an expiration date of December 14, 2026, an interest rate of 10% compounded semi-annually, a conversion price of $0.05 per unit and all are payable upon maturity. Each unit is comprised of one common share of the Company plus one warrant entitling the holder to purchase one common share of the Company for $0.10 for 36 months from issue. The Company allocated $156,014 to the equity component of the notes. The Company may prepay in whole or in part at any time, without penalty.

On February 7, 2023, the Company issued three convertible notes with an aggregate value of $525,000, an expiration date of February 7, 2024, an interest rate of 7% compounded annually, a conversion price of $0.07 per unit and all are payable upon maturity. Each unit is comprised of one common share of the Company plus one warrant entitling the holder to purchase one common share of the Company for $0.15 for 36 months from issue. The Company allocated $92,885 to the equity component of the notes. The Company may prepay in whole or in part at any time, without penalty. During the year ended June 30, 2024, the Company began accruing interest on the matured convertible notes. Subsequent to the year ended June 30, 2024, the Company settled the three convertible notes inclusive of $50,997 in interest for total cash settlement of $575,997 (note 20).

During the year ended June 30, 2021, the Company issued three convertible debentures with an expiration date of February 11, 2023, an interest rate of 10% compounded semi-annually, convertible at $0.15 per share, payable upon maturity or conversion with an aggregate value of $250,000. Of these notes, $50,000 was issued in settlement of accounts payable and accrued liabilities. The Company allocated $70,191 to the equity component of the notes. During the year ended June 30, 2023, the Company began accruing interest on the matured convertible debentures. The Company may prepay in whole or in part at any time, without penalty. Subsequent to the year ended June 30, 2024, the Company settled $5,000 through cash payment (note 20).

Presented in Canadian Dollars

9. Convertible Notes (continued)

During the year ended June 30, 2024, the Company made aggregate repayments on these notes of $nil (June 30, 2023 - $5,000) and reclassified $nil (June 30, 2023 - $1,155) related to the equity component to reserves.

		June 30, 2024		June 30, 2023
Balance – beginning of year	$	789,189	$	258,313
Issuance of convertible notes		400,000		525,000
Equity component on convertible notes issued		(156,014)		(92,885)
Settlement of convertible notes		-		(5,000)
Accretion of convertible notes		120,375		92,344
Interest on convertible notes		46,142		11,417
Balance – end of year	$	1,199,692	$	789,189
Current portion		(918,186)		(789,189)
Non – current portion	$	281,506	$	-
Convertible notes, equity component – end of year	$	317,935	$	161,921

10. Deferred Revenue

Details of changes in deferred revenue are as follows:

		June 30, 2024		June 30, 2023
Balance – beginning of year	$	291,280	$	283,492
Additions		648,633		291,280
Recognized as revenue		(540,664)		(283,492)
Impact of foreign exchange		4,409		-
Balance – end of year	$	403,658	$	291,280
Revenue to be recognized in the future				
Within one year	$	403,658	$	291,280

11. Share Capital

(a) Authorized Share Capital

As at June 30, 2024, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

Presented in Canadian Dollars

11. Share Capital (continued)

(b) Issued Share Capital

During the year ended June 30, 2024, share activity was as follows:

(i) On December 14, 2023, the Company closed a private placement by issuing 2,000,000 units at a price of $0.05 per unit for gross proceeds of $100,000. Each unit consisted of one common share and one common share purchase warrant entitling the holder to acquire one additional common share at a price of $0.10 for a period of three years. The Company allocated $90,000 to share capital for the common shares with the residual value of $10,000 for the warrants to reserves.

(ii) On December 14, 2023, the Company issued 1,000,000 units with a fair value of $45,000 to settle accounts payable of $50,000. Each unit consisted of one common share and one common share purchase warrant entitling the holder to acquire one additional common share at a price of $0.10 for a period of three years. The Company recognized a gain of $5,000 on settlement.

The Company did not issue any shares during the year ended June 30, 2023.

12. Warrants

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted average exercise price	Number of warrants
Balance – June 30, 2022	$0.25	37,341,920
Expired	$0.25	(37,341,920)
Balance – June 30, 2023		-
Issued	$0.10	3,000,000
Balance – June 30, 2024	$0.10	3,000,000

The details of outstanding share purchase warrants are as follows:

	Exercise price	Number	Expiry date
Share purchase warrants	$0.10	3,000,000	December 14, 2026
		3,000,000	

13. Share-Based Payments

During the year ended June 30, 2023, the shareholders of the Company adopted an Omnibus Equity Incentive Plan to replace the stock option plan originally adopted on January 22, 2015, and updated in December 2021. Under the terms of this plan, the Company has the flexibility to grant equity-based incentive awards in the form of Options and Restricted, Performance or Deferred Share units. The total number of incentive awards to be granted and outstanding may not exceed 20% of the total issued and outstanding common shares of the Company at the date of grant. Stock options may be granted with an exercise price equal to the market price of the common shares less any permitted discount on the grant date, vest according to privileges set at the time the options are granted, have a minimum price of $0.10 per share and expire no later than five years from the date of grant. Other incentive awards may be awarded as determined by the Board of Directors of the Company.

Presented in Canadian Dollars

13. Share-Based Payments (continued)

The changes in incentive share options outstanding are summarized as follows:

	Weighted average exercise price	Number of Options
Balance – June 30, 2022	$0.23	8,437,247
Cancelled	$0.31	(3,300,000)
Expired	$0.14	(4,187,247)
Granted	$0.10	17,420,000
Balance – June 30, 2023	$0.11	18,370,000
Granted	$0.10	500,000
Expired	$0.32	(950,000)
Balance, June 30, 2024	$0.10	17,920,000

Incentive share options outstanding and exercisable at June 30, 2024 are summarized as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Remaining Life	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
$0.10	17,420,000	3.72 years	$0.10	17,420,000	$0.10
$0.10	500,000	4.46 years	$0.10	500,000	$0.10
	17,920,000	3.74 years	$0.10	17,920,000	$0.10

During the year ended June 30, 2024, the Company granted 500,000 (June 30, 2023 – 17,420,00) stock options with a weighted average fair value of $0.04 (June 30, 2023 - $0.06). Total share-based payments recognized in the consolidated statements of changes in shareholders' deficiency for the year ended June 30, 2024, was $18,807 (June 30, 2023 - $1,012,307) for incentive options vested and was recognized in profit or loss. The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	June 30, 2024	June 30, 2023
Weighted average share price	$0.05	$0.07
Weighted average exercise price	$0.10	$0.10
Risk-free interest rate	3.24%	2.96%
Expected life of option	5 years	5 years
Expected annualized volatility	138.67%	139.11%
Expected dividend rate	0.00%	0.00%

Deferred Share Units

During the year ended June 30, 2023, the Company granted 4,720,000 deferred share units (each a "**DSU**") to Directors, 3,520,000 on March 20, 2023, and 1,200,000 on May 30, 2023. DSUs entitle holders to common shares of the Company upon retirement or termination. The Company also has the option to settle the DSUs in cash. The DSUs vested immediately and were valued at $0.065 per DSU. DSUs have been accounted for as equity settled as there is no present obligation to settle in cash. Accordingly, the Company recognized share-based payments of $300,800 in profit or loss, and reserves within shareholders' deficiency for the year ended June 30, 2023. As at June 30, 2024, all of the deferred share units remain issuable. During the year, the Company changed the name of the reserves from commitment to issue shares to reserves to reflect the nature of the reserve.

Presented in Canadian Dollars

14. Management of Capital

The capital managed by the Company includes the components of shareholders' deficiency as described in the consolidated statements of changes in shareholders' deficiency, which totals $1,275,674 at June 30, 2024 (June 30, 2023 - $598,185). The Company is not subject to externally imposed capital requirements.

The Company's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize the availability of funds for growth and development of its projects, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. To maintain or adjust its capital structure, the Company considers all sources of financing reasonably available to it, including but not limited to issuance of new capital, issuance of new debt and the sale of assets in whole or in part. The Company's overall strategy with respect to management of capital at June 30, 2024 remains fundamentally unchanged from the year ended June 30, 2023.

15. Supplemental Cash Flow Information

During the year ended June 30, 2024, the Company:

(i) Issued 1,000,000 common share units with a fair value of $45,000 to settle accounts payable of $50,000; and

(ii) Recognized $156,014 to the equity conversion feature on convertible notes on the issuance of new convertible notes.

(iii) Interest paid was $9,993 and income tax paid was $nil.

During the year ended June 30, 2023, the Company:

(i) Reclassified $1,155 from the equity conversion feature on convertible notes to reserves on settlement of convertible notes.

(ii) Interest paid was $12,397 and income tax paid was $nil.

16. Related Party Transactions

Related parties include key management personnel, who are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. During the year ended June 30, 2024, the Company paid or accrued, to key management personnel and their related companies:

	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ 180,000	$ -	$ 180,000
Chief Financial Officer	120,000	-	120,000
President	160,000	-	160,000
Total	$ 460,000	$ -	$ 460,000

During the year ended June 30, 2023, the Company paid or accrued, to key management personnel and their related companies:

	Consulting fees	Share-based payments	Total
Chief Executive Officer	$ 180,000	$ 376,050	$ 556,050
Chief Financial Officer	120,000	42,560	162,560
President	160,000	67,200	227,200
Non-executive Directors	-	194,750	194,750
Total	$ 460,000	$ 680,560	$ 1,140,560

Presented in Canadian Dollars

16. Related Party Transactions (continued)

Included in accounts payable and accrued liabilities as at June 30, 2024 is $19,577 (June 30, 2023 - $17,556) due to officers and directors and their related organizations.

On June 9, 2014, ETS signed a referral services agreement with RA Revenue Automation Inc. ("**RA**") whereby RA agreed to use ETS as its exclusive referral marketing application and include the concept in all relevant business development pitches to customers. A company controlled by the Company's President owns 10% of RA. Social referral software revenue of $94,650 (June 30, 2023 - $106,200) recorded in profit or loss is from RA for the year ended June 30, 2024. As at June 30, 2024, $15,750 (June 30, 2023 - $37,170) was owed from RA.

*Kerr Wood Leidal Associates Ltd. ("**KWL**")*

KWL, a consulting engineering company, founded and created infinitii ai corporation and is related through a director of the Company. During the year ended June 30, 2024, the Company earned data services revenue from KWL of $179,967 (June 30, 2023 – $170,727) and incurred expenses from KWL of $8,952 (June 30, 2023 – $8,686), which are recorded in office and miscellaneous, and consulting expenses. Included in accounts receivable as at June 30, 2024 is a balance owing from KWL of $71,454 (June 30, 2023 - $71,477).

17. Income taxes

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the years ended June 30, 2024 and 2023.

For the year ended	2024	2023
Statutory rate	27%	27%
Loss before income tax for the year	$ (1,013,546)	$ (2,619 541)
Expected income tax recovery	$ (274,000)	$ (707,000)
Change in statutory, foreign tax rates and other	133,000	6,000
Items not deductible for tax	(26,000)	384,000
Changes in prior year estimates and provision	-	(217,000)
Deferred tax assets not recognized	167,000	534,000
Income tax expenses (recovery)	$ -	$ -

The significant components of the Company`s deferred tax assets (liabilities) are as follows:

	2024	2023
Deferred tax assets:		
Share issuance and financing costs	$ -	$ 12,000
Property and equipment	200,000	219,000
Intangible assets	74,000	118,000
Non-capital losses available for future periods	6,051,000	5,801,000
	6,325,000	6,150,000
Unrecognized deferred tax assets	(6,301,000)	(6,134,000)
	24,000	16,000
Deferred tax (liabilities):		
Debt with accretion	(24,000)	(16,000)
Net deferred tax assets (liabilities)	$ -	$ -

Presented in Canadian Dollars

17. Income taxes (continued)

Management has not recognized deferred tax assets in excess of the deferred tax liabilities as there is insufficient certainty as to the timing of when these excess deferred tax assets will be realized in the foreseeable future. The significant components of the Company's unrecognized temporary differences are as follows:

	2024	2023	Expiry date range
Temporary Differences:			
Non-capital losses available for future periods	23,022,000	21,864,000	2026-2039
Canada	20,327,000	20,219,000	2026-2039
USA	2,542,000	1,453,000	2030-2034*
Poland	154,000	192,000	2017-2026
Share issuance and financing costs	-	43,000	2040-2041
Intangible assets	413,000	582,000	No expiry
Property and equipment	743,000	816,000	No expiry

*USA tax losses realized for years ending June 30, 2018 and thereafter, have no expiry date and may be carried forward indefinitely.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

18. Financial Risk Management

Fair value of financial instruments

The Company measures the fair value of its financial instruments according to a fair value hierarchy based on the significance of observable inputs used to value the instrument as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

The Company's financial instruments consisting of accounts and other receivables, accounts payable and accrued liabilities, loans payable and convertible notes are classified at amortized cost. The carrying values of accounts and other receivables and accounts payable and accrued liabilities approximate their fair values because of their relatively short maturity dates or durations. The carrying values of loans payable and convertible notes also approximates their fair values since they are discounted using market rates.

Cash is classified as being at FVTPL. The fair value of cash as recorded in the consolidated statements of financial position is measured in accordance with Level 1 of the fair value hierarchy.

Financial and capital risk management

The Company examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include market risk, credit risk, and liquidity risk. These risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Discussions of risks associated with financial assets and liabilities are detailed below:

18. Financial Risk Management (continued)

Financial and capital risk management (continued)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at June 30, 2024 and 2023, the Company was not subject to material other price risk. The Company's currency risk and interest rate risks are as follows:

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at June 30, 2024 and 2023 the Canadian dollar equivalent carrying values of the financial assets and liabilities denominated in foreign balances were as follows (presented in their Canadian dollar equivalent values):

	US Dollars		Polish Zloty	
June 30,	**2024**	**2023**	**2024**	**2023**
Financial Assets				
Cash	$ 181,064	$ 354,296	$ 36,136	$ 40,812
Accounts receivable	482,482	459,063	-	-
Financial Liabilities				
Accounts payable and accrued liabilities	$ 21,591	$ 36,002	$ 51,799	$ 58,372

The Company is exposed to currency on its cash, accounts receivable and accounts payable and accrued liabilities that are denominated in US dollars and Polish Zloty. A 10% change in the foreign exchange rate would result in a change in profit or loss of $64,200 (2023 - $77,700) and $1,600 (2023 - $1,800), respectively. The Company's subsidiary, infinitii ai corporation, operates in the United States which, from the perspective of the Company, creates currency risk associated with those operations. For the year ended June 30, 2024, infinitii ai corporation has revenue of $2,251,792 (June 30, 2023 - $1,946,275) (Canadian dollar equivalent). A 10% change in the foreign exchange rate would result in a $225,000 (June 30, 2023 - $195,000) (Canadian dollar equivalent) change in profit or loss. The Company's approach to management of foreign currency risk has not changed materially from that of the year ended June 30, 2023.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk mainly arises from changes in the interest rates on cash, loans payable and convertible notes. Cash generates interest based on market interest rates. As at June 30, 2024 and June 30, 2023, the Company was subject to interest rate risk with respect to its loans payable, some of which bear interest at a fixed rate, some at a variable rate and others are non-interest bearing. The Company's convertible notes bear interest at a fixed rate. A 10% change in interest rates would not result in a material change in profit or loss. The Company's approach to management of interest rate risk has not changed materially from that of the year ended June 30, 2023.

Presented in Canadian Dollars

18. Financial Risk Management (continued)

Financial and capital risk management (continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and accounts and other receivables. The Company mitigates this risk by holding cash at a major Canadian chartered bank in chequing accounts, at a Washington State, USA bank and at a Polish bank.

The Company is exposed to credit risk on its trade accounts receivable. The Company's credit risk for accounts receivable is concentrated as 28% of its trades account receivable is owing from two customers (June 30, 2023 – 29% from four customers), with more than 10% owing from one of those customers (June 30, 2023 – three).

The aging of the receivables is as follows:

		June 30, 2024		June 30, 2023
0 – 30 days	$	328,418	$	269,089
31 – 90 days		130,468		128,572
Over 90 days		150,840		186,111
Total receivables before allowance for credit losses		609,726		583,772
Less allowance for credit losses		(24,212)		(27,804)
Receivables	$	585,514	$	555,968

The Company applies the simplified approach to providing for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are assessed primarily based on days past due and adjusted for current credit information. The Company has assessed expected credit losses based on 20% of its trade accounts receivable aged past 90 days and has estimated expected credit losses as at June 30, 2024 of $24,212 (June 30, 2023 - $27,804) (note 4).

The Company's approach to management of credit risk has not changed materially from that of the year ended June 30, 2023.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. If necessary, the Company may raise funds through the issuance of debt, equity, or sale of non-core assets. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows and matching the maturity profile of financial assets to development, capital, and operating needs. The Company's accounts payable are due within 30 to 60 days. The maturities of loans payable and convertible notes are disclosed in notes 8 and 9, respectively. The Company has limited working capital as at June 30, 2024 and will need to raise further financing to meet its financial obligations. The Company's approach to management of liquidity risk has not changed materially from that of the year ended June 30, 2023.

The timing of payments required for accounts payable and debt in the next five years, by year, is as follows:

		2024		2025		2026		2027		2028
Accounts payable and accrued liabilities	$	389,380	$	-	$	-	$	-	$	-
Loans		25,470		50,940		109,255		-		-
Subscriptions received in advance		50,000		-		-		-		-
Convertible notes		918,186		-		281,506		-		-
	$	1,383,036	$	50,940	$	390,761	$	-	$	-

Presented in Canadian Dollars

19. Segmented Information

Geographic Regions

The Company operates in one reportable segment, comprised of data services, for which information is regularly reviewed by the Company's CEO, being the chief operating decision-maker. Revenue is earned in two main regions, being Canada and United States. All of the Company's $38,061 in non-current assets were located in Canada as at June 30, 2024 and June 30, 2023. The following is a breakdown of revenue by geographic area based on each customer's location for the year ended June 30, 2024 and 2023:

		2024		**2023**
Revenue				
Canada	$	1,230,632	$	1,061,632
United States		1,175,810		990,843
	$	2,406,442	$	2,052,475

Major Customers

The Company had four customers (June 30, 2023 – three customers) which individually represented more than 10% of total revenue for the year ended June 30, 2024.

20. Subsequent Events:

Subsequent to the year ended June 30, 2024, the Company:

a) Closed a convertible notes offering of $1,024,997 of which $50,000 had been collected as at June 30, 2024. The convertible notes carry an interest rate of 10% per annum, compounding semi-annually, have a maturity date of July 9, 2027, and are convertible into units at a price of $0.05 per unit. Each unit consists of one common share of the Company and one common share purchase warrant with an exercise price of $0.10 and life of 36 months from issuance. The Company allocated $399,784 to the equity component of the notes. The Company may prepay in whole or in part at any time, without penalty.

b) Settled an aggregate of $580,997 in convertible notes, inclusive of interest, by payment of cash.

c) Issued 277,000 common shares to a former Director of the Company upon the exercise of DSUs.